

## IMPORTANT NOTICE

### STRICTLY NOT TO BE FORWARDED TO ANY OTHER PERSONS

**IMPORTANT:** You must read the following disclaimer before continuing. This electronic transmission applies to the attached prospectus relating to Allegro.eu, a public limited liability company (*société anonyme*) incorporated and existing under the laws 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 B214830 (the "**Company**") dated September 22, 2020 (the "**Prospectus**"), and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached Prospectus is confidential and intended for you only and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached Prospectus whether electronically or otherwise to any other person.

The Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* on September 22, 2020 and published on the Company's website at <http://www.allegro.eu/ipo/>. Pricing information and other related disclosures are expected to be published on this website. Prospective investors are advised to access such information prior to making an investment decision.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PROSPECTUS MAY ONLY BE DISTRIBUTED IN CONNECTION WITH "**OFFSHORE TRANSACTIONS**" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**") ("**REGULATION S**") OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**") AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**") OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

ANY FORWARDING, DISTRIBUTION, REPRODUCTION OR PUBLICATION OF THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SHARES IN THE COMPANY (THE "**SHARES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR (2) IN AN "**OFFSHORE TRANSACTION**" AS DEFINED IN, AND IN ACCORDANCE WITH RULE 903 OR RULE 904 OF, REGULATION S, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

CANADIAN INVESTORS ARE ADVISED THAT THIS ELECTRONIC TRANSMISSION AND THE DOCUMENT ATTACHED HERETO MAY ONLY BE TRANSMITTED IN THOSE JURISDICTIONS IN CANADA AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE, AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. THE DOCUMENT ATTACHED HERETO IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THE DOCUMENT ATTACHED HERETO OR THE MERITS OF THE SECURITIES DESCRIBED THEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THE DISTRIBUTION OF THE SECURITIES CONTAINED IN THE DOCUMENT ATTACHED HERETO IS BEING MADE ON A PRIVATE PLACEMENT BASIS ONLY AND IS EXEMPT FROM THE REQUIREMENT THAT THE COMPANY PREPARE AND FILE A PROSPECTUS WITH THE RELEVANT CANADIAN SECURITIES REGULATORY AUTHORITIES.

This electronic transmission and the attached Prospectus and the offer of the Shares (the "**Offer**") are only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") ("**Qualified Investors**"). In the United Kingdom, this electronic transmission and the attached Prospectus is being distributed only to, and is directed only at, Qualified Investors who are (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This electronic transmission and the attached Prospectus must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area, by persons who are not Qualified Investors. Any investment or

investment activity to which the attached Prospectus relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area, Qualified Investors, and will be engaged in only with such persons.

**Confirmation of your Representation:** This electronic transmission and the attached Prospectus is delivered to you on the basis that you are deemed to have represented to Goldman Sachs International, Morgan Stanley & Co. International plc, Barclays Bank PLC, BofA Securities Europe SA, Citigroup Global Markets Limited, Dom Maklerski Banku Handlowego S.A., Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie, Santander Bank Polska S.A. – Santander Biuro Maklerski, Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao, Crédit Agricole Corporate and Investment Bank, Erste Group Bank AG, Pekao Investment Banking S.A. and Raiffeisen Centrobank AG (collectively, the "**Banks**"), the Company and the Selling Shareholders (as defined in the "*Abbreviations and Definitions*" section of the Prospectus) that you have understood and agree to the terms set out herein, and (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB (if you are in the United States) or (b) acquiring such securities in "offshore transactions," as defined in, and in reliance on, Regulation S; (ii) if you are in the United Kingdom, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the European Economic Area; (iii) if you are in any member state of the European Economic Area, you are a Qualified Investor and/or a Qualified Investor acting on behalf of relevant persons in the United Kingdom and/or Qualified Investors, to the extent you are acting on behalf of persons or entities in the European Economic Area; and (iv) you are an institutional investor that is eligible to receive this Prospectus and you consent to delivery of this Prospectus by electronic transmission.

**For investors in British Columbia, Alberta, Ontario and Quebec (the "Relevant Provinces"):** You acknowledge and agree that: (a) the securities described in the attached document are only being distributed to investors located or resident in the Relevant Provinces; (b) you are (i) an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario), as applicable; (ii) you are a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations; and (iii) you are not an individual; and (c) where required by law, you are either participating in the offering as principal for your own account or are deemed to be participating in the offering as principal in accordance with applicable law and not as agent for the benefit of another person.

You are reminded that you have received this electronic transmission and the attached Prospectus on the basis that you are a person into whose possession this electronic transmission and the attached Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this electronic transmission or the attached Prospectus, electronically or otherwise, to any other person.

The attached Prospectus has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Banks nor any of their respective affiliates, directors, officers, employees, agents or advisers accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. A hard copy of the Prospectus will be made available to you only upon request. By accessing the attached Prospectus, you consent to receiving it in electronic form.

None of the Banks nor any of their respective affiliates, directors, officers, employees, agents or advisers accepts any responsibility whatsoever for the contents of the attached Prospectus or for any statement made or purported to be made by them, or on their behalf, in connection with the Company, the Offer or the Shares. To the fullest extent permitted by law, such persons accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by the Banks or any of their respective affiliates, directors, officers, employees, agents or advisers as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in the attached Prospectus.

The Banks are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of the attached Prospectus) as their client in relation to the Offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in the attached Prospectus.

**Restriction:** Nothing in this electronic transmission constitutes, and this electronic transmission may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this Prospectus via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# allegro

## Prospectus for the Initial Public Offering of Allegro.eu



*Global offering of up to 187,826,087 ordinary shares of Allegro.eu at an offer price of between PLN 35 and PLN 43 per Share and admission to trading on the regulated (main) market of the Warsaw Stock Exchange (ISIN: LU2237380790)*

[www.allegro.eu](http://www.allegro.eu)



## Allegro.eu

(formerly Adinan Super Topco S.à r.l.) (a public limited liability company (*société anonyme*) incorporated and existing under the laws of the Grand Duchy of Luxembourg, with its registered office in Luxembourg, Grand Duchy of Luxembourg)

**Global offering of up to 187,826,087 ordinary shares (excluding any Over-Allotment Shares) at an offer price of between PLN 35 and PLN 43 per Share (the "Offer Price Range") and the seeking of the admission and introduction of up to 1,028,571,429 ordinary shares to trading on the regulated (main) market of the Warsaw Stock Exchange**

### Global Coordinators and Joint Bookrunners

Goldman Sachs International

Morgan Stanley

### Joint Bookrunners

Barclays

BofA Securities

Citi

### Joint Bookrunners and Co-Offering Agents

BM PKO BP

Santander Poland

### Co-Lead Managers

Crédit Agricole Corporate and  
Investment Bank

Erste Group

Pekao Investment Banking

Raiffeisen Centробank

### Financial Advisor

Lazard

On the basis of this document (this "**Prospectus**"): (i) Cidinan S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg ("**Luxembourg**"), having its registered office at 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B204672 ("**Cidinan**"); (ii) Permira VI Investment Platform Limited, a limited liability company, having its registered office at 80 Pall Mall, London SW1Y 5ES, United Kingdom, registered with the Companies House under number 11620246 ("**Permira VI**") and, together with Cidinan, the "**Principal Selling Shareholders**"; (iii) Mepinan S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at Serenity Building, Bloc B, 19/21, route d'Arlon L-8009 Strassen, Grand Duchy of Luxembourg registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B246319 ("**Mepinan**" and, together with the Principal Selling Shareholders, the "**Majority Selling Shareholders**"), being the majority shareholders of Allegro.eu (formerly Adinan Super Topco S.à r.l.) (the "**Issuer**"), a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, currently 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 B214830; and (iv) the Individual Selling Shareholders (as defined below) (together with the Majority Selling Shareholders, the "**Selling Shareholders**"), are offering up to 163,599,596 existing ordinary registered shares with a nominal value of PLN 0.01 each in the share capital of the Issuer (the "**Existing Sale Shares**") and the Issuer is offering up to 28,571,429 new ordinary registered shares with a nominal value of PLN 0.01 each in the share capital of the Issuer (the "**New Sale Shares**," and together with the Existing Sale Shares, the "**Sale Shares**"). The maximum number of Sale Shares will be 187,826,087 and will comprise Existing Sale Shares and New Sale Shares in proportions that will be determined by the final offer price. For the avoidance of doubt, the maximum number of Sale Shares is not equal to the maximum number of Existing Sale Shares and the maximum number of New Sale Shares offered pursuant to this Prospectus. In addition, the Majority Selling Shareholders are granting an option to the Stabilizing Manager (as defined below) to purchase additional existing ordinary registered shares with a nominal value of PLN 0.01 each in the share capital of the Issuer (representing up to a maximum of 15% of the total number of Sale Shares) pursuant to the over-allotment option described below (the "**Over-Allotment Shares**," and together with the Sale Shares, the "**Offer Shares**"). The Offering (as defined below) consists of a maximum of 216,000,000 Offer Shares, including all Sale Shares and any Over-Allotment Shares. Please see "*Terms and Conditions of the Offering*."

The Selling Shareholders will, subject to the provisions of the Underwriting Agreement (as defined below), receive the net proceeds from the sale of the Existing Sale Shares and the Over-Allotment Shares. The Issuer will, subject to the provisions of the Underwriting Agreement (as defined below), receive the net proceeds from the sale of the New Sale Shares.

The Offering consists of: (i) a public offering to investors authorized to subscribe for the Offer Shares pursuant to this Prospectus who are natural persons (individuals), corporate entities (legal persons) and non-corporate entities other than individuals (an organizational unit without legal personality) (the "**Retail Investors**"), and institutional investors (the "**Polish Institutional Investors**") in the Republic of Poland ("**Poland**") (the "**Polish Public Offering**") in each case in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"); (ii) an offering in the United States of America ("**United States**") to qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A or another exemption from, or transaction not subject to, the registration requirement of the U.S. Securities Act; and (iii) an offering to certain institutional investors outside of the United States and Poland (together with QIBs, the "**International Institutional Investors**" and, together with the Polish Institutional Investors, the "**Institutional**



**Investors**") in accordance with Regulation S under the U.S. Securities Act (the "**International Offering**") and together with the Polish Public Offering, the "**Offering**"). For the avoidance of doubt, the Global Coordinators (as defined below), Barclays Bank PLC, BofA Securities Europe SA, Citigroup Global Markets Limited and the Co-Lead Managers (as defined below) are acting in connection with the offering to Institutional Investors only and are not providing any advice or services in respect of the offering to Retail Investors.

The Offer Shares are being offered, as specified in this Prospectus, subject to cancellation, suspension or modification of the Offering and subject to certain other conditions. Please see "*Terms and Conditions of the Offering*."

The Majority Selling Shareholders will grant an option to Morgan Stanley & Co. International plc, as stabilizing manager (the "**Stabilizing Manager**"), for up to 30 calendar days from the date of the Listing Date (as defined below) to purchase additional Over-Allotment Shares (representing up to a maximum of 15% of the total number of Sale Shares), solely to cover over-allotments, if any, made in connection with the Offering or short positions resulting from stabilization transactions. Such stabilization shall be conducted in accordance with the rules set out in the Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC and the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization of financial instruments. If such stabilization occurs, it will be undertaken on the Warsaw Stock Exchange. Any Over-Allotment Shares made available pursuant to the Over-Allotment Option will be made available on the same terms and conditions as Shares being offered pursuant to the Offering, will rank *pari passu* in all respects with all other Shares (including with respect to pre-emption rights) and will form a single class with all other Shares for all purposes, including with respect to voting and for all dividends and distributions thereafter declared, made or paid on the ordinary share capital of the Issuer.

This Prospectus constitutes a prospectus in the form of a single document within the meaning of Article 6 of Regulation (EU) 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**") and has been prepared in accordance with the provisions of the Prospectus Regulation and the Luxembourg law of 16 July 2019 on prospectuses for securities (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*) (the "**Luxembourg Prospectus Law**") and the rules promulgated thereunder. This Prospectus has been filed with, and was approved on September 22, 2020 by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the competent authority for the purposes of the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation; such approval should not be considered as an endorsement of the Issuer that is, or the quality of the securities that are, the subject of this Prospectus. The CSSF has neither reviewed nor approved any information in this Prospectus pertaining to the Offering to the International Institutional Investors. Investors should make their own assessment as to the suitability of investing in the securities. This Prospectus will be published on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), on the Issuer's website ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)) and, additionally, for information purposes only, on the websites of the Co-Offering Agents (as defined below) ([www.bm.pkobp.pl](http://www.bm.pkobp.pl) and [www.santander.pl/investor](http://www.santander.pl/investor)). Based on Article 2(m) of the Prospectus Regulation, Luxembourg is the home member state of the Issuer and the CSSF is solely authorized to approve this Prospectus. This approval cannot be considered as a judgment on, or any comment on, the merits of the transaction, nor on the situation of the Issuer, or by approving this Prospectus the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer, in line with the provisions of Article 6(4) of the Luxembourg Prospectus Law. The Issuer will be authorized to carry out the Polish Public Offering in Poland once the CSSF has notified the approval of this Prospectus to the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*; the "**PFSA**") and the Prospectus together with its summary translated in Polish has been published in Poland on the Issuer's website ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)) and, additionally, for information purposes only, on the websites of the Co-Offering Agents (as defined below) ([www.bm.pkobp.pl](http://www.bm.pkobp.pl) and [www.santander.pl/investor](http://www.santander.pl/investor)). In addition, in accordance with the requirements of the Prospectus Regulation, a copy of this Prospectus on a durable medium will be delivered to investors upon their request free of charge. Furthermore, a paper copy of this Prospectus will be delivered to the investors upon their request free of charge. However, pursuant to the Prospectus Regulation, such delivery will be limited to the jurisdiction in which the offer of the Shares (as defined below) is made or where the admission to trading on a regulated market is taking place under the Prospectus Regulation. The PFSA is the competent authority for the purposes of the Prospectus Regulation in Poland as host member state of the Issuer.

Prior to the Offering, the Shares of the Issuer have not been admitted to or traded on any regulated market. Application will be made based on this Prospectus to admit all the Issuer's shares (including the Sale Shares and the Over-Allotment Shares, if any) issued and to be issued (pursuant to the Offering) (the "**Shares**") to listing and trading on the regulated market of the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*) (the "**WSE**"). The Issuer expects that the date on which trading in the Shares on the WSE will commence will be on or around October 12, 2020 (the "**Listing Date**").

The New Sale Shares to be issued pursuant to the Offering will, following Admission, rank *pari passu* in all respects with each other and with the Existing Sale Shares and any Over-Allotment Shares and will rank in full for all dividends and other distributions declared, made or paid on Shares after Admission.

The maximum price for the Retail Investors per Offer Share is PLN 43, being the Top of the Offer Price Range, (the "**Maximum Price**"). The Retail Investors will be placing orders at the Maximum Price. The final offer price per Offer Share for the Retail Investors (the "**Retail Investors Offer Price**") will be set within the Offer Price Range and will not be higher than the Maximum Price. The final offer price per Offer Share for the Institutional Investors (the "**Institutional Investors Offer Price**") is expected to be set within the Offer Price Range. Institutional Investors will purchase the Offer Shares at the Institutional Investors Offer Price. If the Institutional Investors Offer Price is set within the Offer Price Range, the Retail Investors Offer Price and the Institutional Investors Offer Price will be the same. The Retail Investors Offer Price, Institutional Investors Offer Price, as well as the final number of the Offer Shares (including the final number of Sale Shares and Over-Allotment Shares) offered in the Offering and offered to various categories of investors mentioned above shall be determined by the Issuer and the Principal Selling Shareholders following close consultation with Goldman Sachs International and Morgan Stanley & Co. International plc (together, the "**Global Coordinators**") on or about September 28, 2020 (the

"Pricing Date") and will be announced on or about September 29, 2020 in a manner compliant with applicable regulations, as well as market practice in Luxembourg and Poland. More specifically, such information will be published in the same manner as this Prospectus (i.e., in searchable electronic form on the Issuer's website (www.allegro.eu/ipo), on the official website of the Luxembourg Stock Exchange (www.bourse.lu) and, additionally, for information purposes only, on the websites of the Co-Offering Agents (www.bm.pkobp.pl and www.santander.pl/inwestor)), and notified to the CSSF. When determining the Offer Price, the following criteria, among others, will be taken into account: (i) size and price sensitivity of demand from the Institutional Investors on the basis of the declarations received in the book-building process; (ii) the current and anticipated situation on the Polish and international capital markets; and (iii) the secondary market post-Offering for the Shares. If the Offering is canceled on the terms provided in this Prospectus, all subscriptions for the Offer Shares will be disregarded and any subscription payments made will be returned without interest or other compensation. All dealings in the Offer Shares prior to the Listing Date are at the sole risk of the parties concerned. The Global Coordinators, Barclays Bank PLC ("**Barclays**"), BofA Securities Europe SA ("**BofA Securities**"), Citigroup Global Markets Limited ("**Citi**"), Dom Maklerski Banku Handlowego S.A. ("**DMBH**"), Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie ("**BM PKO BP**") and Santander Bank Polska S.A. – Santander Biuro Maklerskie ("**Santander Poland**") and together with BM PKO BP, the "**Co-Offering Agents**," and the Co-Offering Agents, Barclays, BofA Securities, Citi and DMBH together with the Global Coordinators, the "**Joint Bookrunners**"), Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao ("**Bank Pekao**"), Crédit Agricole Corporate and Investment Bank ("**Crédit Agricole**"), Erste Group Bank AG ("**Erste Group**"), Pekao Investment Banking S.A. ("**Pekao Investment Banking**") and Raiffeisen Centrobank AG ("**Raiffeisen Centrobank**" and, together with Bank Pekao, Crédit Agricole, Erste Group and Pekao Investment Banking, the "**Co-Lead Managers**," and the Co-Lead Managers together with the Joint Bookrunners, the "**Banks**"), the Issuer and the Selling Shareholders do not accept any responsibility or liability with respect to any person as a result of a withdrawal/cancellation, modification or suspension of the Offering.

**PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE DOCUMENT AND, IN PARTICULAR, PLEASE SEE THE CHAPTER HEADED "RISK FACTORS" FOR A DESCRIPTION OF FACTORS TO BE TAKEN INTO ACCOUNT WHEN CONSIDERING WHETHER TO INVEST IN THE OFFER SHARES.**

This Prospectus does not constitute an offer to sell the Offer Shares, or a solicitation of an offer to buy the Offer Shares from persons in any jurisdiction in which the making of such an offer or solicitation would be illegal. The Polish Public Offering is being conducted exclusively within the territory of Poland. This Prospectus will not be passported or notified in any other way for the purpose of any public offering outside of Poland.

**THE OFFER SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR BY ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS IN EFFECT IN ANY STATE OR JURISDICTION OF THE UNITED STATES. QUALIFIED INSTITUTIONAL BUYERS ARE HEREBY NOTIFIED THAT THE OFFER SHARES MAY BE SOLD IN RELIANCE ON RULE 144A OR ANOTHER EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE OFFER SHARES ARE SUBJECT TO CERTAIN RESTRICTIONS CONCERNING THE SALE, POSSIBILITY TO OFFER, PLACE PURCHASE ORDERS FOR AND DISPOSE OF THE SAME. FOR A DETAILED DESCRIPTION OF THESE TRANSFER RESTRICTIONS, PLEASE SEE "**SELLING RESTRICTIONS**." INVESTORS ACQUIRING OFFER SHARES MAY BE SUBJECT TO RESTRICTIONS UPON TRANSFER. SEE "**TRANSFER RESTRICTIONS**." NEITHER THE UNITED STATES SECURITIES EXCHANGE COMMISSION NOR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES HAS APPROVED OR DISAPPROVED OF THE OFFERING OF THE OFFER SHARES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE MARKETING DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this Prospectus is September 22, 2020

## CONTENTS

	<b>Page</b>
SUMMARY .....	1
RISK FACTORS.....	8
IMPORTANT INFORMATION.....	39
REASONS FOR THE OFFERING AND USE OF PROCEEDS .....	53
DIVIDENDS AND DIVIDEND POLICY.....	54
CAPITALIZATION AND INDEBTEDNESS.....	55
SELECTED CONSOLIDATED FINANCIAL INFORMATION .....	57
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	62
INDUSTRY OVERVIEW.....	98
BUSINESS .....	105
REGULATORY OVERVIEW.....	132
GENERAL INFORMATION ON THE GROUP.....	145
MANAGEMENT .....	147
THE SELLING SHAREHOLDERS .....	168
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS .....	171
DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE.....	173
OVERVIEW OF THE ISSUER'S ARTICLES OF ASSOCIATION.....	180
TERMS AND CONDITIONS OF THE OFFERING.....	185
UNDERWRITING, STABILIZATION AND LOCK-UP .....	198
DILUTION.....	202
SELLING RESTRICTIONS .....	203
TRANSFER RESTRICTIONS .....	207
THE CAPITAL MARKETS IN LUXEMBOURG AND POLAND AND CERTAIN LUXEMBOURG AND POLISH REGULATIONS RELATED TO THE PURCHASE AND SALE OF SHARES .....	209
TAXATION .....	227
ADDITIONAL INFORMATION .....	246
ABBREVIATIONS AND DEFINITIONS.....	257
HISTORICAL FINANCIAL INFORMATION .....	F-1
INDEX OF DEFINED TERMS .....	I-1

## SUMMARY

### 1. Introduction and Warnings

#### a. Name and International Securities Identifier Number ("ISIN") of the Securities

The Offering comprises: (i) up to 163,599,596 existing Shares (excluding any Over-Allotment Shares), which are being sold by the Selling Shareholders, and (ii) up to 28,571,429 new Shares, to be issued by the Issuer. The maximum number of shares offered (excluding the Over-Allotment Option) will be 187,826,087 and will comprise Existing Sale Shares and New Sale Shares in proportions that will be determined by the final offer price. For the avoidance of doubt, the maximum number of Sale Shares is not equal to the maximum number of Existing Sale Shares and the maximum number of New Sale Shares offered pursuant to this Prospectus. In addition, further existing Shares (representing up to a maximum of 15% of the total number of Sale Shares) are being made available by the Majority Shareholders (the "**Over-Allotment Shares**") pursuant to the Over-Allotment Option.

The Issuer intends to seek the admission and introduction to trading on the regulated (main) market operated by the Warsaw Stock Exchange (the "**WSE**") of all shares issued and to be issued (pursuant to the Offering) with a nominal value of PLN 0.01 each (i.e., up to 1,028,571,429 shares) (the "**Shares**"), including the Offer Shares (as defined below). The Shares have been assigned the ISIN LU2237380790 and ultimately under this ISIN the Shares will be traded on the regulated market of the WSE. In connection with the allocation and delivery of the Sale Shares offered to the investors who are natural persons (individual), corporate entities (legal persons) and non-corporate entities other than individuals authorized to subscribe for the Offer Shares pursuant to this Prospectus ("**Retail Investors**") by the National Depository of Securities (the "**NDS**"), a temporary ISIN or any equivalent number may be assigned for the Retail Investors.

#### b. Identity and Contact Details of the Issuer, including its Legal Entity Identifier ("LEI")

The registered office and principal place of business of Allegro.eu (formerly Adinan Super Topco S.à r.l.) (the "**Issuer**") is currently 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg. The telephone number of the Issuer's registered office is currently +352 2452 7240. On or around the Listing Date, the Issuer will change its registered office and principal place of business to 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg and its telephone number from that date will be +352 26 49 58 6500. The Issuer's LEI number is 222100VRLXV3FPMG4982.

The registered offices and principal places of business of the Majority Selling Shareholders are as follows: (i) Cidinan S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, is 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg, and the telephone number is +352 2609 5226 and its LEI number is 2221005NCS5T16TV4R37 ("**Cidinan**"); (ii) Permira VI Investment Platform Limited, a limited liability company incorporated under the laws of England and Wales, is 80 Pall Mall, London SW1Y 5ES, United Kingdom, and the telephone number is +44 207 632 1000 and its LEI number is 2138009091GBKXQYIC75 ("**Permira VI**"); and (iii) Mepinan S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at Serenity Building, Bloc B, 19/21, route d'Arlon L-8009 Strassen, Grand Duchy of Luxembourg, and the telephone number is +352 2812 4820 and its LEI number is 222100RLWBWZN78NUA27 ("**Mepinan**").

The business address of each of the Individual Selling Shareholders as of the date of this Prospectus is 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg.

#### c. Identity and Contact Details of the Competent Authority Approving the Prospectus

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the competent authority under Prospectus Regulation and the Luxembourg Prospectus Law, with its registered office at 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg and telephone number: +352 26 25 11. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer that is, or of the quality of the securities that are, the subject of this Prospectus.

This Prospectus has not been approved by the PFSA or any other Polish authority. For purposes of the Polish Public Offering and the Admission, application has been made to the CSSF to provide a notification of the approval together with a copy of the approved Prospectus and the Polish translation of its summary section to the PFSA in accordance with the European passport mechanism provided for by the Prospectus Regulation. The notification to the PFSA does not imply any judgment by the PFSA on the merits or quality of the Sale Shares or the Offering.

#### d. Date of Approval of the Prospectus

This Prospectus was approved by the CSSF on September 22, 2020.

#### e. Warning

This summary has been prepared in accordance with Article 7 of the Prospectus Regulation and should be read as an introduction to this prospectus (this "**Prospectus**").

Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and applied its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide,

when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.

## 2. Key Information on the Issuer

### a. Who is the issuer of the securities?

#### i. Domicile, Legal Form, LEI, Jurisdiction of Incorporation and Country of Operation

The Issuer is a public limited liability company (*société anonyme*) registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B214830, in, domiciled and existing under the laws of Luxembourg. The Issuer's LEI number is 222100VRLXV3FPMG4982.

#### ii. Principal Activities

Allegro is the go-to e-commerce platform for Polish consumers and has delivered strong revenue growth, profitability and cash flow at scale. The Group operates the leading online marketplace in Poland, Allegro.pl, and the leading price comparison platform in Poland, Ceneo.pl (*Source: OC&C*).

Allegro.pl is the most recognized e-commerce brand in Poland (*Source: Gemius*). As of June 30, 2020, the Group's e-commerce marketplace had approximately 12.3 million Active Buyers who connected with approximately 117,000 merchants, which resulted in an average of 32 million monthly transactions in the twelve months ended June 30, 2020. Allegro.pl attracts visits from an average of 20 million internet users per month, which is equivalent to 63% of Polish residents ages 16 and above, and 76% of all internet users in Poland. Allegro.pl is one of the world's top ten e-commerce websites and among the top 100 websites in the world by visits per month (*Source: SimilarWeb*). Merchants on the Group's e-commerce marketplace sell across a variety of categories including automotive; home and garden; books, media, collectibles and art; fashion and shoes; electronics; kids; health and beauty; sports and leisure; and supermarket. Merchants primarily sell new products to buyers on the Group's e-commerce marketplace in the business-to-consumer business model ("**B2C**"). Consumer-to-consumer trade ("**C2C**") represented 3.5% of the Group's net revenue for the twelve months ended June 30, 2020.

Ceneo.pl is the leading multi-category price comparison site in Poland. Ceneo.pl is an established brand that attracted an average of 21 million monthly users in 2019 (*Source: Google Analytics*). As of June 30, 2020, 18,000 online retail stores were registered on Ceneo.pl and information on 23 million product offers was available to consumers using the price comparison service.

The Group also operates eBilet, which is the leading event ticket sales site in Poland, facilitating sales of a broad range of entertainment, cultural, family and sports events, with approximately 2.3 million tickets sold in the year ended December 31, 2019. The Group acquired 80% of eBilet in April 2019 and entered into an agreement in September 2020 to purchase the remaining 20%.

#### iii. Major Shareholders

As of the date of this Prospectus, and insofar as it is known to the Issuer, the table below presents details of the persons who hold directly or indirectly 5% or more of the Issuer's voting rights immediately prior to and immediately following the Listing Date based on the assumptions set out in the paragraph below.

The numbers and percentages of Shares listed below assume that all Sale Shares were offered and subscribed for by investors, the applicable foreign currency exchange rate is the Latest Practicable FX Rate (as defined below) and there was no exercise of the Over-Allotment Option.

Shareholder	Shares or interests in Shares held immediately prior to the Listing Date				Shares or interests in Shares held immediately after the Listing Date (assuming no exercise of the Over-Allotment Option) <sup>(1)(2)</sup>			
	Bottom of the Offer Price Range:		Top of the Offer Price Range:		Bottom of the Offer Price Range:		Top of the Offer Price Range:	
	Number of Shares	% of total Shares	Number of Shares	% of total Shares	Number of Shares	% of total Shares	Number of Shares	% of total Shares
Cidinan S.à r.l. ....	419,579,169	41.96%	417,675,540	41.77%	351,171,866	34.14%	347,519,226	33.96%
Permira VI Investment Platform Limited .....	419,579,169	41.96%	417,675,540	41.77%	351,171,866	34.14%	347,519,226	33.96%
Mepinan S.à r.l. ....	93,239,818	9.32%	92,816,792	9.28%	78,038,195	7.59%	77,226,499	7.55%
Adiman S.C.Sp.....	47,830,343	4.78%	50,799,627	5.08%	41,580,489	4.04%	44,154,577	4.32%

<sup>(1)</sup> Reflects the intended sale of Shares by the Selling Shareholders.

<sup>(2)</sup> As noted in "General Information on the Group—Reorganization," the current share capital of Allegro.eu is denominated in euros and will be converted into zloty prior to the Listing Date at or around the Pricing Date and based on the latest practicable exchange rate at such time. The shareholdings above have been calculated based on a euro to zloty foreign exchange rate of PLN 4.4574 per EUR 1.00, which was the National Bank of Poland exchange rate as of September 18, 2020 (the "Latest Practicable FX Rate").

#### iv. Key Managing Directors

The Issuer's Chief Executive Officer is François Nuyts, born in 1972, and its Chief Financial Officer is Jonathan Eastick, born in 1967.

#### v. Identity of the Independent Statutory Auditors

The consolidated financial statements of the Issuer and its subsidiaries as of and for the years ended December 31, 2019, 2018 and 2017 have been audited by PricewaterhouseCoopers, *Société coopérative*, independent statutory auditors (*réviseur d'entreprises agréé*), as stated in their report included elsewhere in this Prospectus. PricewaterhouseCoopers, *Société coopérative* are members of the Luxembourg *Institut Des Réviseurs d'Entreprises*. PricewaterhouseCoopers, *Société coopérative* have their registered office at 2, rue Gerhard Mercator, B.P. 1443, L-

1014 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B65477.

**b. What is the key financial information regarding the issuer?**

*i. Selected Consolidated Statement of Comprehensive Income Data.*

The following selected financial information as of and for the years ended December 31, 2017, 2018 and 2019 has been derived from the Annual Financial Statements included elsewhere in this Prospectus. PricewaterhouseCoopers, *Société coopérative* has audited the Annual Financial Statements included herein.

The following selected interim financial information as of June 30, 2020 and for the six-month periods ended June 30, 2019 and 2020, has been derived from the Interim Financial Statements included elsewhere in this Prospectus. PricewaterhouseCoopers, *Société coopérative* has reviewed the Interim Financial Statements.

There are no qualifications in the auditor's reports relating to the Annual Financial Statements and the Interim Financial Statements from which such consolidated financial information has been derived.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	<i>(PLN in millions)</i>			<i>Unaudited</i>	
Net revenue	1,662.7	1,978.0	2,592.3	1,166.5	1,770.1
Operating expenses	(1,018.3)	(880.0)	(1,266.9)	(541.4)	(981.6)
Operating profit before amortization and depreciation	644.4	1,098.0	1,325.4	625.1	788.6
Amortization and Depreciation	(382.7)	(421.7)	(439.3)	(216.9)	(228.2)
Operating profit	261.7	676.3	886.1	408.2	560.4
Net Financial result	(206.1)	(316.0)	(373.0)	(161.8)	(183.7)
Financial income	111.6	7.1	11.0	8.6	12.8
Financial costs	(317.7)	(323.0)	(384.0)	(170.4)	(196.5)
Profit before income tax	55.6	360.3	513.0	246.3	376.7
Income tax expenses	(49.9)	(88.4)	(120.0)	(50.6)	(87.0)
Net profit	5.8	271.9	393.1	195.7	289.7
Other comprehensive income/(loss)	(0.3)	(18.2)	(3.2)	(6.1)	(65.7)
Total comprehensive income for the period	5.5	253.7	389.8	189.7	224.0

*ii. Selected Consolidated Statement of Financial Position.*

	As of December 31,			As of
	2017	2018	2019	June 30,
	<i>(PLN in millions)</i>			<i>Unaudited</i>
<b>ASSETS</b>				
Total non-current assets	13,929.5	13,613.7	13,425.6	13,343.4
Total current assets	636.5	1,148.6	852.4	1,132.1
<b>Total assets</b>	<b>14,566.0</b>	<b>14,762.3</b>	<b>14,278.0</b>	<b>14,475.5</b>
<b>EQUITY AND LIABILITIES</b>				
Total equity	8,804.6	9,056.7	6,683.6	6,923.9
Total non-current liabilities	5,395.7	5,226.6	6,784.9	6,654.3
Total current liabilities	365.7	479.0	809.5	897.3
<b>Total equity and liabilities</b>	<b>14,566.0</b>	<b>14,762.3</b>	<b>14,278.0</b>	<b>14,475.5</b>

*iii. Selected Consolidated Statement of Cash Flows.*

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	<i>(PLN in millions)</i>			<i>Unaudited</i>	
Net cash inflow/(outflow) from operating activities	440.1	918.6	1,246.5	611.3	667.6
Net cash inflow/(outflow) from investing activities	(13,352.5)	(112.0)	(202.9)	(131.4)	(124.4)
Net cash inflow/(outflow) from financing activities	13,268.8	(369.0)	(1,433.8)	(1,059.9)	(372.3)
Net increase/(decrease) in cash and cash equivalents	356.4	437.6	(390.2)	(580.0)	170.9

**c. What are the key risks that are specific to the issuer?**

- i. The Polish retail market and the e-commerce segment are highly competitive and the Group's ability to compete successfully depends on a large variety of factors both within and beyond the Group's control.
- ii. The Group's business depends on a strong brand, which the Group might not be able to maintain or enhance through its investments to increase brand awareness, and unfavorable feedback from merchants or buyers or negative publicity could materially adversely affect its brand.
- iii. The Group's success depends on the continued growth of e-commerce and the corresponding shift from offline to online shopping in the markets in which it operates.



- iv. Deterioration in Poland's economic conditions or a worsening global economy could materially adversely affect the Group's business, financial condition or results of operations.
- v. If the Group is not able to maintain and continually improve user experiences with the Allegro platform, its business, results of operations or financial condition could be materially adversely affected.
- vi. System interruptions that make the Group's platform unavailable, whether caused by technology failures, third-party provider failures, deliberate attacks or unintentional events may cause a decrease in transaction volumes, result in the loss of personal information or otherwise harm the Group's reputation.
- vii. The Group may be unable to successfully implement strategic objectives such as enhancing SMART!, developing new consumer finance products, expanding internationally, increasing fulfillment services or pursuing acquisitions.
- viii. The Group's estimates, assumptions and judgments underlying its stated near- and medium-term financial outlook and other forward-looking performance measures may prove inaccurate, and as a result the Group may be unable to successfully meet its expectations or achieve desired financial results.
- ix. Ineffective protection of confidential information might materially weaken the Group's market position.
- x. The Group may be unable to manage its anticipated growth effectively.

### 3. Key Information on the Securities

#### a. What are the main features of the securities?

##### i. *Type, Class and ISIN*

The Selling Shareholders are offering up to 163,599,596 existing ordinary registered shares with a nominal value of PLN 0.01 per share (excluding any Over-Allotment Shares) (the "**Existing Sale Shares**") and the Issuer is offering up to 28,571,429 new ordinary registered shares with a nominal value of PLN 0.01 per share (the "**New Sale Shares**") and together with the Existing Sale Shares, the "**Sale Shares**") (the "**Offering**"). The maximum number of Sale Shares will be 187,826,087 and will comprise Existing Sale Shares and New Sale Shares in proportions that will be determined by the final offer price. For the avoidance of doubt, the maximum number of Sale Shares is not equal to the maximum number of Existing Sale Shares and the maximum number of New Sale Shares offered pursuant to this Prospectus. In addition, the Majority Selling Shareholders are granting an option to Morgan Stanley & Co. International plc (the "**Stabilizing Manager**"), to purchase additional Existing Sale Shares pursuant to the over-allotment option (the "**Over-Allotment Shares**," together with the Sale Shares, the "**Offer Shares**") (representing up to a maximum of 15% of the total number of Sale Shares). The Offering consists of a maximum of 216,000,000 Offer Shares, including all Sale Shares and any Over-Allotment Shares.

The Issuer intends to seek the admission and introduction to trading on the regulated (main) market operated by the WSE of all shares issued and to be issued (pursuant to the Offering) with a nominal value of PLN 0.01 each (i.e., up to 1,028,571,429 shares) (the "**Shares**"), including the Offer Shares.

The Shares have been assigned the ISIN LU2237380790 and ultimately under this code the Shares will be traded on the regulated market of the WSE.

##### ii. *Currency, Denomination, Par Value, Number of Securities Issued and Duration*

The Issuer's current share capital is denominated in euros and will be converted into zloty prior to the Listing Date. The Shares will be denominated in Polish zloty and the offering price will be expressed in Polish zloty. As of the date of this Prospectus, the Issuer's share capital amounts to EUR 103,302,805.38 comprising 5,000,000 subscriber ordinary shares; 434,804,791 A1 shares; 434,804,789 A2 shares; 23,514,029 B1 shares; 23,514,024 B2 shares; 5 C1 shares; 23,923,440 C2 shares; 4,692,359,731 D3 preference shares and 4,692,359,729 D4 preference. Following the conversion of the share capital into zloty, the Issuer's share capital will amount to PLN 10,000,000 and consist of 1,000,000,000 registered shares with a nominal value of PLN 0.01 each.

##### iii. *Rights Attaching to the Shares*

Each Share entitles the shareholder to one vote at the General Meeting of the Issuer. There are no restrictions on voting rights. All of the Shares carry full dividend rights.

##### iv. *Rank of Securities in the Issuer's Capital Structure in the Event of Insolvency*

As of the Listing Date, the Issuer's share capital will be made up of a single class of ordinary shares that rank *pari passu*.

##### v. *Restrictions on Transfer*

Not applicable. The transferability of the Shares is not restricted.

##### vi. *Dividend or Pay-out Policy*

The Group intends to retain future earnings to reduce leverage and pursue the various opportunities available to grow and strengthen its competitive position. The Group will review its dividend policy on an ongoing basis but does not expect to declare or pay any dividends for the foreseeable future.

b. **Where will the securities be traded?**

The shares in the Issuer have not been and are not currently admitted to trading on any regulated market.

Based on this Prospectus, the Issuer intends to seek the admission and introduction to trading on the regulated (main) market operated by the WSE of up to 1,028,571,429 Shares, including the Offer Shares.

c. **What are the key risks that are specific to the securities?**

- i. The Offering may be suspended, modified or canceled or the results of the Offering may deviate significantly from the envisaged Offering size and value.
- ii. The Shares may not be eligible to be admitted to trading or listing on the regulated market (main market) of the WSE.
- iii. In the event of a breach or suspected breach of law in relation to the Offering, or the application for the admission and introduction of the Shares to trading on a regulated market, the CSSF and the PFSA may take measures to protect the investors, *inter alia*, prohibit or suspend the Offering and issue an order to stay the application or prohibit the application for the admission or introduction of the Shares to trading on the regulated market.
- iv. Trading in the Shares on the WSE may be suspended.
- v. The Issuer's failure to meet the requirements set forth in the WSE Rules, the Luxembourg Transparency Law or the Polish Act on Public Offering may cause the Shares to be delisted.

4. **Key Information on the Offer of Securities to the Public and/or the Admission to Trading on a Regulated Market**

a. **Under which conditions and timetable can I invest in this security?**

The Offering consists of: (i) the public offering in the territory of Poland (the "**Polish Public Offering**"), including: (a) the Retail Offering and (b) the Polish Institutional Offering; (ii) the offering in the United States to certain qualified institutional buyers ("**QIBs**") as defined in and in reliance on Rule 144A, or another exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act; and (iii) an offering to certain other institutional investors outside of the United States and Poland (such investors together with the QIBs, the "**International Institutional Investors**" and, together with the Polish Institutional Investors, the "**Institutional Investors**") in accordance with Regulation S under the U.S. Securities Act (the "**International Offering**"). The Polish Public Offering is being conducted exclusively within the territory of Poland. This Prospectus will not be passported or notified in any other way for the purpose of any public offering outside of Poland.

*The Expected Timetable of the Offering*

The timetable below lists expected key dates relating to the Offering. All times and dates referred to in this timetable are based on local Warsaw time and may be adjusted by the Issuer and the Principal Selling Shareholders in agreement with the Global Coordinators acting on their own behalf and on behalf of Barclays Bank PLC ("**Barclays**"), BofA Securities Europe SA ("**BofA Securities**"), Citigroup Global Markets Limited ("**Citi**"), Dom Maklerski Banku Handlowego S.A. ("**DMBH**"), Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie ("**BM PKO BP**") and Santander Bank Polska S.A. – Santander Biuro Maklerskie ("**Santander Poland**" and together with BM PKO BP, the "**Co-Offering Agents**," and the Co-Offering Agents, Barclays, BofA Securities, Citi and DMBH together with the Global Coordinators, the "**Joint Bookrunners**"), Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao ("**Bank Pekao**"), Crédit Agricole Corporate and Investment Bank ("**Crédit Agricole**"), Erste Group Bank AG ("**Erste Group**"), Pekao Investment Banking S.A. ("**Pekao Investment Banking**") and Raiffeisen Centrobank AG ("**Raiffeisen Centrobank**" and, together with Bank Pekao, Crédit Agricole, Erste Group and Pekao Investment Banking, the "**Co-Lead Managers**," and the Co-Lead Managers together with the Joint Bookrunners, the "**Banks**"). Should the dates set out in the timetable be adjusted materially, the Issuer will notify the Luxembourg financial supervisory authority as home authority (*Commission de Surveillance du Secteur Financier*) (the "**CSSF**") and the Polish financial supervision authority (*Komisja Nadzoru Finansowego*) (the "**PFSA**") and publish information regarding such fact in a manner compliant with applicable regulations, as well as with the relevant market practices in Luxembourg and in Poland, including where necessary by issuing a supplement to this Prospectus.

September 22, 2020.....	Approval of the Prospectus by the CSSF Passporting of the Prospectus to the PFSA Publication of the Prospectus Opening of the Offering – commencement of the book-building process among the Institutional Investors
September 23-28, 2020.....	Subscription period for the Retail Investors – acceptance of purchase orders from the Retail Investors (until 11:59 p.m. Warsaw time on September 28, 2020)
September 28, 2020.....	End of the book-building process among the Institutional Investors Determination of the Retail Investors Offer Price, Institutional Investors Offer Price, the final number of the Existing Sale Shares (including the Over-Allotment Shares) and New Sale Shares to be offered in the Offering and the final number of the Offer Shares to be offered to the various categories of investors (" <b>Pricing Date</b> ")
on or about September 28, 2020.....	Execution of the pricing memorandum determining, among others, the Retail Investors Offer Price, Institutional Investors Offer Price and the final number of

	the Existing Sale Shares (including the Over-Allotment Shares) and New Sale Shares to be offered in the Offering and the final number of Offer Shares to be offered to the to various categories of investors
on or about September 29, 2020 .....	Publication of the Retail Investors Offer Price, Institutional Investors Offer Price, the final number of the Existing Sale Shares (including the Over-Allotment Shares) and New Sale Shares to be offered in the Offering and the final number of the Offer Shares to be offered to the various categories of investors in searchable electronic form on the Issuer's website, on the official website of the Luxembourg Stock Exchange (www.bourse.lu) and, additionally, for information purposes only, on the websites of the Co-Offering Agents (www.bm.pkobp.pl and www.santander.pl/inwestor)
September 29–October 1, 2020 .....	Acceptance of the purchase orders from the Institutional Investors
not later than October 1, 2020 .....	Payment for the Offer Shares subscribed for by the Institutional Investors
until October 2, 2020.....	Submission of purchase orders, if any, by the substitute Institutional Investors who respond to additional invitations of the Joint Bookrunners to purchase the Offer Shares, or by the Banks (except DMBH and Pekao Investment Banking) or their subsidiaries in performance of their obligations under the Underwriting Agreement
October 5, 2020.....	WSE allocation – submission of purchase orders for the sale of the Offer Shares to the Retail Investors through the WSE system
	Allotment of the Offer Shares (the " <b>Allotment Date</b> ")
on or about October 6, 2020 .....	Registration of the Offer Shares in the securities accounts of Retail Investors
October 9, 2020.....	Expected date of the registration of the Offer Shares in the securities accounts of the Institutional Investors (on the condition that the data provided by the investors for the registration of the Offer Shares in their securities accounts is complete and correct) – closing of the Offering
on or about October 12, 2020.....	Expected first day of trading of the Shares on the WSE (" <b>Listing Date</b> ")

#### *Admission*

Prior to the Offering, the Shares of the Issuer have not been admitted to or traded on any regulated market. Application will be made based on this Prospectus to admit all the Shares issued and to be issued (pursuant to the Offering) to listing and trading on the regulated market of the WSE. The Issuer expects that the date on which trading in the Shares on the WSE will commence is on or around October 12, 2020.

#### *Dilution*

The percentages of Shares listed below assume that all Sale Shares were offered and subscribed for by investors, the applicable foreign currency exchange rate is the Latest Practicable FX Rate and there was no exercise of the Over-Allotment Option.

If the Offering is completed and there is no exercise of the Over-Allotment Option, new Shareholders will hold Shares immediately following the Offering representing a total of 18.26% of the Shares in the Issuer. If the Offering is completed at the Bottom of the Offer Price Range, new Shareholders will hold 187,826,087 Shares immediately following the Offering. If the Offering is completed at the Top of the Offer Price Range, new Shareholders will hold 186,855,410 Shares immediately following the Offering. Existing Shareholders will therefore suffer an immediate dilution of 18.26% of their shareholding in the Issuer.

#### *Costs and Expenses of the Offering*

The total costs and expenses of the Offering consist of the Banks' commissions or fees and other associated expenses (e.g., fees for legal and accounting services, fees incurred in connection with the marketing activities and fees relating to the approval of this Prospectus and admission of the Shares to trading on the Warsaw Stock Exchange). The Issuer estimates its total expenses relating to the Offering will amount to up to approximately PLN 125.0 million (approximately EUR 28.0 million) (including the Banks' commissions or fees, estimated advisor and other ancillary fees and PLN 25.5 million of non-cash expenses relating to the grant of Shares to employees of the Group).

#### *Expenses Charged to Investors*

No expenses will be charged to investors by the Selling Shareholders or the Issuer.

#### **b. Who is the offeror?**

The selling shareholders are: (i) Cidinan, (ii) Permira VI, (iii) Mepinan and (iv) the following Directors and Senior Managers of the Issuer: Darren Huston, François Nuyts, Jonathan Eastick, Marcin Łachajczyk, Damian Zapłata and Piotr Szybiak, together with various other members of management (such Directors, Senior Managers and other members of management, collectively, the "**Individual Selling Shareholders**"). Adiman S.C.Sp. ("**Adiman**") is the registered legal owner of the Shares in the Issuer on behalf of the Individual Selling Shareholders other than Darren Huston.

In addition, Allegro.eu (formerly Adinan Super Topco S.à r.l.), a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, currently 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 B214830 will also proceed with a primary issuance of new shares.

c. **Why is this Prospectus being produced?**

This Prospectus has been prepared in connection with the application to the CSSF for its approval, following which this Prospectus will be passported to the PFSA in connection with the Polish Public Offering and the application for all of the Shares to be admitted to trading on the regulated (main) market of the WSE.

*Use and Estimated Net Amounts of the Proceeds*

The Group believes that the Offering and the Admission are a logical and significant next step for the Group in its development and that their timing is appropriate, given its current profile and level of maturity.

The Group expects to receive approximately PLN 900.5 million of net cash proceeds from the sale of approximately PLN 1,000.0 million of New Sale Shares after deducting the costs and expenses of the Offering (but excluding PLN 25.5 million of non-cash expenses relating to the grant of Shares to employees of the Group). The Group intends to use the expected net proceeds of the issue of the New Sale Shares, together with borrowings under a PLN 5,500.0 million senior secured term loan facility ("**New Senior Facility B**") to repay its outstanding debt under its PLN 1,363.5 million term facility A ("**Existing Senior Facility A**"), PLN 3,990.0 million term facility B ("**Existing Senior Facility B**") and, together with Existing Senior Facility A, the "**Existing Senior Term Facilities**") and PLN 1,300.0 million second lien term facility (the "**Existing Second Lien Facility**" and, together with the Existing Senior Term Facilities, the "**Existing Term Facilities**") (including the payment of certain fees relating to the refinancing) in order to improve its net leverage, which the Group believes will provide it with greater financial flexibility. Remaining amounts following the refinancing will be used for the general corporate purposes of the Group.

*Underwriting Agreement*

On September 21, 2020, the Issuer, the Majority Selling Shareholders, Adiman (for and on behalf of certain Individual Selling Shareholders pursuant to the Deeds of Election), Darren Huston and the Banks entered into an underwriting agreement (the "**Underwriting Agreement**") pursuant to which, subject to certain conditions, (i) the Joint Bookrunners severally agreed, as agent for the Selling Shareholders, to procure purchasers for, or failing which, purchase themselves, and the Selling Shareholders agreed to sell, subject to certain conditions, to the Banks (except DMBH and Pekao Investment Banking), the aggregate number of Existing Sale Shares sold in the Offering (excluding Sale Shares sold to Retail Investors), and (ii) the Joint Bookrunners severally agreed, as agent for the Issuer, to procure purchasers for, or failing which, purchase themselves, and the Issuer agreed to allot, subject to certain conditions, to the Banks (except DMBH and Pekao Investment Banking), the aggregate number of New Sale Shares sold in the Offering (excluding Sale Shares sold to Retail Investors) taking account of the underwriting commitments of each Bank (except DMBH and Pekao Investment Banking) as set forth in Underwriting Agreement, at an Institutional Investors Offer Price per share to be set forth in the pricing memorandum to be entered into between the Issuer, the Selling Shareholder and the Banks on or around September 28, 2020 and announced by the Issuer on or about September 29, 2020.

*Conflicts of Interest*

Save as set out below, there are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Issuer and their private interests or other duties.

David Barker, Daniele Arendt and Gautier Laurent, each of whom is a non-executive Director of the Issuer, each holds positions at Cinven, which is an advisor to the managing general partner of the Sixth Cinven Fund.

Richard Sanders, Séverine Michel and Cédric Pedoni, each of whom is a non-executive Director of the Issuer, each holds positions at Permira, which is an advisor of Permira VI Investment Platform Limited.

Paweł Padusiński and Gilles Willy Duroy, each of whom is a non-executive Director of the Issuer, each holds positions at Mid Europa Partners or its affiliates. Mid Europa Partners is an advisor to the general partner of funds invested in Mepinan S.à r.l.

## RISK FACTORS

*Before investing in the Offer Shares, potential investors should carefully consider the risk factors presented below and other information contained in this Prospectus. If one or more of the risks described below actually materializes, it could have, individually or in combination with other circumstances, a significant, adverse impact on the Group's operations, in particular on its cash flows, financial position, results of operations and outlook or the market price of the Shares. Before you purchase the Shares, you should know that making such an investment involves significant risks, including the risks described below and elsewhere in this Prospectus, such as those set forth under the caption "Forward-Looking Statements." You should consider carefully the factors described below in addition to the remainder of this Prospectus before purchasing the Shares. The risks and uncertainties described below are not the only ones the Group faces. Additional risks and uncertainties of which the Group is not aware or that the Group currently believes are immaterial may also have a material adverse effect on the Group's business, financial condition, results of operations and prospects. If any of the events described in the risk factors below occurs, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those anticipated in the forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Prospectus.*

*It cannot be excluded that over time the list of the risks specified below will no longer be complete or comprehensive. Consequently, these risks cannot be considered as the only risks to which the Group is exposed as of the date of this Prospectus. The Group may be exposed to additional risks and adverse factors of which the Group is unaware as the date of this Prospectus. The occurrence of events described as risks may result in a decline in the market price of the Shares and, consequently, investors who purchase the Shares could lose a part or all of their investment.*

### **Risks Related to the Group's Business and Industry**

***The Polish retail market and the e-commerce segment are highly competitive and the Group's ability to compete successfully depends on a large variety of factors both within and beyond the Group's control.***

The Polish retail industry, including the e-commerce segment, is fragmented and characterized by intense competition. The Group competes with a diverse group of offline and multichannel retail companies such as RTV Euro AGD, Biedronka, Empik, SMYK and LPP, e-commerce companies such as Alibaba, Amazon and eBay that sell products from a large number of categories, and specialist e-commerce companies such as Zalando, eobuwie.pl and Oponeo. Competition continues to intensify, including the development of new business models and the entry of new and well-funded competitors. The Group's competitors may enter into business combinations or alliances and large and well-established companies in other geographies or market segments may seek to expand their presence and investment in Poland. Some of the Group's current and potential competitors have greater resources, global presences, longer histories, more users, and/or greater brand recognition than the Group, and they may secure better terms from vendors, adopt more aggressive pricing, and devote more resources to technology, infrastructure, fulfillment and marketing than the Group. Multinational e-commerce competitors that so far have not deployed the asset heavy business models in Poland that they feature in other countries may choose to do so in the future, utilizing their delivery and logistics infrastructure that already exists in Poland or elsewhere in Europe to shorten delivery times. These multinational competitors may also decide to deploy loyalty and free shipping programs similar to those currently offered by the Group and may step up efforts to attract the Group's merchant base to list products on their platforms. The Group's reputation, its brand and its business may be adversely affected by aggressive marketing and the communications strategies of its competitors. New market entrants may appear and some of the Group's current smaller competitors may be acquired by, receive investment from or enter into strategic relationships with well-established and well-financed companies or investors who would enhance their competitive positions.

In addition, new and enhanced technologies, including search, web and infrastructure computing services, digital content, and electronic devices continue to increase the Group's competition. The internet facilitates competitive entry and comparison shopping, which enhances the ability of new, smaller, or lesser known businesses to compete against the Group. As a result of any of the above factors, or a combination thereof, the Group's product and service offerings may not be successful, the Group may fail to gain or may lose business, and the Group may be required to increase the Group's spending or lower its margins, any of which could materially reduce the Group's profits.

The Group believes that its ability to compete effectively will depend on factors both within and beyond the Group's control, including but not limited to:

- the Group's reputation and brand and its local scale, relative to those of the Group's competitors;
- the size and composition of the Group's buyer base and whether the Group is able to increase repeat purchases from buyers;

- the composition of the Group's merchant base, and the merchant base's subsequent impact on the selection and price of products the Group features on its sites;
- whether the Group is able to offer a convenient, efficient and reliable e-commerce experience for the Group's buyers and merchants and to adapt to evolving consumer preferences;
- whether the Group's platform is perceived as an attractive distribution channel for the Group's merchants, including the perceived competitiveness by merchants of the Group's current or future commission rates;
- whether the Group has efficient and cost-effective advertising and marketing efforts to acquire new buyers and merchants;
- the development and management of new and existing technologies in a timely manner;
- whether the Group's fulfillment operations, including distribution, payment and customer service are efficient, reliable and offer a satisfying service quality;
- the legal framework on e-commerce and related legislation governing liability, obligations and supervisory oversight of the Group; and
- whether the Group is able to offer convenient payment methods for every buyer and merchant.

Any failure to properly address these factors and to successfully compete against current or future competitors could negatively affect the Group's ability to attract and retain buyers and merchants and necessitate the introduction of lower pricing for the Group's services, which could, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's business depends on a strong brand, which the Group might not be able to maintain or enhance through its investments to increase brand awareness, and unfavorable feedback from merchants or buyers or negative publicity could materially adversely affect its brand.***

The Group believes that the Allegro brand under which it operates has significantly contributed to the growth of its business. The Group believes that the strong awareness of the Allegro brand in Poland contributes to higher unpaid traffic on its websites and lower marketing costs as approximately 72% of the traffic on its websites during the first six months of 2020 was generated by consumers directly typing in Allegro websites or was related to customer relationship management, social media or search engine optimization channels. Therefore, the Group believes that maintaining and enhancing the Allegro brand is critical to the Group's ability to expand and retain its base of buyers, merchants and brands.

The Group has invested significant amounts of its revenue to increase brand awareness, user acquisition and buyer and merchant loyalty, and expects to continue to spend significant amounts in the future to attract new, and retain existing, buyers and merchants. For example, the Group has incurred and will continue to incur significant expenses in marketing through a broad range of media to attract website traffic, increase buyer and merchant loyalty and encourage repeat purchases in order to increase revenue and maintain its brand awareness and recognition.

These expenses include substantial outlays for offline marketing, in particular television advertising, and online marketing such as paid search engine marketing or affiliate programs, under which the Group pays third parties to refer visitors from third-party websites to the Group's websites. The Group's decisions regarding investments in user acquisition are driven by its analysis of the profit contribution generated from buyers and merchants that the Group acquired in earlier periods. There can be no assurance that the Group's assessment of user acquisition investment and resulting net revenue from such buyers and merchants, including those relating to the effectiveness of the Group's marketing expenditures, will prove to be correct or that the Group's marketing efforts and other promotional activities will achieve what the Group considers an optimal mix of advertising tactics at a cost that the Group considers economically viable. Furthermore, the Group cannot guarantee that certain methods of advertising that it currently utilizes will not become less effective or that potential increased competition in the retail market will not result in a decreased return on the Group's marketing investment. The Group's online partners might be unable to deliver the anticipated number of user visits or impressions, or visitors that are attracted to the Group's websites by such campaigns might not make purchases as anticipated. Moreover, changes to search engines' algorithms or terms of services could exclude the Group's websites from, or rank them lower in, search results.

The Group's brand may be adversely affected if its public image or reputation is tarnished by negative publicity. Product recalls, product liability claims, breaches of corporate social responsibility, the presence of counterfeit goods that violate the Group's terms and conditions or other fraudulent activity in the Group's e-commerce marketplace that is not detected



by its anti-fraud technology could significantly harm the Group's reputation and business. User complaints or negative publicity about its websites, products, delivery times, returns processes, the working conditions of its employees (or those of the employees of any of its subcontractors or suppliers), user data handling and security practices, or customer support, including on internet-based platforms such as blogs, online ratings, review services and social media websites, could have a significant negative impact on the Group's reputation and on the popularity of the Group's websites.

If the Group is unable to maintain or enhance its brand image, if its brand image is damaged by negative publicity or if its brand is not accepted by consumers, this could have a material adverse effect on its business, financial condition and results of operations.

***The Group's success depends on the continued growth of e-commerce and the corresponding shift from offline to online shopping in the markets in which it operates.***

The Group depends on the continued development and growth of the Polish retail market, including online retail and the e-commerce segment in which it currently operates as well as corresponding markets and segments in other geographies it may seek to enter in the future. Based on projections from OC&C, the Polish retail market is projected to grow at a CAGR of 3% from an estimated PLN 621 billion in 2019 to PLN 724 billion in 2024 and online retail in Poland, which remains underpenetrated relative to other countries, is projected to grow at a CAGR of 18% from PLN 52 billion in 2019 to PLN 118 billion in 2024. The Group's short- and medium-term outlook is based on its belief that it can facilitate actual growth that exceeds these projections. There is no guarantee, however, that the Polish retail market and online retail in Poland will grow at rates projected by OC&C, the growth rates that the Group believes may occur, or at all. Slowing growth, stagnation or contraction in the market and segment in which the Group operates in Poland, or in geographies where it may operate in the future, could have a material adverse effect on its business, financial condition and results of operations.

***Deterioration in Poland's economic conditions or a worsening global economy could materially adversely affect the Group's business, financial condition or results of operations.***

The Group conducts its operations in Poland and therefore the macroeconomic situation in Poland has a material impact on the business, financial condition and results of operations of the Group. The economic situation in Poland depends on a number of factors, including Polish government attempts to influence the economy, such as setting levels of taxation, formulating government budgets and regulating the currency supply, interest rates and the labor market. The Polish demographic situation, macroeconomic conditions in Europe and globally and inflow of funds from the European Union also affect the economic situation in Poland.

A potential prolonged economic slowdown in Poland resulting from the ongoing COVID-19 pandemic or other causes would damage the Group's operations. The degree and the pace of economic recovery following the COVID-19 pandemic are not fully known. Higher unemployment, reduced disposable income and lower consumption, as well as fluctuations in the financial markets (including the currency market), may significantly adversely affect the financial conditions of the Group's merchants and buyers. Negative economic developments may have an adverse impact on consumer confidence and discretionary consumer spending, including on sales on the Group's e-commerce marketplace, from which the Group generates the majority of its revenue. There is also a risk of tax increases being imposed in order to address public debt levels that have recently increased significantly as a result of the COVID-19 pandemic. Tax increases may lead to increases in the prices of products sold on the Group's e-commerce marketplace or the prices of services the Group purchases or may reduce buyers' income available for discretionary spending, which could also weaken demand for the products offered on the Group's platform.

The Group's business, as well as the successful implementation of its strategy, is highly dependent on the financial condition of its merchants and buyers and their continued and increased use of the Group's e-commerce marketplace and other services. The financial condition of Polish households, including the Group's buyers, is highly correlated with the unemployment rate. An increase in the unemployment rate in Poland could reduce consumer spending and lead to reduced use of the Group's e-commerce marketplace and other services.

Any deterioration of economic conditions in Poland may have a material adverse effect on the business, financial condition and results of operations of the Group.

***If the Group is not able to maintain and continually improve user experiences with the Allegro platform, its business, results of operations or financial condition could be materially adversely affected.***

The Group believes that its success as a company active in the retail market depends upon providing consumers with a wide selection of products from a variety of merchants at competitive prices. If the Group does not attract merchants to

offer the products and brands in demand by the Group's buyers, if the Group is unable to present such products on its website in an effective way and at competitive prices or if buyers and merchants regard the Group's delivery, returns and/or payment processes as inconvenient, the Group may be unable to attract new buyers and merchants, may lose existing buyers and merchants or may be faced with reduced volumes of purchases on its websites. If the Group or any third-party users fail to provide accurate information on its platforms, such as, product information on the Group's e-commerce marketplace or price comparison information on Ceneo.pl, it may lose consumer confidence and may receive a higher number of complaints and its business and operations may be materially adversely affected. Any of the foregoing would have a material adverse effect on the Group's business, financial condition and results of operations.

***System interruptions that make the Group's platform unavailable, whether caused by technology failures, third-party provider failures, deliberate attacks or unintentional events may cause a decrease in transaction volumes, result in the loss of personal information or otherwise harm the Group's reputation.***

The Group has made and expects to continue to make substantial investments in data centers and equipment and related network infrastructure to handle the traffic on the Group's websites and implemented systems, in order to assure the quality and availability of all IT-supported processes. Additionally, the Group invests, and expects to continue to invest, in its platform and back-office security. However, the ability of the Group's IT systems to handle the demand of an unexpected spike in traffic to the Group's websites cannot be assured. In addition, the operation of these systems is both expensive and complex, and any interruptions of such systems could result in operational failures. If the Group's user base or the amount of traffic on the Group's websites grows more quickly than anticipated, the Group may be required to incur material additional costs to enhance the underlying network infrastructure to avoid operational failures. Inadequate performance of the Group's IT systems, whether due to system failures, unavailability of data centers, distributed denial-of-service attacks, computer viruses, physical or electronic break-ins, undetected errors, design faults, sabotage, human error or other unexpected events or causes, could affect the security or availability of the Group's websites, prevent users from accessing the Group's websites and result in limited capacity, reduced demand, processing delays and loss of revenue from transactions.

The Group operates websites, networks and other data systems through which it collects, maintains, transmits and stores information about its buyers, merchants and others, including credit card information and personal information, as well as other confidential and proprietary information. The Group also employs third-party service providers that store, process and transmit proprietary, personal and confidential information on its behalf. Furthermore, the Group relies on encryption and authentication technology licensed from third parties in order to securely transmit confidential and sensitive information, including credit card details and personal data. Although the Group takes steps to protect the security, integrity and confidentiality of the information it collects, stores or transmits, it regularly records attempts to break into its systems and the Group and its service providers might not have the resources or technical sophistication to anticipate or continue to prevent all types of attacks and techniques used to obtain unauthorized access to its systems. Therefore, the Group cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to this information despite the Group's efforts. Advances in computer capabilities, new technological discoveries or other developments could increase the frequency or likelihood of security breaches. In addition, security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by employees or by persons with whom the Group has commercial relationships. Any compromise or breach of the Group's security measures, or those of the Group's third-party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, adverse publicity and a loss of confidence in the Group's security measures. Although the Group maintains a certain level of privacy, data breach and network security liability insurance, the Group cannot be certain that its coverage will be adequate for liabilities that actually might incur or that insurance will continue to be available to the Group on economically reasonable terms, or at all. The Group also may need to devote significant resources to protect against security breaches or to address problems caused by breaches, diverting resources from the growth and expansion of its business.

The occurrence of any of the foregoing risks could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may be unable to successfully implement strategic objectives such as enhancing SMART!, developing and launching new consumer finance products, expanding internationally, increasing fulfillment services or pursuing acquisitions.***

The Group might elect to pursue new business opportunities, develop new product offerings, expand internationally or acquire other businesses, any of which could prove to be non-cost-effective or otherwise unsuccessful. Any such initiative that is not favorably received by users could damage the Group's reputation and brand, and any expansion or alteration of the Group's operations could require significant additional expenses and divert management and other resources, which could in turn materially and adversely affect the Group's business, financial condition and results of operations.

## *SMART!*

The SMART! loyalty program has achieved significant success with 2.1 million active and paying subscribers as of June 30, 2020 following significant investment by the Group since the program launched in 2018. The SMART! program offers buyers certain perks and therefore carries the risk of subscriber abuse (e.g., sharing of accounts, excessive ordering and returns). The Group's outlook has been prepared with the expectation of continued managed growth in the SMART! program and could therefore be impacted by lower or higher than expected adoption of the program by buyers. In addition, as SMART! has proven to be a popular program for Polish consumers, there is a risk that a competitor could introduce a similar offering, thereby eroding the attractiveness of the SMART! program. If the Group is unable to successfully manage the anticipated growth and the related costs of the SMART! program, or if the benefits of the SMART! program are abused by a significant number of buyers, it could result in a material adverse effect on the Group's business, financial condition and results of operations.

## *Consumer Finance Product*

During the second half of 2020, the Group launched a trial phase of Allegro Pay, a new consumer finance product offering lines of credit of up to PLN 4,000 with payment options ranging from 30 days up to 20 monthly installments to eligible buyers at checkout for purchases that they make through the Group's e-commerce marketplace. The trial phase is expected to last until the end of 2020. The financial success of this new offering depends in part on the effective management of the related credit risk. To assess the credit risk of a consumer seeking a loan under the Group's consumer finance offering, the Group uses, among other indicators, credit reports from external suppliers and an internally developed risk model in order to help predict the consumer's ability to repay the principal balance and interest related to the credit. However, this risk model may not accurately predict the creditworthiness of the consumer due to, among other things, inaccurate assumptions about the particular consumer or the economic environment. The accuracy of the risk model and the Group's ability to manage credit risk related to the Group's consumer finance offering may also be affected by legal or regulatory changes (e.g., bankruptcy laws and minimum payment regulations), competitors' actions, changes in consumer behavior, availability of funding resources, changes in the economic environment and other factors. If the Group is unable to satisfactorily monitor and manage the credit risk inherent in its loans, it could result in a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the launch of Allegro Pay may not result in the anticipated incremental increase in purchasing of merchandise by consumers and the Group may therefore fail to realize the expected additional commission income from merchants. The Group may also be unable to obtain funding for its consumer loans at rates that are competitive enough to allow the Group to profit on its consumer finance product. The Group may be unable to securitize its loan book in the future or may not be able to securitize the loan book on terms that eliminate any recourse to the Group, which may lead to increased indebtedness to fund the loan book that may lead to the Group discontinuing consumer finance services or seeking to operate at higher leverage levels than it currently expects. The Group's operations in financial services may also expose it to additional regulatory review, including by the UOKiK President, the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*), the General Inspector of Financial Information (*Generalny Inspektor Informacji Finansowej*) and the Personal Data Protection Office (*Urząd Ochrony Danych Osobowych*), may be adversely impacted by changes to the Act of 12 May 2011 on Consumer Credit, the Act of 21 July 2006 on Supervision Over Financial Market and the Act of 29 August 1997 – The Banking Law, and such activity may be subject to additional risks including risk relating to money laundering, bribery and corruption and terrorist financing.

## *International Expansion*

The Group's growth strategy includes possible expansion of its operations into new geographies. Such expansion may involve risks related to the Group's lack of experience in operating in such geographies and differing commercial and social norms and customs. Expansion of the Group's operations in such geographies could also involve significant additional business, regulatory and legal risks. These risks include, but are not limited to: changes in economic, political or regulatory conditions; difficulties in managing geographically diverse operations; changes in business regulation; effects of foreign currency movements; difficulties in enforcing contracts; ensuring adherence to the Group's compliance and ethical standards; and cultural and language barriers. Moreover, there is no assurance that the Group will be able to accurately anticipate the level of demand for its products and services in new geographies where the Group may seek to expand operations and the Group may need to develop a new brand or repurpose its existing brand for use in new geographies. Expansion into new geographies is also likely to involve significant investment in infrastructure, which may not deliver the anticipated returns for the Group. If the Group launches an international expansion initiative that fails to generate satisfactory returns, it could have a material adverse effect on the Group's business, financial condition and results of operations.

### *Allegro Fulfillment*

In order to further improve the consumer experience and to support international sellers and select merchants, the Group is likely to introduce its own fulfillment services ("**Allegro Fulfillment**") as a supplement to its third-party ("**3P**") merchant-fulfillment model. Allegro Fulfillment will initially be operated from the Group's existing warehouse in Warsaw-Błonie, which in time, and depending on the initial performance of Allegro Fulfillment, will be extended by additional investments in a new central delivery center and additional micro delivery centers. If the Group fails to properly execute its fulfillment services strategy, including overinvesting or underinvesting in the infrastructure necessary to warehouse the merchant's co-located inventory in the delivery centers, failing to expand in timely manner or otherwise failing to meet buyer and merchant demand, it could have a material adverse effect on the Group's business, financial condition and results of operations.

### *Acquisitions*

The Group may engage in opportunistic acquisitions of other companies, businesses or assets, either in Poland or abroad. Acquisitions involve numerous risks, any of which could harm the Group's business, including but not limited to: difficulties in integrating the technologies, operations, existing contracts and personnel of acquired businesses; difficulties in supporting and transitioning customers or suppliers of an acquired company; diversion of financial and management resources from existing operations or alternative acquisition opportunities; failure to realize the anticipated benefits or synergies of a transaction; failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance, accounting practices or employee or customer issues; risks of entering new markets in which the Group has limited or no experience; potential loss of key employees, customers and suppliers from either the Group's current business or an acquired company's business; inability to generate sufficient net revenue to offset acquisition costs; additional costs or equity dilution associated with funding the acquisition; and potential write-offs or impairment charges relating to acquired businesses. If, in the context of any future acquisition, the Group fails to properly assess the merits of the acquisition target, incur costs that later prove to be unjustified, fails to integrate the acquisition into the Group's business properly and in a cost-efficient manner, or incurs liabilities that prove to be larger than anticipated, it could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's targets and the assumptions and judgments underlying its stated near- and medium-term financial outlook and other forward-looking performance measures may prove inaccurate, and as a result the Group may be unable to successfully meet its expectations or achieve its targeted financial results.***

Various targets are presented in this Prospectus relating to the Group's near- and medium-term financial outlook in respect of GMV, net revenue, Adjusted EBITDA, capital expenditure and other forward-looking performance measures. The information in respect of the Group's near- and medium-term financial outlook and other forward-looking performance measures represent the Group's targets only and should not be relied upon to predict or forecast actual near- and medium-term results or future events. Such targets and beliefs are unaudited and reflect a number of assumptions relating to future GMV, net revenue, Adjusted EBITDA, capital expenditures and other forward-looking performance measures, any of which may not be borne out due to both known and unforeseen risks, uncertainties and other important factors beyond the control of the Group that could affect actual results. Such targets and the underlying assumptions and judgments carry an inherent degree of uncertainty and may not take into account all relevant considerations. If the assumptions upon which the estimated data is based prove to be inaccurate, growth rates may be lower than targeted or the Group's position in its industry may be less favorable than expected, which in turn may have a material adverse impact on the Group's business, financial condition and results of operations in the near- and medium-term.

***Ineffective protection of confidential information might materially weaken the Group's market position.***

The Group's key employees and officers have access to sensitive confidential information relating to the Group's business such as insights about strategic developments, business case planning and core technology. In the event that competitors, third parties or the general public gain access to such confidential information, whether on purpose or by accident, the Group's market position could be materially weakened. This could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may be unable to manage its anticipated growth effectively.***

The rapid growth of the Group's business to date has placed, and any future growth is expected to continue to place, significant demands on the Group's management and its operational and financial infrastructure. As the Group seeks to grow its business, it will need to continue to improve and upgrade its systems and infrastructure to deal with the greater scale and complexity of operations (including, for example, any additional complexities due to any increased international

presence as a result of geographic expansion or increased use of fulfillment centers as a result of the launch of Allegro Fulfillment in accordance with the Group's strategy as discussed in "*Business—Strategy—Broadening Platform and Geographic Expansion*" and "*—Further Expansion of SMART! and Delivery Services*"), in particular its IT systems and its fulfillment infrastructure. Such expansion will require the Group to commit substantial management, operational and other resources in advance of any increase in the size of the business, with no assurance that its revenue and profit will increase accordingly.

Continued growth could in particular strain the Group's ability to maintain reliable service levels for the Group's merchants and buyers; to attract, train, motivate and retain highly skilled employees; and to continue to develop and to enhance the Group's operational, financial and management controls. Any failure to effectively manage the increasing size and complexity of the Group's business resulting from future growth could have a material adverse effect on its business, financial condition and results of operations.

***User behavior in response to technological developments is rapidly evolving and failure to successfully adapt to these changes could have a material adverse effect on the Group's business, results of operations or financial condition.***

The e-commerce segment is characterized by rapid technological development, and new advances in technology can increase competitive pressure. The Group's success depends on its ability to continually improve its technological platform in order to remain competitive. For example, 5G cellular network technology is rapidly being rolled out in countries around the world, including Poland, enhancing the need for the Group's websites to be optimized for mobile use and faster, more reliable load times. In addition, machine learning and other forms of artificial intelligence are transforming aspects of e-commerce ranging from optimizing search results and pricing to providing customer support and coordinating delivery logistics. The Group may be unable to continue to innovate at its historical pace or at the level of its competitors. Any failure to adopt and apply new technological advances in a timely manner could decrease the attractiveness of the Group's websites to buyers and merchants and therefore limit the Group's growth. Any such failure could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's business is based on e-commerce platforms for commercial transactions in which almost all activity depends on the platforms' merchants and buyers and is therefore largely outside of the Group's control.***

The Group's business is mainly dependent on merchants and buyers listing and purchasing items and services on its platform. Except for the Group's comparatively smaller first-party ("1P") retail business, the Group has limited influence over which items will be listed, and does not make pricing or other decisions relating to the products bought and sold on its platform. The Group's future revenue depends on continued demand for the types of goods that merchants offer on its marketplace. The popularity of certain categories of items, such as computer and electronic products, cellular telephones, toys, apparel and sporting goods, among consumers may vary over time due to perceived availability, subjective value, and trends of consumers and society in general. A decline in the demand for certain items sold through the Group's e-commerce marketplace without an increase in demand for different items could reduce the overall volume of transactions on the Group's platforms, resulting in reduced revenue. Certain of the principal drivers of the Group's business are largely outside of its control, and the Group depends on the continued preference for the Group's online services by millions of individual users.

The Group seeks to create a marketplace where products are offered at competitive prices. The Group does not control the pricing strategies of its merchants, however, which could affect the Group's revenue and its ability to effectively compete on price with the other distribution channels used by the Group's merchants, including other online retailers and brick-and-mortar stores. Manufacturers may attempt to enforce minimum resale price maintenance arrangements to prevent distributors from selling on the Group's websites or at prices that would make its site attractive relative to other alternatives. Retailers and brands may determine that they can more competitively price their products through other distribution channels and may choose such other channels instead of listing products on the Group's e-commerce marketplace. If any of the foregoing were to occur, the Group's business, results of operations and financial conditions could be materially adversely affected.

***The loss of or a failure to hire and retain highly skilled senior managers and other key personnel or a failure to maintain good relationships with the Group's workforce could materially adversely affect the Group's business.***

The Group's future success depends, in part, on the performance of its senior management team, which possesses significant experience in the Group's industry. The loss of any members of senior management could harm the Group's business.

In addition, the competence and commitment of the Group's employees are important factors for the Group's successful development and management of opportunities and risks. Therefore, the Group's success also depends on its ability to attract, train, motivate and retain highly qualified individuals, while building its corporate culture. A lack of qualified and

motivated personnel could impair the Group's development and growth or harm its reputation. The Group faces significant and increasing competition from local, European and global competitors for qualified personnel, including those in information technology positions. The loss of qualified personnel, high employee turnover, or persistent difficulties in filling job vacancies with suitable applicants could have a material adverse effect on the Group's ability to compete effectively in its business and considerable expertise could be lost by the Group or access thereto gained by the Group's competitors. In addition, to attract or retain qualified personnel, the Group might have to offer increased compensation packages and other benefits which could lead to higher personnel costs. Any failure to attract, train, motivate or retain skilled personnel at reasonable costs could result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group has historically offered the Issuer's Board and key employees of the Group investment opportunities in the Group in order to attract and retain highly qualified individuals. Certain of these investments will crystallize in connection with, or relatively soon after, the Listing Date. The Group can provide no assurance that, following the crystallization of such investments, continued employment will be consistent with the expectations, personal goals or career goals of all of those individuals who have invested in the Group and the Group may therefore see an increase in attrition of highly skilled individuals in the future. Management intends to implement incentive schemes, including share-based incentive schemes, at or soon after the initial public offering to ensure that total compensation remains competitive.

Personnel expenses represent a significant cost factor for the Group's business. Although none of the Group's employees is currently subject to any collective bargaining agreement, there can be no assurance that labor disputes, work stoppages, strikes or similar actions will not occur in the future which might urge the Group to adopt or negotiate a collective bargaining agreement. Any material disagreements between the Group and its employees could disrupt the Group's operations, lead to a loss in revenue and users and increase the Group's operating costs. In addition, there is no guarantee that collective bargaining would be possible on terms that are satisfactory to the Group. If the Group's operations are affected over a longer period of time by labor disputes or if the Group were forced to enter into a collective bargaining agreement at unfavorable terms, this could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's e-commerce marketplace depends on a number of third-party service providers for the distribution of merchants' products to buyers. Any inability or refusal of such providers to deliver or store for collection products sold through the Group's e-commerce marketplace in a safe and timely manner or any changes in their shipping terms and costs or service quality could significantly harm the reputation of the Group's e-commerce marketplace.***

For distribution of the merchandise that the Group's buyers purchase online, the Group's e-commerce marketplace depends on the services of a number of third-party logistics providers. Changes in shipping terms and costs, for example due to higher fuel costs, or the inability or refusal of third-party service providers to deliver the products sold through the Group's e-commerce marketplace in a safe and timely manner could potentially harm the reputation of the Group's e-commerce marketplace and have an adverse effect on the Group's business. The Group has long-term agreements with a number of third-party logistics providers. These service level agreements have the aim of securing package volumes needed for the Group's operations at predictable costs and at required service quality; however, certain of these agreements are scheduled to expire in 2021 and there can be no assurance that they will be renewed on acceptable terms. Although the Group provides large volumes and is therefore attractive to third-party service providers, there are a limited number of third-party service providers who can provide services to the Group at the necessary scale. Any deterioration in the financial condition of any third-party service provider, or any deterioration in the Group's relationships with third-party service providers, could have an adverse impact on the quality of the Group's logistics processes and distribution costs and could have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, in addition to traditional delivery services, many of the Group's buyers choose out-of-home delivery options such as InPost 24/7 parcel lockers or other pick-up/drop-off locations across Poland, including Żabka stores, Orlen gas stations and Ruch kiosks. Parcel lockers, as a specific out-of-home delivery solution, are a system of postal deposit boxes that online shoppers can use to collect packages 24 hours a day, seven days a week and are a popular delivery option for Polish consumers. InPost is the largest supplier of parcel lockers in Poland. The Group has entered into a long-term framework agreement with InPost for the delivery of parcels to lockers, however, any potential future decreases in cooperation or service charge increases could affect the attractiveness of this delivery option. This could affect buyers' willingness to make a purchase on the Group's e-commerce marketplace, which in turn could lead to an adverse effect on the Group's sales as well as the quality of the Group's logistics processes and distribution costs and could have a material adverse effect on the Group's business, financial condition and results of operations.



***The ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, and other future potential natural disasters or outbreaks, could materially impact the Group's business and future results of operations and financial condition.***

A novel strain of coronavirus causing COVID-19 disease ("COVID-19"), identified in China in late 2019, has spread throughout the world. On March 11, 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 has resulted in authorities, including those in Poland, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of business and workplaces, and has led to materially increased volatility and declines in financial markets and significant worsening of the global, European and Polish macroeconomic outlook. The duration of such restrictions is highly uncertain and stricter measures may be put in place in the future.

The spread of COVID-19 has led the Group to modify its operational practices, and it may take further actions required by authorities or that it determines are in the best interests of its employees, buyers, merchants and other stakeholders. The Group has implemented a work-from-home policy which has been used by nearly all of the Group's employees. For the Group's employees who work in the Group's warehouse and cannot work remotely, the Group has implemented additional protective procedures, including equipping employees with personal protective equipment (e.g., masks, gloves, disinfectants, hand sanitizers and face shields), implementing social distancing, staggering employees working hours across three shifts throughout the day, increasing the frequency of cleaning in the Group's facilities, and installing thermal imaging cameras. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19, and the implementation of such measures (or their insufficiency) could result in increased employee absences due to illness and harm the Group's ability to perform some of its critical functions and serve its users. The pandemic and related counter-measures have affected and continue to affect some of the Group's users adversely, which in some cases may be material, which could in turn have an adverse impact on the Group (for example, through deteriorations in credit quality and higher impairments). Schemes have been initiated by the Polish government to provide financial support to parts of the economy most impacted by the COVID-19 outbreak. In March 2020, the Group also initiated a scheme to support merchants on the Group's platform by extending payment terms for Polish SMEs for up to 60 days, postponing the implementation of a new method for calculating fees for Allegro sellers, adding a 3% cashback credit for merchants and offering 90 days of 0% fees for new merchants. The Group also implemented an offer providing all buyers on its marketplace free deliveries and returns using the Group's SMART! program for free for three months between mid-March and mid-June 2020.

The full economic impact of COVID-19 is outside of the Group's control and will depend on the spread of the virus and the response of the local authorities and the global community. While the COVID-19 pandemic has led to growing GMV to date, the Group's eBilet ticket sales business, which represented 1.0% of the Group's GMV for the year ended December 31, 2019, has been disrupted by the shutdown of the live entertainment events industry in response to the COVID-19 pandemic. If the live entertainment events industry does not return sufficiently for the eBilet business to return to its pre-COVID-19 pandemic levels of profitability in the medium term, the Group may be required to impair the carrying value of its investment and write off certain amounts of net assets. If the impact of the COVID-19 pandemic on the eBilet business persists, the Group may need to revisit its plans regarding eBilet to address such situation.

The degree to which COVID-19 impacts the Group's business, results of operations and financial position will depend on future developments, which, as of the date of this Prospectus, are highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of COVID-19, its severity, actions taken to contain the virus or treat its impact, including the development of vaccines, the extent and effectiveness of economic stimulus and the speed at which and to what extent normal economic and business activity can resume. Future waves of COVID-19 may result in national or local governments taking further severe countermeasures. Such measures may lead to greater economic distress and reductions in retail sales that may impair the Group's growth. Potential future lockdown measures, such as shutting down production facilities and offices or restricting free movement of transportation and distribution, could disrupt the Group's business more significantly in the future than what occurred in the first half of 2020. If any of the foregoing were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

***Fraudulent activity by the Group's users may result in disputes concerning the content of the Group's platform and could negatively impact its operating results, brand and reputation and cause the use of services to decrease significantly.***

The Group is subject to the risk of fraudulent activity on its platforms by the Group's users, including, for example, selling counterfeit goods, not delivering goods after being paid and using stored credit card and payment information on compromised accounts to make purchases. Although the Group has implemented measures to detect and reduce the occurrence of fraudulent activities, such as cooperating with brands and responding to user reports in order to remove listings of counterfeit products, monitoring user transactions and activities to detect suspicious activity and implementing anti-bot mechanisms, in order to combat bad buyer experiences and increase buyer satisfaction, there can be no assurance

that these measures will be sufficient to accurately detect, prevent or deter fraud. As the Group's e-commerce marketplace sales grow, the cost of remediating fraudulent activity, including buyer reimbursements, may materially increase and could negatively affect the Group's operating results. In addition, users may commit fraud or other illegal activities when using any platform the Group operates, which could harm the Group's reputation, expose the Group to civil or criminal liability and affect the Group's financial performance.

The Group cannot rule out the possibility that any of the foregoing may occur and cause harm to the Group's business or reputation in the future. If any of the foregoing were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

***Changes in the number of buyers returning goods could increase the Group's costs and harm its business.***

The Group's return policies are consistent with Polish consumer regulations and provide that a buyer can return a purchase where the merchant is an entrepreneur (i.e., a person conducting business or professional activity rather than a private person not conducting business), provided that the buyer notifies the merchant within 14 days of receiving the goods and ships the item within 14 days of providing such notification. If the Group fails to manage and meet buyer expectations with regard to the purchased products or if the return rates of the Group's buyers increase for other reasons (e.g., changes in buyers behavior or the abuse of the Group's return policy by persons not actually willing to purchase the Group's products), this could increase the Group's costs (relating to returns for SMART! purchases) and the Group could lose current or potential buyers or merchants, which would impact its marketplace revenue and retail revenue. Certain of the Group's retail competitors offer more flexible return policies. Moreover, the Group's buyers may expect the period in which purchases can be returned to be extended from the present 14 days. In such a case, the Group cannot exclude the possibility that consumers dissatisfied with the 14 days return period will decide to buy products from the Group's competitors who offer the possibility of returns after 14 days, which could cause the loss of the Group's buyers. These factors could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group will require a significant amount of cash to service its debt and sustain its operations. The Group's ability to generate or raise sufficient cash depends on many factors beyond the Group's control.***

The Group's ability to make principal or interest payments when due on the Group's indebtedness, including the Group's obligations under the New Facilities Agreement, to the extent required to be paid in cash, and to fund the Group's ongoing operations or planned capital expenditures, will depend on the Group's future performance and ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "Risk Factors," many of which are beyond the Group's control. If at the maturity of the Group's credit facilities or any other debt that the Group may incur, the Group does not have sufficient cash flows from operations and other capital resources to pay the Group's debt obligations, or to fund the Group's other liquidity needs, the Group may be required to refinance or restructure the Group's indebtedness. Furthermore, the Group may need to refinance all or a portion of its indebtedness on or prior to their stated maturity. If the Group is unable to refinance or restructure all or a portion of the Group's indebtedness or obtain such refinancing or restructuring on acceptable terms, the Group may be forced to sell assets, or raise additional debt or equity financing in amounts that could be substantial or the holders of the Group's debt may accelerate the Group's debt and, to the extent such debt is secured, foreclose on the Group's assets. The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on the Group's cash needs and the prevailing conditions in the financial markets. The Group cannot provide assurance that it will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In such an event, the Group may not have sufficient assets to repay all of the Group's debt. In addition, the terms of the New Facilities Agreement may limit the Group's ability to pursue any of these measures. See "Business—Material Contracts—Financing Agreements—New Facilities."

***The interests of the Issuer's significant shareholders, including certain of the Selling Shareholders, may conflict with the interests of other shareholders.***

As a result of their ownership of Shares and their representation on the board of the Issuer (the "Issuer's Board"), significant shareholders, including certain of the Selling Shareholders, have, and will continue to have, directly or indirectly, the ability to influence the Issuer's legal and capital structure, the outcome of matters requiring action by shareholders, and other major decisions regarding the Group's operations. Any conflicts between senior management and the Group's significant shareholders, including certain of the Selling Shareholders, could adversely affect the Group and its operations. Further, the significant shareholders, including certain of the Selling Shareholders, may have other business interests and portfolio companies that may conflict with investors' interests as shareholders (or compete with the Group) and may conflict with potential transactions the Group may wish to undertake. In addition, any circumstances relating to the Selling Shareholders' or other significant shareholders' ownership or beneficial ownership in the Group or in their other portfolio companies may negatively affect the Group's business and operations, including its image, brand or its ability to

refinance its indebtedness to the extent that financial institutions deem such ownership as materially adverse to their willingness to undertake any such refinancing or other capital raising. There can be no assurances that the interests of the Group's significant shareholders, including certain of the Selling Shareholders, will be consistent with the interests of the other shareholders or the Group, or that the significant shareholders, including certain of the Selling Shareholders, will exercise their rights for the benefit of all shareholders.

***The Group is dependent on third-party providers for its marketing, cloud and office infrastructure software and on social networking and messaging services for communicating with its users.***

The Group depends on third-party providers for the software the Group uses to operate its business. For example, the Group presently licenses software from Google and any change in the availability of such software, or an increase in the licensing fees charged by Google, could cause a significant interruption to the Group's business. The Group also relies on social networking and messaging services, including telephone and chat services, to communicate with its users. Changes to the terms and conditions of these services could limit the Group's promotional capabilities, and there could be a decline in the use of such social networking services by existing and potential buyers and merchants. An interruption to the Group's business as a result of the unavailability of software or the Group's inability to communicate with its users using social networking and messaging services, including telephone and chat services, could negatively impact the Group's reputation and have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group depends on Przelewy24 and PayU for its payment processing and any deterioration in its relationships with such third-party service providers or any failure of such services to function properly, could have a material adverse effect on its business, results of operations or financial condition.***

The Group is dependent on Przelewy24 and PayU for its payment processing, which together process the vast majority of the payments on the Group's e-commerce marketplace. Any disruption in the availability of their service could affect whether sales are able to be processed on the Group's e-commerce marketplace as well as the timely payment of funds to the Group's vendors. Disruptions in the functioning of the Group's e-commerce marketplace could negatively impact the Group's reputation, diminish the value of its brands and have a material adverse effect on its business, result of operations and financial condition.

Furthermore, any malfunction with respect to either of their payment processing functions could lead to user claims that purchases or payments were not properly authorized or were transmitted in error, as well as risks that buyers have insufficient funds and the risk of fraud. While the Group has implemented a fraud detection system based on machine learning tools, any failure to avoid or limit losses from fraudulent transactions could damage the Group's reputation and result in increased legal expenses and fees.

If the Group is unable to depend on Przelewy24 and PayU as a result of a disruption to the payment system or a termination of the Group's contractual arrangements with these payment services providers, the Group may incur additional costs or face a decrease in transaction revenue, which could have a material adverse effect on its business, results of operations and financial condition.

***The Group's 1P retail business is subject to profitability, inventory and regulatory risks and these may increase if the relative size of the 1P retail business in relation to the 3P marketplace business increases significantly.***

Potential significant growth of the Group's 1P retail business could expose the Group to profitability risk, inventory risk and regulatory risk.

The Group's 1P retail business has less favorable structure economics, including lower EBITDA/Net Revenue, than the Group's 3P business. As a result, if increased competition or other factors cause the Group to significantly increase its 1P retail business as a percentage of its overall business, the Group may be less profitable than it has been historically. The Group's merchants may also decrease their active offers on the Group's platform as a result of a real or perceived threat of direct competition from the Group's 1P retail business. Although the Group seeks to improve the structural economics of its 1P retail operations, it expects its 1P retail business to remain less profitable compared to its 3P business.

Inventory risk may adversely affect the Group's operating results because of seasonality, quick changes in product cycles and pricing, defective products, changes in user demand and user spending patterns, changes in consumer tastes with respect to its products, spoilage and other factors. The Group seeks to predict these trends, as overstocking or understocking products the Group sells could lead to lower sales, missed opportunities or excessive markdowns, each of which could have a material impact on the Group's financial and operating results.

While the Group strives to follow all relevant rules and principles in relation to consumer protection and the fair treatment of merchants, the Group's 1P retail business could also be subject to enhanced regulatory review in relation to allegations of infringement of consumer protection rules or anticompetitive business practices.

Each of these risks will be enhanced if the size of the Group's 1P retail business grows, especially if the growth is significant relative to the Group's 3P e-commerce marketplace business. Any of these risks, if they materialize, could have a material adverse effect on the Group's business, result of operations and financial condition.

***The Group is subject to various risks which may not be adequately insured.***

The Group is exposed to risks due to external factors beyond its control, including, but not limited to, accidents, vandalism, natural hazards, acts of terrorism, damage and loss caused by fire, power failures or other events, that could potentially lead to the interruption of the Group's business operations, personal injuries, damage to third-party property or the environment. For example, the Group relies on third-party data center providers, whose facilities could suffer catastrophic failure as a result of physical damage or cyberattack and subject the Group to losses beyond those for which it is insured. In addition, the Group's activities relating to the direct sale of goods involve specific risks such as fire, falls from height, objects falling from storage shelving and during movement, or traffic movements which could result in damage to equipment, damage to the property of third parties and personal injury or death. Accidents or other incidents that occur at the Group's warehouse or involve the Group's personnel or operations could result in claims for damages against the Group and could damage the Group's reputation. Although the Group insures itself against such losses to a level and at a cost it deems appropriate, the Group's insurance policies are subject to exclusions and limitations, and the Group cannot guarantee that all material events of damage or loss will be fully or adequately covered by an applicable insurance policy. As a result, the amount of any costs, including fines or damages that the Group might incur in such circumstances, could substantially exceed any insurance the Group has to cover such losses. In addition, the Group's insurance providers could become insolvent. In case of any of these events occurring, alone or in combination, they could have a material adverse effect on the Group's business, financial condition and results of operations.

#### **Risks Related to Regulation, Legal and Intellectual Property Matters**

***The Group might be subject to fines and follow-on claims for damages in relation to alleged or actual anticompetitive behavior or practices negatively impacting consumers and cannot guarantee that the UOKiK President or the EC will not deem certain operations the Group conducts to violate EU and/or Polish competition or consumer protection laws.***

The Group may be subject to civil claims for damages in relation to the alleged or actual infringement of competition or consumer law. A damages action can be triggered by a stand-alone action or by an action that follows a public enforcement decision such as a decision of the UOKiK President or the European Commission ("EC"). To ensure effective enforcement of such claims, a private enforcement legal framework has been under development in recent years throughout the European Union to, among other things, introduce a directive harmonizing rules on numerous issues arising in competition damages claims and introduce collective redress mechanisms. This framework seeks to strengthen the position of private claimants seeking damages by removing substantive and procedural obstacles for claimants to prove an infringement and establish damages. The number of such claims is also growing in Poland (both stand-alone cases and cases based on a prior infringement decision of the UOKiK President or of the EC), increasing the existing or potential liability to which the Group is exposed.

The UOKiK President is empowered under the Polish Act of 16 February 2007 on Competition and Consumer Protection (unified text: Journal of Laws of 2020, Item 1076, as amended) (the "**Competition Act**") to initiate administrative proceedings concerning the protection of competition or the protection of consumers, including abusive clauses in standard agreements with consumers. Additionally, both the UOKiK President and the EC may instigate proceedings pursuant to the Articles 101 and 102 of the Treaty on the Functioning of the European Union (the "**TFEU**"). See "*Regulatory Overview—Protection of Competition and Consumers.*"

Pursuant to the Competition Act, on December 6, 2019, the UOKiK President commenced antitrust proceedings against Allegro.pl concerning the alleged abuse of a dominant position by Allegro.pl on the Polish market for online B2C intermediary sales services by favoring its own 1P retail sales activity on its platform, in particular the activity of the Official Allegro Store (the "**OSA**"), over the sales activities of third-party merchants ("**3P Sellers**") operating on its platform. The proceedings were preceded by a preliminary investigation stage that the UOKiK President commenced in June 2017. The antitrust proceedings are still in the evidence-gathering stage and the outcome is uncertain. As of the date of this Prospectus, Allegro.pl is preparing answers to the request for information from the UOKiK President received on August 17, 2020. Allegro.pl is expecting further requests for information from the UOKiK President in the future.

On September 3, 2020, the UOKiK President stated in a press release that he initiated explanatory proceedings into Allegro.pl's rules of cooperation with sellers in order to determine whether Allegro.pl gains unjustified advantages at the expense of its clients. On September 14, 2020, the Group received a formal notification that, pursuant to the Competition Act, the UOKiK President has commenced explanatory proceedings into Allegro.pl's rules of cooperation with sellers.

On September 15, 2020, the Group received a formal notification that, pursuant to the Competition Act, the UOKiK President has commenced proceedings against Allegro.pl to investigate whether Allegro.pl uses or has used abusive clauses in its terms and conditions.

See "*Business—Legal Proceedings—Proceedings before the UOKiK President*" for further information on regulatory proceedings relating to Allegro.pl.

Claims and investigations by regulatory agencies such as the UOKiK President or the EC, even if without grounds, typically are very expensive to defend, require significant management time and involve negative publicity. If a UOKiK President or EC investigation were to conclude with a result adverse to the Group or if the Group were to enter into a settlement arrangement, the Group may be subject to significant fines, penalties and other sanctions, or could be forced to change its business practices substantially. Alternatively, if the Group were to enter into a commitment arrangement, the Group may be required to change its business practices substantially in order to implement the commitments. Both the UOKiK President and the EC have the power to impose fines of up to 10% of the turnover of the company concerned in the last financial year for breach of competition rules or, in the case of the UOKiK President, for breach of consumer protection rules. Fines imposed by the EC may also be calculated based on the turnover of the group to which the company concerned belongs, with fines of up to 10% of group turnover in the last financial year for breach of competition rules. Any adverse determinations could also result in significant adverse publicity or reputational harm, and could result in, or complicate, other inquiries, investigations or lawsuits in future antitrust or other investigations, consumer protection or other investigations. Furthermore, the Group can provide no assurance as to the timing of the above mentioned proceedings relating to Allegro.pl, or that the UOKiK President or the EC will not initiate further regulatory proceedings.

Such fines, any adverse decisions in proceedings, changes to the way in which the Group can operate, or negative publicity generated therefrom, may have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is subject to a variety of regulations, including but not limited to data protections laws, consumer protection laws, regulations governing e-commerce and competition laws, and future regulations might impose additional requirements and other obligations on the Group's business.***

Laws and regulations applicable to e-commerce, as well as laws and regulations of broader application that apply to the Group's business (in particular, competition law), and to public companies generally, are evolving at a rapid pace and can be subject to differing interpretation. Given the extensive scope and timing of the changes, the Group cannot guarantee that its practices have complied or will comply fully with all applicable laws and regulations and their interpretation. Any failure, or perceived failure, by the Group to comply with any of these laws or regulations could result in damage to the Group's reputation and a loss of revenue, and any legal or enforcement action brought against the Group as a result of actual or alleged noncompliance could further damage its reputation and result in substantially increased legal expenses and/or penalties. In addition, legislative and regulatory bodies or self-regulatory organizations may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection and consumer protection.

Adverse changes in laws or regulations applicable to the Group could cause the Group to incur substantial costs or require the Group to change its business practices and could compromise its ability to pursue its growth strategy effectively. For example, the European Union has adopted the General Data Protection Regulation ("**GDPR**"), which became effective on May 15, 2018. The GDPR imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly, and any compliance failure may also give rise to civil liability, administrative orders to stop processing personal data (including injunctive relief), fines or even criminal charges, and could subject the Group to legal and reputational risks. The Group collects, stores and uses data in the ordinary course of its operations that is protected by data protection laws. Although the Group takes precautions to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, the Group may fail to do so and certain subscriber data may be leaked as a result of human error, willful misconduct or technological failure or otherwise be used inappropriately. The Group works with independent and third-party suppliers, partners, dealers, service providers and call centers, and the Group cannot eliminate the risk that such third parties could also experience system failures involving the storing or the transmission of proprietary information. Violation of data protection laws or regulations by the Group or one of the Group's partners or

suppliers may result in fines, reputational harm or temporary or definitive limitations (including a ban) on data processing and could have a material adverse effect on the Group's business, results of operations or financial condition.

A variety of local and international laws and regulations govern the collection, use, retention, sharing and security of consumer data, and these laws and regulations are changing especially rapidly. Data protection is a particularly sensitive and politically charged issue in Europe, and any actual or alleged failure by the Group to comply with applicable laws or regulations could have a significant adverse effect on the Group's reputation and popularity with existing and potential buyers and merchants. Local and international governmental authorities continue to evaluate the privacy implications inherent in the use of cookies and other methods of online tracking for behavioral advertising and other purposes. Certain governments have enacted or are considering measures that could significantly restrict the ability of companies to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools. Additionally, some providers of consumer devices and web browsers have implemented, or have announced plans to implement, means to make it easier for internet users to prevent the placement of cookies or to block other tracking technologies, which, if widely adopted, could result in a significant reduction in the effectiveness of the use of cookies and other methods of online tracking. New laws, regulations, or developments in industry practice or consumer behavior might result in the loss of or a substantial reduction in the Group's ability to use such practices to effectively market products, or might adversely affect the Group's ability to attract new merchants or buyers on cost-effective terms.

The realization of any of such risks, alone or in combination, could have a material adverse effect on the Group's business, financial condition and results of operations.

***The use of open source software could increase the Group's risk that hackers could gain unauthorized access to the Group's systems and the Group could be subject to litigation if third parties challenge the Group's rights to use such software on an exclusive basis.***

Some of the Group's software and systems contain open source software, which may pose certain risks to the Group's software and solutions. The licenses applicable to open source software typically require that the source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. Although the Group does not intend to use or modify open source software without holding the necessary licenses, the Group could, however, face claims from third parties alleging the infringement of their intellectual property rights, or demanding the release or license of the open source software or derivative works developed by the Group using such software (which could include the Group's proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation, require the Group to purchase a license, publicly release the affected portions of the Group's source code, limit the licensing of the Group's technologies or cease offering the implicated solutions.

In addition, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide contractual protections with respect to the software. Also, the licensors are not obliged to maintain their software or provide any support. There is a certain risk that the authors of the open source software cease updating and attending to the software. Engineering the software updates by the Group could be expensive and time-consuming. The use of open source software can also present additional security risks because the source code for open source software is publicly available, which could make it easier for hackers and other third parties to determine how to breach the Group's sites and systems that rely on open source software.

The realization of any of such risks, alone or in combination, could have a material adverse effect on the Group's business, financial condition and results of operations.

***The control and prevention mechanisms of the Group's compliance structure might not be sufficient to adequately protect the Group from all legal or financial risks.***

A management system for governance, risk and compliance, which includes standards of conduct, corruption prevention, competition law compliance, prevention of conflicts of interest, information and data protection, prevention of unlawful discrimination and protection of company property and know-how has been established in the Group's main operating subsidiaries: Allegro.pl and Ceneo.pl. In addition, Allegro.pl and Ceneo.pl have introduced a binding code of conduct for compliance with the corporate social responsibility ("CSR") regulations for the suppliers of the group. The supplier's codes may also be accepted. Based on the recommendations of the Polish Ministry of Finance, Allegro.pl and Ceneo.pl have established a complex verification process in vendor creation. A review of financial documents, registration documents and the correctness of bank accounts should filter out unsuitable service providers. Guidelines such as procurement policy, tender procedure, controlling procedure and legal procedure have also been introduced and are intended to minimize all unauthorized practices, violations of the law, corruption and fraud, especially with regard to purchasing practices, or other



adverse consequences of non-compliance within the Group. In addition, all purchasing processes in Allegro.pl and Ceneo.pl are based on integrated IT systems that allow full transparency of liability creation. A breach of the regulations can certainly damage the Group's reputation and significantly impair the Group's business, financial and earnings position. This policy and the oversight of the Group's internal compliance and legal departments might not be sufficient to prevent all unauthorized practices, legal infringements, corruption and fraud, in particular in purchasing practices, or other adverse consequences of noncompliance within the Group's organization or by or on behalf of the Group's employees. Any failure in compliance could harm the Group's reputation and have a material adverse effect on the Group's business, financial condition and results of operations.

***Adverse judgments or settlements resulting from legal proceedings could expose the Group to monetary damages and limit the Group's ability to operate the Group's business.***

The Group may become involved from time to time in private actions, investigations and various other legal proceedings by employees, suppliers, competitors, government agencies or others. The results of any such litigation, investigations and other legal proceedings are inherently unpredictable. Any claims against the Group, whether meritorious or not, could be time-consuming, result in costly litigation, damage the Group's reputation, require significant amounts of management time and divert significant resources. If any of these legal proceedings were to be determined adversely to the Group, or if the Group were to enter into a settlement arrangement, the Group could be exposed to monetary damages or limits on the Group's ability to operate the Group's business, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***Interpretation of Polish laws and regulations may be unclear and Polish laws and regulations may change.***

Although the Issuer is an entity formed under the laws of Luxembourg, the key operating companies of the Group have been established and operate under Polish law. The Polish legal system is based on statutory law enacted by the parliament of Poland. A significant number of regulations relating to the issue of and trading in securities, shareholders' rights, foreign investments, issues related to corporate operation and corporate governance, commerce, taxes and business activity have been introduced and changed in recent years and/or may be changed in the future. For example, in July 2020, new restrictions on FDI in certain Polish companies came into force. See "*Regulatory Overview—Interim FDI Regime.*" Certain Polish regulations have been subject to different interpretations and may in the future be interpreted in an inconsistent manner. Moreover, not all court decisions are published in official journals and, as a matter of general rule, they are not binding in other cases and are therefore of limited importance as legal precedent. In recent years, the Polish government has proposed or implemented a number of changes to the judicial system. Some of those changes have attracted the attention of EU institutions and have been questioned by members of the Polish legal community who perceive them as potential threats to both judicial independence and the rule of law. Ongoing tensions between the government and the judiciary may potentially indirectly result in some additional delays to the proceedings. If the stability of the Polish judicial system deteriorates, it may make the outcome of various legal proceedings in which the Group is or may be involved in relation to its business less predictable than it is presently. The Group cannot provide assurance that its interpretation of Polish laws and regulations will not be challenged and any successful challenge could result in fines or penalties or could require the Group to modify its practices, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group uses standardized sales, purchase and supply agreements as well as standardized terms and conditions in the majority of situations where it is possible to do so, which increase the potential that some or all contract terms used therein may be invalid or unenforceable if any clause is held to be void.***

The Group maintains legal relationships with a large number of persons, including merchants, suppliers and manufacturers. In this context, the Group also uses standardized documents, standard-form contracts and standardized terms and conditions in the vast majority of cases where it is possible to do so. If such documents, contracts or terms and conditions are found to contain provisions that are disadvantageous to the Group, or if clauses in such documents or contracts are declared invalid and thus displaced by statutory provisions that are unfavorable to the Group, a large number of standardized documents, contracts or terms and conditions could be affected. Additionally, standardized terms under Polish law have to comply with the statutory law on general terms and conditions, which means they are subject to rigid fairness control by the courts regarding their content and the way they, or legal concepts described therein, are presented to the other contractual party by the person using them. The standard is even stricter if they are used *vis-à-vis* consumers. As a general rule, standardized terms are invalid if they are not transparent, clearly worded, or if they are unbalanced or discriminate against the other party inappropriately. Due to frequent changes to the legal framework, particularly regarding court decisions relating to general terms and conditions, the Group may be unable to avoid risks from the use of such standardized contractual terms. The invalidity or unenforceability of the standardized documents, standard-form contracts and standardized terms and conditions that the Group uses could have material adverse effect on the Group's business, financial condition and results of operations.

***The inability to acquire, use or maintain the Group's intellectual property rights, including Allegro and Ceneo trademarks and domain names for its sites could substantially harm the Group's business, results of operations or financial condition.***

The Group believes the Group's user data (as a part of the Group's trade secrets and databases), copyrights, trade secrets, proprietary technology and similar intellectual property are critical to the Group's success, and the Group relies on trademark, copyright and trade secret protection, agreements and other methods with the Group's employees and others to protect the Group's proprietary rights. In addition, the Group has developed, and the Group anticipates that it will continue to develop, a substantial number of programs, processes and other know-how on a proprietary basis (but partly based on open source codes) that are of key importance to the successful functioning of the Group's business, however know-how has an unclear and vague legal status, with no direct regulations on this matter. The Group might not be able to obtain effective intellectual property protection in every country in which the Group is active or in which such protection is relevant, and the Group's efforts to protect the Group's intellectual property could require the expenditure of significant financial, managerial and operational resources. A large part of the Group's intellectual property rights could be challenged or invalidated through administrative processes or litigation, and the Group cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights. In addition, the Group may consider revising its current intellectual property policies, especially concerning its intellectual property strategy outside of Poland.

The Group is the registrant of Polish trademarks for its operating businesses, including Allegro and Ceneo, and has also registered internet domain names containing "Allegro," "Ceneo" and other operating business names for the Group's websites. The Group has also registered the trademarks and respective domain names in certain international jurisdictions. With respect to several of these trademarks the Group has endeavored to enter into coexistence agreements for specific countries or situations. The Group has also registered selected internet domain names for some of its operating entities. Domain names are generally regulated by internet regulatory bodies and are also subject to trademark laws and other related laws of each country. If the Group does not have or cannot obtain or maintain on reasonable terms the ability to use its trademarks or a major private brand in a particular country, or to use or register its domain name, the Group could be forced either to incur significant additional expenses to market the Group's services within that country, including the development of a new brand and the creation of new promotional materials, or to elect not to offer its services in that country.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with the Group's ability to use relevant domains or the Group's current brand. In addition, the Group might not be able to prevent third parties from registering, using or retaining domain names that interfere with the Group's consumer communications or infringe or otherwise decrease the value of the Group's marks, domain names and other proprietary rights. Regulatory bodies may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, the Group might not be able to register, use or maintain the domain names that utilize the name "Allegro" in all of the countries in which the Group currently conducts business or intends to conduct business in the future.

The Group might be required to spend significant resources to monitor and protect its intellectual property rights. The Group may not be able to discover or determine the extent of any infringement, misappropriation or other violation of the Group's intellectual property rights and other proprietary rights. The Group may initiate claims or litigation against others for infringement, misappropriation or violation of the Group's intellectual property rights or proprietary rights or to establish the validity of such rights. Despite the Group's efforts, the Group may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating the Group's intellectual property rights and other proprietary rights. Any litigation, whether or not it is resolved in the Group's favor, could result in significant expense to the Group and divert the efforts of the Group's technical and management personnel.

In addition, the Group has received in the past, and the Group anticipates receiving in the future, communications alleging that certain items posted on, or sold through, the Group's sites violate third-party copyrights, marks and trade names or other intellectual property rights or other proprietary rights. Brand and content owners and other proprietary rights owners have actively asserted their purported rights against online companies, including Allegro. In addition to litigation from rights owners, the Group may be subject to regulatory, civil or criminal proceedings and penalties if governmental authorities believe the Group has aided and abetted in the sale of counterfeit or other unlawful products. Such claims, whether or not meritorious, could result in significant additional expenses and redirect management attention.

The realization of any of such risks, alone or in combination, could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group could face legal and financial liability for the sale of items that infringe on the intellectual property and distribution rights of others and for information and material disseminated through its platforms.***

Although the Group's terms of use clearly prohibit the sale of counterfeit items or any items infringing upon third parties' intellectual property rights on the Group's platform and the Group has implemented solutions to exclude goods and services that have been determined to violate its terms of use (e.g., in the year ended December 31, 2019, the Group removed 0.019% of listings for violating intellectual property rights), the Group is not able to detect and remove every item that may infringe on the intellectual property rights of third parties. As a result, the Group has received in the past, and anticipates that it will receive in the future, complaints alleging that certain items listed or sold through the Group's platform infringe third-party copyrights, trademarks or other intellectual property rights. Content owners and other intellectual property rights owners have been active in defending their rights against online companies, including the Group. The Group has taken steps to cooperate with intellectual property rights owners to seek to eliminate allegedly infringing items listed on its marketplace. The Group's policies prohibit the sale of goods that may infringe third-party intellectual property rights, and the Group may suspend the account of any merchant who infringes third-party intellectual property rights. Despite these measures, some owners of intellectual property rights may consider the Group's efforts insufficient, and the Group anticipates that it will continue to receive legal claims from content and intellectual property owners alleging violations of their rights, which could result in substantial monetary awards, penalties or costly injunctions against the Group.

It is also possible that third parties could bring claims against the Group for defamation, libel, invasion of privacy, negligence or other claims based on the nature and content of the materials disseminated through the Group's platforms, particularly materials disseminated by the Group's merchants. While applicable regulations require hosting providers to have actual knowledge of any illegal content on their platforms in order to have any potential liability, certain regulations are vague and unclear with respect to the e-commerce platform provider's responsibility to actively monitor transactions or take action to prevent infringing activities. If the Group or other online services providers are held liable or potentially liable for information carried on or disseminated through their platforms, the Group may have to implement measures to reduce its exposure to this liability. Any measures the Group may need to implement may involve spending substantial resources and/or discontinuing certain services. Any costs that the Group incurs as a result of liability or asserted liability could have a material adverse effect on its business, results of operations and financial condition.

***Changes in Polish tax regulations may have an adverse effect on the Group's results of operations and financial condition.***

The Polish tax system is characterized by change and uncertainty as tax regulations are frequently amended, subject to numerous and sometimes contradictory interpretations.

In recent years, a number of new tax regulations have come into force that were prepared in a relatively short time and implemented with short grace periods. Other tax reporting or compliance obligations or new tax regulations may be introduced, which could also affect the Group's operations. Certain of these regulations have had (e.g., voluntary and mandatory split payment regulations), and may have (e.g., new regulations relating to pay and refund withholding tax mechanisms), an impact on the Group's business and financial condition, including cash flows. Due to the short lead times in publishing laws or secondary legislation, the Group may not always have sufficient time to program new requirements into its systems, or may be unable to determine what changes need to be made, prior to the new laws coming into force. This may lead to fines or penalties for non-compliance.

In July 2016, the General Anti-Avoidance Rule ("**GAAR**") entered into force, which, to a certain extent, may be applied retroactively (as described below). Therefore, since July 2016 any reference to the Polish tax regulations, including for the purpose of this Prospectus, includes the GAAR.

The Group cannot exclude the possibility that further tax law amendments will be introduced in Poland or that new tax burdens will be imposed on e-commerce activities.

Tax laws in Poland may also need to be amended in order to implement new EU legislation.

The instability of the Polish tax system stems not only from changes in the law, but also from the reliance by tax regulators on court interpretations, which are also subject to potential changes and reversals. The lack of well-established regulations results in unclear and inconsistent interpretations, which lead to uncertainties and conflicts in application.

As a result, the Group faces the risk that its activity in selected areas could be unsuited to the changing regulations and the changing practice in their application.

There is also a risk that the tax rulings already obtained and applied by the Group in Poland will be changed or deprived of their protective power, which could lead to tax exposure for the Group.

Due to the fact that potential disputes with the Polish tax authorities cannot be ruled out, the tax authorities could challenge the tax settlements of companies in the Group regarding non-time-barred tax liabilities (including the due performance of the tax remitter's obligations by companies in the Group) and determine tax arrears for these entities, which may have a material adverse effect on the business, financial standing, growth prospects or results of the Group.

Tax settlements, together with other areas of legal compliance (e.g., customs duty) may be subject to review and investigation at any time by the tax authorities and additional tax assessments with penalty interest and penalties may be imposed within five years from the end of the year in which a tax is due. In certain cases, the limitation period might be extended.

In view of these frequent changes, which may have a retroactive effect, and the existing uncertainty, the lack of a uniform interpretation of tax law and the relatively long statute of limitations for tax liabilities, the risk of challenging the application of tax regulations in Poland may be higher than found in the legal systems of other countries. Additionally, these changes in tax regulations have had and may in the future have negative effects on the Group's business, financial condition, results of operations and prospects. Further, the lack of stability in the Polish tax regulations may hinder the Group's ability to effectively plan for the future and to implement the Group's business plan.

Moreover, with respect to any cross-border business of the Group, international agreements, including double tax treaties, to which Poland is a party also have an effect on the Group's business. Different interpretations of the double tax treaties by the tax authorities, as well as any changes to these treaties, may have a material adverse effect on the Group's business, financial standing or results.

***Digital services taxes have been proposed, partially implemented, and may be broadened by Poland, some of the EU Member States, the European Union or the OECD, and other taxes may be imposed on the e-commerce segment or e-commerce platforms.***

Tax authorities worldwide are currently reviewing the appropriate treatment of companies engaged in e-commerce and/or the digitalized economy. It is likely that in the future countries might attempt to impose new digital services taxes or sales taxes on the Group's business or levy additional income or other taxes relating to the Group's activities.

In particular, in 2018, the European Commission proposed new rules specifically targeted at digital business activities to tax them in a "fair and growth-friendly way" in the European Union. The Commission made two legislative proposals: (i) the first initiative aimed to reform corporate tax rules so that profits are registered and taxed in countries where businesses have significant interaction with users through digital channels (so-called long-term solution) and (ii) the second proposal responded to calls from several Member States for an interim tax that covers the main digital activities that currently are not subject to tax altogether in the European Union. In 2019, the European Union suspended its works till the end of 2020 and decided to wait for an international consensus expected to be reached by the OECD forum. Currently, OECD is conducting advanced international negotiations to ensure large and highly profitable multinational enterprises, including digital companies, pay tax wherever they have significant consumer-facing activities and generate their profits. If consensus is not reached by the end of 2020, the European Union has stated that it will recommence its own work on taxation of a digitalized economy and/or digital services.

Moreover, certain countries already have introduced their own local legislation on taxing digital services (e.g., France and Italy) and others, including Poland, are understood to be drafting their own proposals. The implemented and/or proposed digital services taxes differ significantly in their structure. Numerous local initiatives in this respect (instead of one internationally approved framework) may result in overlapping solutions and thus, may significantly increase the tax burden on businesses subject to these new taxes.

The Group notes that while the motivation for these digital services taxes is to minimize tax optimization schemes by multinational businesses able to optimize their tax affairs across borders, the Group's key operating companies currently carry out business activities in Poland and its entire income is subject to Polish corporate income tax irrespective of where the income is earned. However, if taxes similar to those described above were to be imposed on the Group with no offsetting relief in the future, the Group may be put at a material competitive disadvantage because offline sellers would not be subject to such new digital services taxes and small Polish e-commerce businesses would be exempt from digital services tax (as their total annual worldwide revenue may be lower than minimum revenue thresholds), and also at a disadvantage to international e-commerce platforms that provide services in Poland but had previously optimized their tax affairs and achieved a lower average tax rate than the Group on their European profits and will pay only the new digital services tax in Poland on the same basis as the Group.

While the Group believes that imposing new taxes of this type on wholly domestically focused digital services businesses like the Group is unjustified, it can provide no assurance that it will be successful in its efforts to convince the relevant

legislative authorities in the European Union or in Poland that the Group's objections are justified. Accordingly, any future developments leading to the imposition of digital services taxes in Poland could have a material adverse effect on the Group's effective tax burdens and in certain cases may lead to double taxation of the Group's revenue and put the Group at a significant competitive disadvantage to its competitors.

Furthermore, the Group cannot predict the effect of any future attempts to impose sales, income or other taxes specifically on the e-commerce segment. New or revised taxes, in particular sales taxes, VAT and similar taxes, would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling products over the internet. New taxes could also lead to significant increases in administrative costs necessary to capture data, collect and remit taxes and ensure compliance. Any of these events occurring could, alone or in combination, have a material adverse effect on the Group's business, financial condition and results of operations.

***An increased focus by the relevant tax authorities on related party transactions may cause the Group's policies to undergo more scrutiny, and the Group may be subject to tax audits and challenges in relation to such transactions.***

When concluding and performing related-party transactions, the Group takes special care to ensure that such transactions comply with the applicable transfer pricing regulations. However, due to the specific nature of related-party transactions, the complexity and ambiguity of legal regulations governing the methods of examining the applied prices, as well as the difficulties in identifying comparable transactions for reference purposes, no assurance can be given that specific companies in the Group will not be subject to inspections or other investigative activities undertaken by the tax authorities. The tax authorities may have a different view of the Group's compliance with transfer pricing and may attempt to challenge the arm's-length nature of some of the Group's related party transactions. Should the methods of determining arm's-length terms for the purpose of the above transactions be challenged, resulting in, for example, the assessment of additional taxable income, this may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Moreover, an increased focus by the Polish tax authorities on related party transactions may cause the Group's policies to undergo more scrutiny, and the Group may be subject to tax audits and challenges in relation to such transactions.

***Polish tax rulings may be subject to review.***

Poland applies a tax ruling system that generally protects taxpayers or tax remitters, or in certain cases the groups of taxpayers or tax remitters, against negative tax consequences of their actions if: (i) a tax ruling is obtained prior to the tax effect of an action or prior to an action which is subject to a tax ruling, (ii) the taxpayer or tax remitter complies with the tax treatment of the action confirmed in a tax ruling and (iii) the matter subject to a tax ruling is not subject to tax proceedings initiated, conducted or ended by the tax authorities at the time the tax ruling application is filed. Tax rulings can protect a taxpayer or tax remitter against negative tax consequences only if facts presented for the purpose of a tax ruling truly and accurately describe a real action subject to such tax ruling and its circumstances.

The tax authorities may review the facts presented by the taxpayer or tax remitter and compare them with what subsequently occurs. If they find that the facts are different or not adequate, then a tax ruling will not protect the taxpayer or tax remitter against negative tax consequences. The Group has obtained many individual tax rulings in Poland and has been applying them in day-to-day tax settlements. Even if the Group believes that the facts are properly presented for the purpose of the tax rulings it obtained, the tax authorities could still attempt to challenge what subsequently occurs (or has occurred) as not being in compliance with the facts described by the Group for the purpose of its tax rulings and, therefore, challenge the tax protection which might result from such rulings. Tax rulings that relate to any matters subject to or challenged under the GAAR are not binding and will not protect a taxpayer or tax remitter against negative tax consequences. If the Polish tax authorities were successful in challenging the application of certain tax rulings that the Group relied upon, this could have a material adverse impact on the Group's business, financial condition and results of operations.

***The interpretation of Polish tax laws related to the taxation of investors may be inconsistent, and subject to change, and it is possible that a non-Polish investor may be subject to Polish tax as a result of investment in the Offer Shares under the current Polish tax laws.***

The Polish legal system, and specifically Polish tax law, is characterized by frequent changes, ambiguity and inconsistent application; therefore, judicial decisions relating to the application of Polish tax law regulations are frequently inconsistent. This applies in particular to issues relating to the taxation of income generated by investors in relation to their acquisition, holding and disposal of shares in a non-Polish company admitted to organized trading on the WSE, such as the Offer Shares. In particular, Polish regulations on the source of income may treat income from the Offer Shares as earned in Poland and subject to Polish income tax unless the respective double tax treaty to which Poland and the investor's residency state applies. Furthermore, no assurance may be given that amendments to tax laws that are unfavorable to investors will

not be introduced or that the tax authorities will not establish a different interpretation of tax provisions that is unfavorable to investors, which could have an adverse effect on effective tax burdens and the actual profit of investors from their investment in the Shares.

As a result of the above factors, the risk connected with Polish tax law may be greater than in other countries. This risk could have material adverse effects on the Offering in Poland.

***Tax authorities may perform tax audits that could result in additional costs for the Group.***

Based on publicly available information, tax audits in Poland in recent years have been carefully targeted and are increasingly effective. In particular, the audits have been targeted on large taxpayers or taxpayers from particular business sectors based on the information obtained by tax authorities from standard audit files, such as JPK (*jednolity plik kontrolny*) files, which are the Polish equivalent of the SAF-T international standard for electronic exchange of reliable accounting data from organizations to national tax authorities. Since July 1, 2018, all Polish taxpayers have been obliged to provide JPK files at the request of tax authorities during VAT proceedings, verification activities or tax and custom audits.

Polish tax authorities have recently focused on, among other things, corporate income tax and transfer pricing settlements, and have paid special attention to any group restructuring actions, intra-group settlements, new or innovative offerings and their terms and conditions, as well as debt financing.

The Group performs in-depth, detailed legal and tax analysis before carrying out any reorganizations and transactions, and making innovative offerings. Moreover, whenever possible, the Group has obtained individual tax rulings confirming the correctness of the tax treatment to be adopted or actually adopted. Therefore, the Group believes that all transactions performed in the past have been correctly categorized for tax purposes, in particular in line with binding legal and tax provisions. Currently, the Group has no ongoing tax audits. Nevertheless, in the current tax environment, the Group cannot exclude the risk that the tax authorities (e.g., during a tax audit) may take a different approach from the one adopted by the Group. Tax inspections, which are often lengthy, may force the Group to engage its resources and, as a result, to bear additional costs. Moreover, the results of tax inspections themselves might prove different than subsequent resolutions of the administrative courts (in case the resolutions of tax authorities are appealed).

Any tax audit could be unfavorable to the Group and may have a material adverse effect on the Group's business, financial condition and operational results.

***Implementation of the 2021 EU VAT e-commerce package may result in additional tax exposure for the Group due to a high level of uncertainty resulting from the lack of VAT and customs duty guidelines as well as the lack of local implementing regulations.***

On July 1, 2021, the 27 member states of the European Union will implement new rules governing the VAT obligations for B2C e-commerce sellers and electronic interfaces, including marketplaces. The 2021 EU VAT e-commerce package implements significant changes based on which electronic interfaces, including marketplaces, that facilitate cross-border sales to consumers via third parties will be treated as "deemed suppliers" and VAT collectors in certain cases. This full liability regime will make electronic interfaces, including marketplaces, responsible for charging and collecting VAT on deemed supplier transactions.

The new deemed supplier regime will apply in cases when the electronic interface, including the relevant marketplace, is facilitating a B2C distance sale of goods imported from third territories or third countries in consignments of an intrinsic value not exceeding EUR 150 (PLN 669) or the supply of goods within the European Community by a taxable person not established within the European Community to a non-taxable person. There is scope for the electronic interface, including the relevant marketplace, to opt-out of this scheme in certain cases, and the VAT obligations to be transferred to the delivery company of the seller. However, all EU and non-EU platforms selling goods and services online to European consumers will be affected by the VAT reform, irrespective of the sales channel they use.

Following the introduction of the new legislation, in order to conduct VAT settlements of merchants' sales, the Group will have to rely on information provided by the merchants. This information may include mistakes or could turn out to be false. It may also result in additional exposure to tax risks, even if the Group follows safeguard provisions and conducts business checks.

In addition, the rules may not be clear in time for the Group to fully implement them or the Group may need to make assumptions about interpretation of the rules that may subsequently prove to be incorrect. The new regulations are general and unprecedented. Legal certainty and detailed guidelines are necessary for successful implementation of the new provisions by the platforms, including the Group. However, as of the date of this Prospectus, the European Commission has not published either VAT explanatory notes or customs duty explanatory notes, which are expected to clarify new rules

and supplement new provisions with a practical point of view. Moreover, respective Polish implementing regulations have not been drafted yet. In addition, implementation of the 2021 EU VAT e-commerce package will require a significant and time-consuming IT development by the Group. Further delay in publishing binding explanatory notes and implementing laws may result in disruption of the business and in IT development for the Group and such processes may not be completed on time. Therefore, in case the final EU and Polish local provisions are not set early enough the Group may not be ready to comply with the new provisions and will be exposed to related tax risks.

The 2021 EU VAT e-commerce package may have a negative impact on the Group's compliance practices and financial reporting obligations. The change may also have an adverse impact on the Group's cash-flows (e.g., in the case of pre-financing VAT paid by the Group to the tax authorities). If the Group fails to manage these risks adequately, or if one or more of these risks materializes, this could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

***The Group may have exposure to greater than anticipated tax liabilities.***

As of the date of this Prospectus, the Group has a limited presence in jurisdictions outside of Poland. Its presence abroad may result either from its own retail activity (within the IP model) or from its merchants and/or buyers making cross-border transactions (within the 3P model). The Group may, however, be subject to different forms of taxation or reporting obligations in other jurisdictions, including, but not limited to, income tax, value added tax or sales tax. Tax law and administration is complex and often requires the Group to make subjective determinations. Changes in tax laws or their interpretation or application or changes in the amount of taxes imposed on companies could increase the Group's future tax burden. If the Group fails to manage these risks adequately, or if one or more of these risks materializes, this could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

***The Group faces the risk that its activity and/or transactions in selected areas could be reviewed under the General Anti-Avoidance Rule.***

The GAAR regulations apply to all tax benefits gained following the date the GAAR entered into force as a general anti-tax abuse law, in addition to existing anti-abuse regulations related to mergers, spinoffs, qualified exchanges of shares and exempt dividend distributions. Under certain conditions the tax authorities may also review past transactions under the GAAR. The GAAR allows the tax authorities to disregard a legally valid transaction (relationship) for tax purposes if the primary aim or one of the primary aims of the transaction was tax avoidance, where "tax avoidance" is interpreted as "an act (or series of acts) applied primarily in order to receive a tax benefit, which in certain circumstances defeats the object and purpose of the tax act, provided the manner of conduct in a particular case was artificial."

Conduct will be considered artificial if, under the existing circumstances, it would not be applied by a reasonable entity who is guided by goals being in line with the laws and it is connected with lawful purposes other than tax benefits contradictory to the object and purpose of a taxable act. In order to assess if a particular act was artificial, attention should be paid especially to: (i) unjustified division of an operation, (ii) the involvement of intermediary entities without business substance, (iii) elements directed to achieve a result identical or similar to the initial state of facts, (iv) elements that cancel or exclude each other, (v) economic risk exceeding the planned benefits other than tax benefits to the degree that it must be decided that a rational entity would not have chosen to act that way, (vi) situations where the tax benefit obtained is not reflected in an economic risks borne by the entity or in its cash flow, (vii) profit before tax which is insignificant in comparison to the tax benefit which does not result directly from the actually incurred economic loss and (viii) engaging the entity which does not conduct a real business activity or does not play significant economic function or which has its seat or place of residence in a territory applying harmful tax competition.

A tax benefit refers to a situation in which: (i) a tax liability has not arisen, the date when a tax liability arises has been deferred or the tax liability has been reduced, or a tax loss has been incurred or overstated; or (ii) a tax loss has arisen or its amount is overstated; or (iii) a tax overpayment or a right to claim a tax refund has arisen, or the amount of a tax overpayment or tax to be refunded has been increased; or (iv) there is no obligation to collect the tax by a tax remitter if this obligation results from the circumstances indicated in point (i) above.

The Group faces the risk that its activity and/or transactions in selected areas could be reviewed under the GAAR, including transactions performed before the GAAR regulations entered into force. Any potential decisions regarding GAAR could be unfavorable to the Group and may have a material adverse effect on the Group's business, financial condition and operational results.

***Allegro.pl faces risks related to its status as a postal operator.***

Allegro.pl has recently been classified as a postal operator and in that capacity its operations are subject to various industry regulations and ongoing oversight from the Polish authority charged with regulating postal operators, the Office of Electronic Communications (*Urząd Komunikacji Elektronicznej* ("UKE")).

Continued growth in this segment of the Group's operations as a result of initiatives to improve the Group's logistics and other services could entail additional regulatory requirements. Any failure by the Group to comply with applicable laws and regulations could result in penalties, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The regulatory environment for postal and courier services within the European Union is currently undergoing changes and certain proposed new EU-wide legislation relating to, among other things, cross-border and universal postal services is anticipated. Any such regulatory changes may have a direct impact on the Group's operations or an indirect impact through the Group's suppliers. Moreover, the Group cannot rule out the possibility that in the future new taxes or similar payments may be imposed on postal operators such as Allegro.pl, in order to support the financial performance of the Polish public postal operator's universal postal service. Under the existing postal regulations, if Allegro.pl generates revenue from universal postal service or equivalent postal services (other than courier services) it may be required to participate in such support. Failure by the Group to manage these risks adequately or the occurrence of one or more of these risks could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

**Risks Related to the Offering and Shares**

***The Offering may be suspended, modified or canceled or the results of the Offering may deviate significantly from the envisaged Offering size and value.***

The Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, may cancel the Offering and/or modify its terms and dates at any time prior to the commencement of the distribution of the information on clearing or transfer instructions (*zlecenia rozrachunku*) in order to record the Offer Shares in the securities accounts of the Institutional Investors, which is expected to take place on or around 9:00 a.m. Warsaw time on October 9, 2020 (or another date and time, if amended, and as indicated in any supplement or update report to this Prospectus). Information on the cancellation or modification of the terms of the Offering will be made publicly available through a publication on the Issuer's website as well as, to the extent required, by way of an update report or a supplement to this Prospectus.

If information on the cancellation, suspension or modification of the Offering is published before the commencement of the subscription period for the Retail Investors, no reason must be published for such cancellation, suspension or modification. After the commencement of the subscription period for the Retail Investors, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, may also cancel, suspend or modify the Offering at any time if proceeding with the Offering is considered impracticable or inadvisable. Reasons that would make the Offering impracticable or inadvisable include, but are not limited to: (i) the occurrence of a sudden or unforeseeable change in the economic or political situation in Poland or abroad which may have a material adverse effect on the financial markets, Poland's economy, the Offering or the Group's operations; (ii) the occurrence of a sudden or unforeseeable change or event other than those stated under item (i) above which could have a material adverse impact on the Group's operations or which could result in the Group incurring material damage or any material disruption to its operations; (iii) the occurrence of a material adverse change in the Group's business, financial condition or operating results; (iv) the suspension of, or a material limitation in, trading in securities on the WSE or on any other exchange if such circumstances could have a material adverse effect on the Offering and/or the Admission; (v) an unsatisfactory demand for the Offer Shares from the Institutional Investors based on the declarations received in the book-building process; (vi) in the opinion of the Global Coordinators and after consultation with the Co-Offering Agents, an insufficient number of the Shares is expected to be traded on the WSE which would not warrant the required liquidity of the Shares; (vii) the occurrence of a sudden and unforeseeable change which could have a direct, material and adverse effect on the Group's operations; or (viii) the termination of the Underwriting Agreement.

In case of the cancellation of the sale of the Offer Shares in the Offering until the submission of orders for the sale of the Offer Shares to Retail Investors through the WSE system, the purchase orders will be deemed void and any payments made will be returned without interest or damages no later than seven days from the date of the announcement of the withdrawal from the sale of the Offer Shares in the Offering.

Should the Offering be canceled after instructions have been issued to sell the Offer Shares to the Retail Investors through the WSE system and before the commencement of the distribution of the information on clearing or transfer instructions



(*zlecenia rozrachunku*) (or another date and time, if amended and as indicated in any supplement or update report to this Prospectus), the entities accepting purchase orders from the Retail Investors shall return the Offer Shares previously acquired by the Retail Investors in accordance with the powers of attorney granted by the Retail Investors in the purchase order forms for the Offer Shares and in accordance with the instructions issued by the Co-Offering Agents. Any payments made by the Retail Investors for the Offer Shares will be returned to them without any interest or damages within seven days following the return of such Offer Shares to the Selling Shareholders' securities accounts. The payments will be made to the cash accounts maintained for the Retail Investor's securities account through which the purchase order was placed in accordance with the rules prevailing at the given investment firm.

A return of a payment for the Offer Shares without interest or compensation, net of transfer costs, shall also take place to the extent that no Offer Shares are allotted or where there is a reduction of purchase orders placed as set out in this Prospectus or if excess payments are being returned, no later than seven days following each of such events.

These rules for the cancellation of the Offering shall also apply to Institutional Investors up to the time until the Issuer and the Selling Shareholders are entitled to cancel the Offering.

A decision to suspend the Offering, without providing any reason for doing so, may be taken at any time before the commencement of the subscription period for the Retail Investors by the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators. From the commencement of the subscription period for the Retail Investors up to the submission of orders for the sale of the Offer Shares to the Retail Investors through the WSE system, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, may decide to suspend the Offering only for reasons that are (in the opinion of the Issuer and the Principal Selling Shareholders) material, which may include, among other things, any event that might adversely affect the success of the Offering or cause increased investment risks for the purchasers of the Offer Shares. A decision to suspend the Offering may be made without specifying a new timetable for the Offering, which may be determined at a later date.

In the event of the suspension of the Offering, information about the suspension of the Offering will be made available to the public through a publication on the Issuer's website as well as, to the extent required, by way of an update report or a supplement to this Prospectus.

If a decision to suspend the Offering is made in the period between the commencement of the subscription period for the Retail Investors and the submission of orders for the sale of the Offer Shares to Retail Investors through the WSE system, any purchase orders received and any payments made will still be considered valid; however, investors will have the right to withdraw their purchase orders by submitting a relevant representation within two business days from the date of the publication of the supplement to this Prospectus relating to the suspension of the Offering.

If a decision on the suspension of the Offering is made after the completion of the book-building process but prior to the opening of the period for accepting purchase orders from the Institutional Investors, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, may repeat the book-building process, provided that in such event they will determine whether or not the previously submitted declarations and invitations to place orders for the Offer Shares remain valid.

Furthermore, there is a risk that the final number of Existing Sale Shares and New Sale Shares to be allocated in the Offering and respectively, the Retail Investors Offer Price and the Institutional Investors Offer Price determined during the Offering could be significantly lower due to many factors, including low demand or a lack of available financial resources due to public offerings of other companies conducted simultaneously with the Offering. As a result, the size of the free float of the Shares may not guarantee a satisfactory level of liquidity of the Shares.

***The Shares may not be eligible to be admitted to trading or listing on the regulated market (main market) of the WSE.***

The admission and introduction of the Shares to trading on the regulated market (main market) of the WSE is subject to the consent of the management board of the WSE and the registration by the NDS of the Shares.

Such consent and registration may be obtained if the Issuer and the Shares satisfy all of the legal requirements, specifically, those set forth in the Regulation on the Market and Issuers as well as in the respective regulations of the WSE and the NDS. For example, one of the requirements provided for in the Regulation on Market and Issuers as well as in the rules of the WSE, and a requirement on which the admission of the Shares to trading on the regulated market depends, is ensuring the proper liquidity of the Shares.

Moreover, while analyzing the request of the Issuer for the admission and introduction of the Shares to trading on the WSE, the WSE will take into account the existing and forecasted financial standing of the Issuer, its growth prospects as well as

the experience and qualifications of its management and the safety of exchange trading and the interest of trading participants.

Some of the criteria with respect to the admission and introduction of the Shares to trading on the regulated market are discretionary and left to the WSE to assess. The Issuer cannot guarantee that such criteria will be satisfied and/or these approvals and consents will be obtained and that the Shares will be admitted and introduced to trading on the regulated market of the WSE. In addition, the Issuer cannot rule out the possibility that due to circumstances beyond its control, the admission and introduction of the Shares to trading on the main market of the WSE will be effected on dates other than as originally anticipated. If the Shares, including the Offer Shares, are not admitted to trading on the WSE, the Issuer will not be able to submit another application for admitting those same shares to trading for another six months from the date of delivery of a resolution of the WSE management board refusing the admission of the Shares to trading on the WSE, and if that resolution is appealed, from the date of delivery of a resolution of the WSE supervisory board in that respect.

The Issuer assumes that upon the completion of the Offer it will satisfy the conditions for the admission and introduction of the Shares to trading on the main market of the WSE. If after the completion of the Offer the Issuer does not satisfy the criteria for the admission and introduction of the Shares to trading on the main market of the WSE, the Issuer will not seek the admission of the Shares to trading on the parallel market operated by the WSE.

***In the event of a breach or suspected breach of law in relation to the Offering, or the application for the admission and introduction of the Shares to trading on a regulated market, the CSSF and the PFSA may take measures to protect the investors, inter alia, prohibit or suspend the Offering and issue an order to stay the application or prohibit the application for the admission or introduction of the Shares to trading on the regulated market.***

Under the Prospectus Regulation, if the PFSA has clear and demonstrable grounds for believing that irregularities have been committed by the issuer, the offeror or the person asking for admission to trading on a regulated market or that those persons have infringed their obligations under the Prospectus Regulation, it shall refer those findings to the CSSF and to ESMA. Where, despite the measures taken by the CSSF, the issuer, the offeror or the person asking for admission to trading on a regulated market persists in infringing the Prospectus Regulation, the PFSA, after informing the CSSF and ESMA, shall take all appropriate measures in order to protect investors and shall inform the EU Commission and ESMA thereof without undue delay. Such appropriate measures may consist in, among others, ordering that the commencement of the public offering and/or the application for the admission and/or introduction of securities to trading on a regulated market be withheld or the offering, subscription or sale or the admission and/or introduction of securities to trading be delayed for up to ten business days; or otherwise prohibit the commencement of the public offering, subscription or sale or further activity in relation to it as well as the admission and/or introduction of securities to trading or further activity in relation to it.

Additionally, pursuant to the Polish Act on Trading in Financial Instruments, if the safety of trading on a regulated market so requires or if the interests of investors are prejudiced, the company operating a regulated market will suspend, at the request of the PFSA, the admission to trading on that market or the commencement of listing of securities or other financial instruments designated by the PFSA for a period not exceeding ten days. In addition, the CSSF may request the WSE to suspend trading in the Shares for a maximum of ten days at a time if it has reasonable grounds for suspecting that the provisions of the Luxembourg Transparency Law or the Luxembourg Prospectus Law have been infringed by the Issuer or if it has reasonable grounds for believing that such legal provisions have been infringed. The CSSF may further request the WSE to suspend the Shares from trading if, in its opinion, the Issuer's situation is such that trading would be detrimental to investors' interests. The occurrence of the circumstances mentioned above could have a material adverse effect on the success of the Offering and the Admission.

***Trading in the Shares on the WSE may be suspended.***

There can be no assurance that trading in the Shares will not be suspended. The WSE may pass a resolution suspending trading in securities in accordance with the WSE Rules. The WSE may suspend trading in financial instruments: (i) at the request of a listed company, (ii) in order to protect the interests and the safety of trading activities or (iii) upon a violation of the WSE regulations by a listed company. Trading may be suspended for a period determined by the WSE management board and may be further extended.

The PFSA is empowered under the Polish Act on Trading in Financial Instruments to direct the WSE to suspend trading in instruments quoted on the WSE for a period specified by the PFSA. The PFSA may exercise this right if trading in specific securities or other financial instruments constitutes a threat to the proper functioning of the WSE or the safety of trading on the WSE, or if the interests of investors have been infringed. During a suspension of trading in securities, investors are unable to purchase and sell the affected securities on the stock market, which adversely affects the liquidity

levels of such securities. Any off-market sale of suspended securities might be achieved only at a significant discount to their last traded price.

The CSSF may request the WSE to suspend trading in the Shares for a maximum of ten days at a time if it has reasonable grounds for suspecting that the provisions of the Luxembourg Transparency Law have been infringed by the Issuer. The CSSF may further request the WSE to withdraw the Shares from the regulated market of the WSE if it finds that the provisions of the Luxembourg Transparency Law have been infringed, or if it has reasonable grounds for suspecting that the provisions of the said law have been infringed. The CSSF may also request the suspension of trading of the Shares if the Issuer is in breach of its obligations under the Market Abuse Regulation.

The CSSF may also request the WSE to suspend at any time trading of the Shares for a maximum of ten consecutive working days on any single occasion if it has reasonable grounds for believing that the legal provisions of the Luxembourg Prospectus Law have been infringed. The CSSF may further request the WSE to suspend the Shares from trading if, in its opinion, the Issuer's situation is such that trading would be detrimental to investors' interests.

***The Issuer's failure to meet the requirements set forth in the WSE Rules, the Luxembourg Transparency Law or the Polish Act on Public Offering may cause the Shares to be delisted.***

Securities traded on the WSE may be delisted by the management board of the WSE. "The Warsaw Stock Exchange Rules" establish the basis for the optional and mandatory delisting of securities by the WSE. Securities are mandatorily delisted in the case where: (i) their transferability has been limited; or (ii) when they are no longer dematerialized through NDS; or (iii) a competent authority delists them from a regulated market; or (iv) at the PFSA's request in connection with a material threat to the proper functioning of the WSE, the safety of trading on the WSE or to the interests of investors, among other matters specified in detail in the Polish Act on Trading in Financial Instruments. Pursuant to the Act on Trading in Financial Instruments, the WSE may take decision on delisting of securities if they no longer satisfy the conditions in force on the regulated market operated by the WSE, and provided that this does not materially impact investors' interests or threaten proper operation of the market. Moreover, the PFSA may decide to delist a listed company's securities if the company breaches its duties under the Polish Act on Public Offering.

The WSE may decide to delist securities if a listed company, *inter alia*, repeatedly violates WSE regulations, submits an application for delisting, is declared bankrupt, fails to have any dealings in the given securities for the period of the last three months or it initiates liquidation proceedings. The CSSF may also request the WSE to withdraw the Shares from the regulated market of the WSE if it finds that the provisions of the Luxembourg Transparency Law have been infringed, or if it has reasonable grounds for suspecting that the provisions of such law have been infringed. There can be no assurance that no grounds for the delisting of the Shares will occur in the future. Upon the delisting of securities, investors can no longer trade in the affected securities on the WSE, which would have a material adverse effect on the liquidity of such securities. Any off-market sale of such securities may be achieved only at a significant discount to their last traded price.

***The Issuer is not in full compliance with the Corporate Governance Rules of the Warsaw Stock Exchange and does not expect to be in full compliance in the near future.***

The Issuer is a holding company incorporated under the laws of Luxembourg that is currently under the corporate form of a public limited liability company (*société anonyme*) with a one-tier corporate governance structure following its conversion from a Luxembourg private limited liability company (*société à responsabilité limitée*). Allegro.pl and Ceneo.pl are the Group's key operating companies and are each entities incorporated under the laws of Poland. Allegro.pl and Ceneo.pl also have one-tier corporate governance day-to-day management functions. See "*Management*."

While the Issuer's corporate governance structure complies with the principles of Luxembourg law, the Issuer deviates in certain respects from the principles of the good corporate governance and best practice provisions set forth in the WSE Best Practices. See "*Description of Share Capital and Corporate Governance—Application of the Corporate Governance Code of the Warsaw Stock Exchange to the Issuer*." Investors generally consider companies that comply with the WSE Best Practices to be more transparent. Failure to fully comply with the WSE Best Practices may have an adverse effect on the Offering, as well as the price and liquidity of the Shares. As the Shares will be only admitted to trading on the WSE, the Issuer has not opted to comply with the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange.

***If the Issuer does not comply with the requirements with which it must comply as a listed company, the value of its Shares may be adversely affected.***

A publicly listed company is subject to a number of obligations including reporting and disclosure obligations. The Issuer has never been subject to such obligations and may fail to sufficiently fulfil such obligations. As a consequence, the Issuer may be subjected to various administrative penalties, criminal and civil liability, including fines, damage claims and

negative investor perception, and shareholders may not be provided on time or at all with price sensitive information or the content of materials made public may be of an unsatisfactory quality. In addition, other sanctions may be imposed on the Issuer for noncompliance with regulations relating to publicly listed companies. If any of the above risks materializes, the value of the Shares could be materially adversely affected.

***The marketability of the Shares may decline and the market price of the Shares may fluctuate and decline below their respective offer price.***

The Issuer cannot assure that the marketability of the Shares will improve or remain consistent. The Retail Investors Offer Price and/or the Institutional Investors Offer Price, as the case may be, may not be the same as the market price for the Shares after the Offering has been completed. The market price of the Shares may fluctuate widely, depending on many factors beyond the Issuer's control. These factors include, amongst other things, actual or anticipated variations in operating results and earnings by the Issuer and/or its competitors; changes in financial estimates by securities analysts; the overall condition of the Polish economy; conditions and trends in the retail sector in Poland and elsewhere in Europe; changes in market valuations of companies in the Issuer's industry; fluctuations in stock market prices and volumes; potential changes in the regulatory regime; and announcements by the Group or its competitors of new services or technology, significant investments, acquisitions or joint ventures. The market price of the Shares is also subject to fluctuations in response to further issuances of shares by the Issuer, sales of the Shares by any of the Selling Shareholders, the liquidity of trading in the Shares, share capital decreases or purchases of Shares by the Issuer, as well as investor perception. As a result of these or other factors, the Issuer cannot give assurance that the public trading market price of the Shares will not decline below the Retail Investors Offer Price and/or the Institutional Investors Offer Price, as the case may be, irrespective of the Group's results of operations.

***There is no prior market for the Shares and therefore no assurance regarding the future development of a liquid market can be given.***

The lack of a prior public market for the Shares may have a negative effect on the ability of shareholders to sell their Shares or on the price at which the holders may be able to sell their Shares. If a market for the Shares were to develop, the Shares could trade at prices that may be higher or lower than their respective offer price, depending on many factors.

The fact that the Shares are admitted to trading on the regulated market operated by the WSE does not guarantee that the Shares will be sufficiently liquid. Listed companies from time to time experience significant fluctuations in securities trading volumes, which can have a negative impact on the market price of the Shares. If an appropriate level of trading in the Shares is not achieved or maintained, that could have a material impact on the liquidity and price of the Shares. Even if the appropriate level of trading in the Shares is achieved and maintained, the market price of the Shares may be below the price of such shares in the Offering.

Furthermore, the Shares may have a lower level of liquidity than the shares in comparable companies to the Issuer listed on other markets, especially in the United States or in European countries other than Poland.

Any inadequate level of liquidity of the Shares may limit the ability of investors to sell the required number of the Shares at the expected share price. This could have a material adverse effect on the price of the Shares.

***The free float of the Shares is expected to remain limited for at least a period of 180 days after the Listing Date due to applicable lock-up arrangements, which may have a negative impact on the liquidity of and market price for the Shares.***

It is expected that, immediately after the completion of the Offering, a minimum of 18.26% of the Shares will be publicly held by investors who are not subject to any lock-up arrangements (assuming no exercise of the Over-Allotment Option). The Majority Selling Shareholders have entered into lock-up arrangements pursuant to which they have agreed not to dispose of their Shares for a period of 180 days following the first listing date of the Shares without the written consent of the Global Coordinators (such consent not to be unreasonably withheld or delayed) and subject to certain customary exceptions. Further lock-up arrangements apply to Shares held by the Directors, the Senior Managers, the Individual Selling Shareholders and the recipients of Shares awarded pursuant to the Allegro Incentive Plan following the Offering. See "Underwriting, Stabilization and Lock-up—Lock-up Agreements" and "Management—Investment Opportunities and Incentive Plans—Allegro Incentive Plan" for more information on such arrangements. See "The Selling Shareholders," "Dilution" and "Management—Directors' and Senior Managers' Interests" for more information on the expected pre- and post-Offering holdings of Shareholders.

Therefore, the free float of the Shares is expected to remain limited during the periods where such lock-up agreements are applicable. This may have a negative impact on the liquidity of the Shares and may result in a low trading volume, which could adversely affect the then-prevailing market prices for the Shares.

***Future offerings by the Issuer of equity or debt securities may adversely affect the market price of the Shares and dilute the interests of its shareholders.***

To finance planned investments, the Issuer or its Subsidiaries may raise additional capital by offering debt or additional equity securities, including notes convertible into shares, senior or subordinated notes and ordinary shares.

The issuance of equity or debt securities with conversion rights may dilute the economic and voting rights of the existing shareholders of the Issuer if made without granting pre-emptive or other subscription rights, or reduce the price of the Issuer's shares, or both. The exercise of conversion rights or options by the holders of convertible or warrant-linked bonds that the Issuer may issue in the future may also dilute the interests of the Issuer's shareholders. Holders of the Issuer's ordinary shares have statutory pre-emptive rights entitling them to purchase a percentage of every issuance of the Issuer's ordinary shares. As a result, holders of the Issuer's ordinary shares may, in certain circumstances, have the right to purchase ordinary shares that the Issuer may issue in the future in order to preserve their percentage ownership interest in the Issuer. If the General Meeting deprives investors of pre-emptive rights or they fail to exercise such rights, their share in the share capital of the Issuer will be reduced.

As any decision by the Issuer to issue additional securities depends on market conditions and other factors beyond the Issuer's control, the Issuer cannot predict or estimate the amount, timing or nature of any such future issuances. Thus, prospective investors bear the risk of the Issuer's future offerings reducing the market price of the Shares and diluting their interest in the Issuer.

***Future sales or the possibility of future sales of a substantial number of the Shares by the Majority Selling Shareholders, the Individual Selling Shareholders or other shareholders may materially adversely affect the market price of the Shares.***

After the expiration of the lock-up period of 180 days following the Listing Date for the Majority Selling Shareholders and 360 days following the Listing Date for the Individual Selling Shareholders, the Majority Selling Shareholders and the Individual Selling Shareholders may sell substantial numbers of their Shares on the public market. In addition, there could also be a perception on the market that such sales could occur due to the expiry of the applicable lock-up period or the waiver thereof. See "*Underwriting, Stabilization and Lock-up—Lock-up Agreements*" for more information on such arrangements. For more information on the shareholding of the majority Selling Shareholders and the Individual Selling Shareholders, see "*Dilution*" and "*Management—Directors' and Senior Managers' Interests*," respectively.

Furthermore, other shareholders of the Issuer who acquire the Shares in the Offering or in stock exchange transactions may plan to sell the Shares or securities entitling their holders to the Shares in the future.

The sale or disposal of a significant number of the Shares in the future or an expectation that such sale will take place after the closing of the Offering, in particular after all contractual lock-ups on the issuance, sale or other disposal of the Shares imposed on the Issuer, the Selling Shareholders and others expire (or pursuant to a waiver under the lock-up arrangements or in reliance on any of the customary carve-outs contained in the lock-up such as the granting/enforcement of security in connection with margin loan financing either during or after the lock-up period), may have an adverse effect on the market price of the Shares and significantly reduce the Group's ability to arrange capital by way of a public offering or private placements of shares or other securities. Furthermore, the sale or other disposal of the Shares by one or more significant shareholders of the Issuer may have an adverse impact on the perception of the Issuer's standing or its prospects for strategic growth, and thus on the value of the Shares. The Issuer cannot predict the potential effect that either the sale of the Shares by the existing or future shareholders, or the belief that such sale will take place, will have on the Share price.

Any of these circumstances may adversely affect the market price of the Shares. In addition, such sales could make it more difficult for the Issuer to raise capital through the issuance of equity securities in the future.

***The acquisition of Shares representing a qualifying holding by investors from countries outside the EEA or the OECD is subject to clearance by the UOKiK President and may be blocked.***

On July 24, 2020, amendments to the Polish Act on the Control of Certain Investments of 24 July 2015 came into force for a period of two years. The amendments, enacted in response to the impact that the COVID-19 pandemic may have on the valuations of Polish businesses, include measures that significantly increase the restrictions on foreign direct investment ("FDI") in "protected entities" in Poland by entities from countries outside of the EEA or the member countries of the Organisation for Economic Co-operation and Development ("OECD"). "Protected entities" are Polish entities that, in at least one of the two preceding financial years, recorded turnover in Poland exceeding EUR 10.0 million (PLN 44.6 million) and (1) are Polish publicly listed companies in Poland; and/or (2) hold assets classified as parts of critical infrastructure; and/or (3) develop or maintain software that is critical and/or used for data processing; and/or (4) operate in strategic business areas (listed in the Act on the Control of Certain Investments of 24 July 2015). Although the Issuer is a

Luxembourg entity, the operating subsidiaries of the Group are Polish entities that the Group believes will be considered protected entities for the purpose of FDI regime primarily as a result of their software-related activities. Accordingly, the clearance requirements for FDI are indirectly applicable to the Shares.

The restrictions on FDI require clearance for proposed transactions where a non-EEA and non-OECD investor proposes to acquire control of a protected entity or acquire a significant participation in a protected entity. The definition of "significant participation" is very broad and includes: (a) acquisition of a holding representing 20% or more of the (i) votes at the General/Shareholders' Meeting; (ii) share capital; and/or (iii) share in distributed profits, (b) purchase or lease of the enterprise (or an organized part thereof) of a protected entity through an asset deal and (c) various forms of indirect acquisition of such significant participation.

Although an acquisition of Shares in the Issuer would be only an indirect acquisition of shares in a protected entity, clearance would be required if the acquiror would obtain control over the Issuer.

Proposed transactions must be notified to the UOKiK President prior to the publication of a public tender for shares or the conclusion of an agreement underpinning the planned transaction. UOKiK is able to issue an objection to the proposed transaction if such a transaction poses at least a potential threat to public order or public security or public health in Poland.

The clearance procedure consists of two stages. The initial procedures last for up to 30 days after which the authority either: (i) does not raise any objections towards the contemplated acquisition, and therefore the acquisition may proceed, or (ii) issues its decision to start a formal control procedure. The second stage involves a formal control procedure lasting for up to 120 days (although UOKiK may further extend the timeline) and resulting in a positive or negative decision regarding the contemplated acquisition.

Any FDI transaction made in breach of the Polish FDI regime (without notification or without approval) will be null and void and the investor will be unable to exercise its rights (including any voting rights) under the shares acquired. In case of taking control over a parent company of a Polish protected entity; only the latter sanction will apply. Investment made without approval is a criminal offense subject to a penalty of imprisonment from six months to five years and a fine of up to PLN 50.0 million (approximately EUR 11.2 million). Anyone managing the subsidiary or exercising voting rights on behalf of a foreign investor who fails to notify the UOKiK President of certain foreign investments is liable to a fine of up to PLN 5.0 million (approximately EUR 1.1 million) or a term of imprisonment of six months to five years. See "*Regulatory Overview—Interim FDI Regime.*"

***The interpretation of Polish laws and regulations governing investing in shares, including tax laws and regulations applicable to investors, may be unclear, and Polish tax laws and regulations may change.***

Some provisions of Polish law, specifically tax law, are ambiguous, and often there is no unanimous or uniform interpretation of the law or uniform practice by the public authorities, including the tax authorities, or the courts as far as the application of Polish law. Furthermore, the Polish legal system, including the tax regulations incorporated therein, is subject to frequent changes. Because of frequent changes in law and, specifically, tax law and the varying interpretations thereof, the risk connected with Polish tax law may be greater than that in other developed markets. The above is true in particular with respect to issues related to income tax applicable to income generated by investors in relation to the acquisition, holding and sale of securities. No assurance may be given that changes to the tax law, including tax treaties, which may prove unfavorable to investors, will not be introduced or that the Polish tax authorities will not take a new, different and unfavorable interpretation of tax provisions, which could have an adverse effect on the tax charges incurred and the actual profit generated by investors from their investment in the Shares. In particular, potential changes in regulations on capital gains tax or potential changes to the Convention between the Grand Duchy of Luxembourg and the Republic of Poland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (the "**Luxembourg-Poland Double Taxation Treaty**") may influence the returns achieved by investors. This risk could have material adverse effects on the Offering in Poland.

***Dividends and gains from dispositions of the Shares may, in certain circumstances, be subject to Polish tax when received or earned by non-Polish tax residents.***

Investors who do not reside within the territory of Poland are required to pay tax exclusively on income obtained within the territory of Poland (i.e., on Polish source income). Income earned in the territory of Poland includes, among other items, income from securities and financial derivatives that are admitted to public trading in the territory of Poland on the regulated exchange market, including income generated from the disposal of such securities or financial derivatives, and the exercise of the rights arising from any of the above. On account of the fact that the Shares will be traded on the WSE following Admission, dividends and gains from dispositions of the Shares may, in certain circumstances, be subject to Polish tax when received or earned by non-Polish tax residents. This is primarily the case where an exemption or a double taxation

treaty does not apply between Poland and the country where the investor is a tax resident. Prospective purchasers of the Offer Shares are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal or other circumstances related to the Offer Shares. See "*Taxation—Polish Taxation—Income Earned on the Disposal of Securities by Individuals Who Are Not Polish Tax Residents*" and "*Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Individuals Who Are Not Polish Tax Residents*."

***The value of the Shares for foreign investors may decrease due to exchange rate fluctuations.***

The market price of the Shares traded on the WSE is denominated in Polish zloty. Consequently, payments for the Offer Shares will be made by foreign investors in zloty and, accordingly, foreign investors must convert amounts into zloty at a certain exchange rate, which could be different from the exchange rate prevalent in the future. Consequently, the return on investment in the Shares will depend not only on changes in the price of the Shares during the investment period, but also on fluctuations in the exchange rate between zloty and the investors' domestic currencies. Exchange rate risk will also apply to any cash disbursements under rights associated with the Shares, including the payment of dividends, which, if any are made, may be paid in zloty.

***The exercise of certain shareholder rights and the tax treatment of non-Luxembourg investors in a Luxembourg company may be more complex and costly.***

The Issuer is organized and exists under the laws of Luxembourg. Accordingly, its corporate structure as well as the rights and obligations of the Issuer's shareholders may be different from the rights and obligations of shareholders in Polish companies listed on the WSE.

The exercise of certain shareholder rights for non-Luxembourg investors in a Luxembourg company may be more difficult and costly than the exercise of rights in a Polish company. Resolutions of the General Meeting may be adopted with majorities different from the majorities required for the adoption of equivalent resolutions in Polish companies. Under Luxembourg law, there are limited grounds on the basis of which resolutions taken by the general meeting of shareholders can be invalidated. Actions aimed at declaring a resolution invalid must be filed with, and will be reviewed by, a Luxembourg court in accordance with the laws of Luxembourg.

Investors holding Shares may also be subject to Luxembourg taxation in respect of dividends received from the Issuer. Although Poland and Luxembourg have entered into the Luxembourg-Poland Double Taxation Treaty, which provides protection against double taxation, there can be no assurance that such treaty will continue to remain in force.

***The rights of shareholders in a Luxembourg company may differ from the rights of shareholders in companies organized under the laws of other jurisdictions.***

The Issuer is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg. The rights of holders of the Shares of the Issuer and the responsibilities of the Issuer to its shareholders under Luxembourg law may be materially different from those with regard to equivalent instruments under the laws of other jurisdictions. As such, it may be difficult or impossible to enforce rights against the Issuer that may be common in other jurisdictions.

The Issuer is a holding company incorporated under the laws of Luxembourg the principal assets of which are the shares of its subsidiaries. If the Group's operating subsidiaries experience sufficiently adverse changes in their financial position or results of operations, or the Issuer otherwise becomes unable to pay its debts as they become due and obtain further credit, the Issuer may be in a state of cessation of payments (*cessation de paiements*) and lose its commercial creditworthiness (*ébranlement de crédit*), which could result in the commencement of insolvency proceedings. Such proceedings would have a material adverse effect on the Issuer's business and prospects, and the value of the Shares.

Insolvency proceedings may be brought against the Issuer or its subsidiaries, and such proceedings may be conducted under, and be governed by, the insolvency laws of Luxembourg. The insolvency laws of Luxembourg may not be as favorable to interests of investors as the laws of Poland, the United States or other jurisdictions with which investors may be familiar.

Under the insolvency laws of Luxembourg, the following types of proceedings (together referred to as "insolvency proceedings") may be opened against the Issuer to the extent that the Issuer has its registered office or the "centre of its main interests" (*centre des intérêts principaux*) (for the purposes of Council of the European Union Regulation (EU) No. 848/2015 of 20 May 2015 on insolvency proceedings) in Luxembourg at the time of the commencement of such proceedings:

- bankruptcy proceedings (*faillite*): the opening of which may be requested by the Issuer or by any of its creditors; following such a request, a competent Luxembourg court may open bankruptcy proceedings if the Issuer (i) is in

a state of cessation of payments (i.e., unable to pay its debts as they become due (*cessation de paiements*)) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*); moreover if a court finds that these conditions are met without any request, it may also open bankruptcy proceedings on its own motion. In order to safeguard the interests of creditors, the period between the cessation of payments and the declaration of bankruptcy is deemed a "suspect period" (*période suspecte*) (i.e., certain acts performed by the issuer during this period that could be detrimental to the rights of the creditors may be deemed null and void). The judgment declaring bankruptcy can set the suspect period to a date prior to the declaration of bankruptcy. However, this date cannot precede the date of the judgment by more than six months, except that in certain specific situations the Commercial District Court (*Tribunal d'arrondissement siégeant en matière commerciale*) may set the start of such period for an earlier date or at another date if the Issuer requested a suspension of payments before the bankruptcy proceeding;

- controlled management proceedings (*gestion contrôlée*): the opening of which may only be requested by the Issuer and not by its creditors. The Commercial District Court may (i) approve a proposed reorganization plan if a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the Issuer's liabilities have agreed thereto, or (ii) disagree with the reorganization plan proposed by the administrators even though a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the Issuer's liabilities have agreed to such plan, in which case the application for controlled management will be dismissed or (iii) ask the administrators to propose an amended plan (such amended plan will have to be submitted again to the creditors). The judgment approving the plan will be binding upon the Issuer and its creditors, joint debtors and guarantors; and
- scheme of composition with creditors (*concordat préventif de la faillite*): the opening of which may only be requested by the Issuer. Composition may only be adopted if a majority of the creditors representing, via their unchallenged claims, three-quarters of the Issuer's debt have adhered to the proposal and if the composition has been homologated by the Commercial District Court. Creditors benefiting from mortgages (*hypothèques*), privileges (*privilèges*) or pledges (*gages*) only have a deliberating voice in a composition if they renounce the benefit of their mortgages, privileges or pledges. A vote in favor of a composition requires such renunciation. However, such renunciation may be limited by the secured creditors to only a portion (but representing at least 50% in value) of their claims with corresponding voting rights. While a composition is being negotiated, creditors may not take action against the Issuer to recover their claims. Secured creditors who do not participate in the composition proceedings may take action against the Issuer to recover their claims and to enforce their security. Fraudulent transactions which took place before the date on which the Commercial District Court commenced composition proceedings may be set aside.

In addition to these proceedings, the Issuer may be affected by a decision of the Commercial District Court granting a suspension of payments (*sursis de paiement*).

In addition to the insolvency proceedings, the 1915 Law sets out that the Commercial District Court, may, at the application of the public prosecutor (*procureur d'État*), order the dissolution and the liquidation of the Issuer if it pursues activities contrary to Luxembourg criminal law or if it seriously violates the provisions of the Luxembourg Commercial Code or the 1915 Law, including those laws governing authorizations to do business.

***Certain foreign judgments issued against the Issuer, its directors or the Selling Shareholders by its shareholders may not be enforceable.***

The Issuer is incorporated in Luxembourg, and the Group conducts its operations predominantly in the territory of Poland and the majority of the Group's assets are located in Poland. It may be difficult or impossible for an investor in the Shares to enforce a judgment issued outside of Luxembourg against the Issuer or against members of the Issuer's Board. This applies, to the greatest extent, to investors from outside the EEA and any countries that are not party to conventions or bilateral agreements on the mutual recognition and enforcement of court judgments to which Luxembourg is a party. Even if such an investor were successful in bringing an action of this kind, the laws of Poland or Luxembourg, as applicable, may render such investor unable to enforce a judgment against the Issuer's and the Group's assets or the assets of the Issuer's directors and officers.

Moreover, certain of the Selling Shareholders are entities incorporated and operating in accordance with the laws of Luxembourg and thus any judgments issued against such Selling Shareholders, including those issued by Polish courts, in connection with the Offering and the Offer Shares will be recognized and enforced specifically on the terms determined by private international law rules applicable in Luxembourg. One of the Selling Shareholders is an entity incorporated and operating in accordance with the laws of England and Wales and thus any judgments issued against such Selling Shareholder, including those issued by Polish courts, in connection with the Offering and the Offer Shares will be



recognized and enforced specifically on the terms determined by private international law rules applicable in the United Kingdom. Please see "*Important Information—Delivery and enforceability of foreign court judgments.*"

***Holders of the Shares in certain jurisdictions may be subject to restrictions regarding the exercise of pre-emptive rights with respect to future offerings.***

In the case of an increase of the Issuer's registered share capital, existing shareholders of the Issuer are entitled to exercise pre-emptive rights pursuant to the applicable regulations of Luxembourg, unless waived in whole or in part under a resolution of the General Meeting. To the extent that pre-emptive rights are granted, holders of the Shares in the United States may be unable to exercise their pre-emptive rights unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. Shareholders of the Issuer in other jurisdictions may also be limited in their ability to exercise their pre-emptive rights. The Issuer cannot give any assurance that in the future it will register any of the Shares or other securities in accordance with the U.S. Securities Act or the provisions of any other jurisdiction outside Poland. If the Issuer's share capital is increased in the future, the Issuer's shareholders who are not able to exercise a potential pre-emptive right (in accordance with the laws of the country where they have their registered office) should take into account that their interest in the Issuer's share capital may be diluted upon such issuance of new shares in the Issuer. Furthermore, although in some jurisdictions non-participating shareholders may be given a distribution in cash of the value of their tradable rights, there is no requirement to do so in Luxembourg and, consequently, a holder of the Shares may not receive any exercisable rights or any compensation in lieu of such rights.

***The Issuer and the Issuer's Board are likely to incur costs and expenses, as well as be required to invest time, in complying with the obligations of a listed company.***

Compliance with reporting and disclosure in connection with being a public company, as well as certain operational elements and investor expectations, will require the incurrence of certain costs and expenses that the Group has previously not had to incur. In addition, complying with these requirements will require the investment of the time of the management, which will divert attention from other aspects of the Group's business. As the Issuer (or its subsidiaries) has not been run as a public company in the past, it may increase the costs, expenses and time for the Issuer's Board to comply with these requirements. In addition, as mentioned above, if the Issuer fails to sufficiently fulfil these obligations, the Issuer may be subject to fines, damage claims and negative investor perception.

## IMPORTANT INFORMATION

### Important Notice

Goldman Sachs International and Morgan Stanley & Co. International plc (together, the "**Global Coordinators**"), Barclays Bank PLC ("**Barclays**"), BofA Securities Europe SA ("**BofA Securities**"), Citigroup Global Markets Limited ("**Citi**"), Dom Maklerski Banku Handlowego S.A. ("**DMBH**"), Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie ("**BM PKO BP**") and Santander Bank Polska S.A. – Santander Biuro Maklerskie ("**Santander Poland**") and together with BM PKO BP, the "**Co-Offering Agents**," and the Co-Offering Agents, Barclays, BofA Securities, Citi and DMBH together with the Global Coordinators, the "**Joint Bookrunners**"), Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao ("**Bank Pekao**"), Crédit Agricole Corporate and Investment Bank ("**Crédit Agricole**"), Erste Group Bank AG ("**Erste Group**"), Pekao Investment Banking S.A. ("**Pekao Investment Banking**") and Raiffeisen Centrobank AG ("**Raiffeisen Centrobank**" and, together with Bank Pekao, Crédit Agricole, Erste Group and Pekao Investment Banking, the "**Co-Lead Managers**," and the Co-Lead Managers together with the Joint Bookrunners, the "**Banks**") are acting exclusively for the Issuer and the Selling Shareholders and no one else in connection with the Offering, and will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Issuer and the Selling Shareholders for providing the protections afforded to their respective clients, or for providing advice in relation to the Offering or any transaction or arrangement referred to in this Prospectus.

Lazard & Co., Limited, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Issuer and for no one else in connection with the Offering and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients or for providing advice in connection with the Offering. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this Prospectus, any statement contained herein, the Offering or otherwise.

Capitalized terms used in this Prospectus and not otherwise defined in this Prospectus have the meanings ascribed to such terms in the "*Abbreviations and Definitions*" section. Moreover, certain industry terms and other terms used in this Prospectus are explained in the "*Abbreviations and Definitions*" section and in "*Presentation of Financial Information*" and "*Industry and Market Data*" below.

Unless implied otherwise in this Prospectus, the term the "**Group**" refers to the Issuer together with all of its subsidiaries.

The validity of this Prospectus will expire on September 22, 2021, being twelve months after the date of its approval. The information contained in this Prospectus speaks only as of the date hereof and any obligation to supplement this Prospectus on the event of significant new factors, material mistakes or material inaccuracies (insofar as required under the Prospectus Regulation) will not apply after the closing of the offer period for the Offer Shares or the time when trading of the Offer Shares on a regulated market begins, whichever occurs later.

Unless indicated otherwise, references to statements as to beliefs, expectations, estimates and opinions of the Issuer or its management refer to the beliefs, expectations, estimates and opinions of the Issuer's Board.

Neither the Issuer, nor the Selling Shareholders, nor the Banks, or any of their respective affiliates or representatives, make any assurance to any offeree or purchaser of the Offer Shares as to the legality of an investment in the Offer Shares by such an investor under the laws applicable to such investor. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

The Issuer has prepared this Prospectus solely for use in connection with the offer of the Shares to qualified institutional buyers under Rule 144A, or another exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act ("**Rule 144A**") and outside the United States under Regulation S under the U.S. Securities Act ("**Regulation S**"). You agree that you will hold the information contained in this Prospectus and the transactions contemplated hereby in confidence. You may not distribute this Prospectus to any person, other than a person retained to advise you in connection with the purchase of any Shares.

The Issuer, the Selling Shareholders and the Banks may reject any offer to purchase the Offer Shares in whole or in part, sell less than the entire principal amount of the Offer Shares offered hereby or allocate to any purchaser less than all of the Offer Shares for which it has subscribed.

This Prospectus is intended to provide information to prospective investors in the context and for the sole purpose of evaluating a possible investment in the Offer Shares offered in the Offering. It has been prepared in accordance with the

provisions of the Prospectus Regulation and the Luxembourg law of 16 July 2019 on prospectuses for securities, and does not express any commitment or acknowledgement or waiver and does not create any express or implied right towards anyone other than a prospective investor in the context of the Offering. It cannot be used except in connection with the promotion of the Offering.

### **Responsibility Statements**

The Issuer accepts responsibility for the completeness and accuracy of the information contained in this Prospectus. To the best of the Issuer's knowledge, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Issuer are honestly held by the Issuer, have been reached after considering all the relevant circumstances and are based on reasonable assumptions.

No representation or warranty, express or implied, is made by the Banks as to the accuracy, completeness or verification of the information set forth in this Prospectus or any other information provided by the Issuer or the Selling Shareholders in connection with the Offer Shares or their distribution, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether made in the past or the future. The Banks assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this document or any such statement.

### **Notice to Prospective Investors**

Prospective investors are expressly advised that an investment in the Offer Shares entails financial risk and that they should therefore read this Prospectus in its entirety, in particular the "*Risk Factors*" section hereof, when considering an investment in the Offer Shares. In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Issuer, and the information contained in this Prospectus and the terms of the Offering, including the merits and risks involved with an investment in the Offer Shares.

The investors also acknowledge that: (i) they have not relied on the Banks or any person affiliated with the Banks in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision, (ii) they have relied only on the information contained in this document and (iii) that no person has been authorized to give any information or to make any representation concerning the Issuer or its subsidiaries or the Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Selling Shareholders or the Banks.

Any decision to invest in the Offer Shares offered in the Offering should be based solely on this Prospectus (and any supplement hereto) taking into account that any overview or description, set forth in this Prospectus of legal provisions, accounting principles or a comparison of such principles, corporate structuring or contractual relationships is for information purposes only and should not be construed as legal, accounting or tax advice as to the interpretation or enforceability of such provisions, information or relationships.

Except as provided for under mandatory provisions of law, no person is authorized to give any information or to make any representation in connection with the Offering other than as contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Selling Shareholders or any of the Banks.

This Prospectus does not constitute an offer to sell or a solicitation by or on behalf of the Issuer, the Selling Shareholders or the Banks to any person to subscribe for any of the Offer Shares offered in the Offering in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer, the Selling Shareholders and the Banks to inform themselves about and to observe such restrictions. Other than with respect to the Offering in Poland, no action has been taken by the Issuer, the Selling Shareholders or the Banks that would permit an offer of the Offer Shares, or the possession or distribution of this Prospectus or any other offering material or application form relating to the Offer Shares, in any jurisdiction where action for that purpose is required. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorized or is unlawful. None of the Issuer, the Selling Shareholders or any of the Banks accepts any responsibility for any violation by any person, whether or not such person is a prospective investor in the Offer Shares, of any of these restrictions. See "*Selling Restrictions*" elsewhere in this Prospectus. Investors acquiring Offer Shares may be subject to restrictions on transfer. See "*Transfer Restrictions*" elsewhere in this Prospectus.

The Issuer has submitted this Prospectus to the CSSF. This Prospectus has been prepared in accordance with the Prospectus Regulation and the Luxembourg Prospectus Law, as well as with the Act on Public Offering and other applicable legislation governing the public offering of securities in Poland. This Prospectus has been prepared for the purpose of the admission to trading of the Offer Shares on the regulated market of the Warsaw Stock Exchange and for the purpose of the Polish Public Offering. This Prospectus was approved by the CSSF and published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)), and once its approval has been notified by the CSSF to the PFSA, it (together with its summary translated into Polish) will be published on the Issuer's website, for information purposes, and the Co-Offering Agents' websites.

None of the Issuer, the Selling Shareholders, the Banks or any of their respective representatives is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. The contents of this Prospectus should not be construed as legal, financial or tax advice. The investors are advised to consult their own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

For the purpose of or in connection with the Offering, each of the Banks and any of their respective affiliates, may take up a portion of the Offer Shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such Offer Shares and any other securities of the Issuer or related investments and may offer or sell securities of the Issuer or other investments other than in connection with the Offering. Accordingly, references in this Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of such securities to the Banks and any of their respective affiliates acting in such capacity. In addition certain of the Banks or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which such Banks (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. The Banks do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Neither the delivery of this Prospectus nor any sale made hereunder at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Issuer's affairs since the date hereof or that the entirety of the information set forth in this Prospectus is correct as of any time subsequent to its date.

#### ***Notice to Prospective Investors in the United States***

Neither the Offer Shares nor any other securities of the Issuer described in this Prospectus have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act. In connection with the Offering, information concerning the Offering will be provided only to: (i) certain investors outside of the United States in offshore transactions (as defined in Regulation S); and (ii) QIBs in the United States as defined under and in accordance with Rule 144A. In addition, until 40 days after the commencement of the Offering, any offer or sale of the Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to the exemption from the registration requirement provided for by the U.S. Securities Act.

Neither the U.S. Securities and Exchange Commission nor any securities regulatory authority of any state or other jurisdiction of the United States nor any non-U.S. securities authority has approved or disapproved of the Offer Shares offered in the Offering or determined that this Prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

#### ***Notice to EEA Investors***

No offer of the Offer Shares to the public is being made in any Member State other than Poland. However, the Banks may decide to promote the Offering in another Member State under certain exemptions from the obligation to prepare a prospectus under the Prospectus Regulation, provided that any such offering of the Offer Shares will not result in a requirement to publish the Prospectus by the Issuer, any of the Selling Shareholders or the Banks under Article 3 of the Prospectus Regulation.

In relation to each Member State of the European Economic Area (other than Poland) (each, a "**Relevant State**"), there will be no offer of the Offer Shares to the public in that Relevant State other than:

- to a legal entity that is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons other than to qualified investors as defined in Article 2(e) of the Prospectus Regulation; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Offer Shares shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplement to the prospectus pursuant to Article 23 of the Prospectus Regulation within the territory of the Relevant State and each person who initially acquire Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agree to and with the Banks, the Selling Shareholders and the Issuer that it is a "qualified investor" within the meaning of the Prospectus Regulation.

For the purposes of the Prospectus, the expression an "offer of the Offer Shares to the public" in relation to any Offer Shares in any Relevant State means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to purchase or subscribe for the Offer Shares.

The Issuer, the Selling Shareholders, the Banks and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Banks of such fact in writing may, with the consent of the Banks, be permitted to purchase Offer Shares in the Offering.

#### *Notice to UK Investors*

This Prospectus and any other material in relation to the Offer Shares described herein is only being distributed in the United Kingdom to, and is only directed at, persons that are qualified investors ("**qualified investors**") within the meaning of Article 2(e) of the Prospectus Regulation (as defined below) that also: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) who fall within Article 49(2)(a) to (d) of the Order; or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as the "**relevant persons**"). The Offer Shares are only available in the United Kingdom to, and any invitation, offer or agreement to purchase or otherwise acquire the Offer Shares will be engaged in only with, the relevant persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this Prospectus or any of its contents.

#### *Notice to Prospective Investors in Switzerland*

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Offer Shares. The Offer Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Offer Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Offer Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material related to the Offering, the Issuer or the Offer Shares has been filed or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Offer Shares has not been authorized and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Offer Shares.

#### *Notice to Prospective Investors in Canada*

The Offer Shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Banks are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

***Notice to Prospective Investors in Japan***

The Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948, as amended). The Offer Shares are not and may not be subject of an indirect or direct offering or sale in the territory of Japan or to a Japanese resident (which term as used herein includes any corporation or other entity organized under the laws of Japan), or to others for direct or indirect offering or sale, directly or indirectly, in Japan or to a resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and in compliance with any other provisions thereof; and (ii) in compliance with any other applicable requirements of laws of Japan.

***Notice to Prospective Investors in Hong Kong***

The Offer Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Offer Shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

***Notice to Prospective Investors in Singapore***

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

***Notice to Prospective Investors in the Dubai International Financial Centre***

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre ("**DIFC**"), this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

### ***Notice to Prospective Investors in Australia***

This Prospectus:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "**Corporations Act**");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Offer Shares under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within twelve months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 apply to that resale. By applying for the Offer Shares you undertake to us that you will not, for a period of twelve months from the date of issue of the Offer Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

### ***Notice to Prospective Investors in South Africa***

Due to restrictions under the securities laws of South Africa, the Offer Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies (i) the offer, transfer, sale, renunciation or delivery is to: (a) persons whose ordinary business is to deal in securities, as principal or agent; (b) the South African Public Investment Corporation; (c) persons or entities regulated by the Reserve Bank of South Africa; (d) authorized financial service providers under South African law; (e) financial institutions recognized as such under South African law; (f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or any combination of the person in (a) to (f); or (ii) the total contemplate acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR 1.0 million.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "**South African Companies Act**")) in South Africa is being made in connection with the issue of the Offer Shares. Accordingly, this document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the Offer Shares in South Africa constitutes an offer of the Offer Shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "**SA Relevant Persons**"). Any investment or investment activity to which this

document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

### **Presentation of Financial Information**

Unless otherwise stated, the financial information in this Prospectus has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") 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 Prospectus.

The financial information presented in this Prospectus was not prepared in accordance with US Generally Accepted Accounting Principles ("**US GAAP**") or audited in accordance with US Generally Accepted Auditing Standards ("**US GAAS**") or the auditing standards of the Public Company Accounting Oversight Board ("**PCAOB Standards**"). No opinion or any other assurance with regard to any financial information was expressed under US GAAP, US GAAS or PCAOB Standards and the financial information is not intended to comply with the SEC reporting requirements. Compliance with such requirements would require modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information. In particular, no reconciliation to US GAAP is provided.

### **Historical Financial Information**

This Prospectus includes consolidated financial information of the Issuer and its subsidiaries which have been derived from the consolidated financial statements of the Issuer and its subsidiaries as of and for the years ended December 31, 2019, December 31, 2018 and December 31, 2017, prepared in accordance with IFRS as adopted by the European Union (the "**Annual Financial Statements**") and included elsewhere in this Prospectus. PricewaterhouseCoopers, *Société coopérative* has audited the Annual Financial Statements included herein.

This Prospectus also includes the unaudited consolidated financial information of the Issuer and its subsidiaries as of June 30, 2020 and for the six-month periods ended June 30, 2020 and June 30, 2019, which have been derived from the unaudited interim condensed consolidated financial statements of the Issuer and its subsidiaries as of June 30, 2020 and for the six-month periods ended June 30, 2020 and June 30, 2019, prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting," the standard of IFRS applicable to the preparation of interim financial statements (the "**Interim Financial Statements**," together with the Annual Financial Statements, the "**Financial Statements**"), and included elsewhere in this Prospectus. PricewaterhouseCoopers, *Société coopérative* has reviewed the Interim Financial Statements.



### ***Last Twelve Months Financial Information***

In this Prospectus, the Issuer presents certain unaudited historical financial information for the Group for the twelve months ended June 30, 2020 (the "**LTM Period**"). The financial information for the LTM Period reflects an arithmetic calculation generated by adding the unaudited interim consolidated financial information of the Issuer for the six months ended June 30, 2020 extracted from the Interim Financial Statements, to the consolidated financial information of the Issuer for the year ended December 31, 2019 extracted from the Annual Financial Statements and subtracting the unaudited interim consolidated financial information of the Issuer for the six months ended June 30, 2019 extracted from the Interim Financial Statements. Although the components of the calculation of the financial information for the LTM Period have been either audited or reviewed, the LTM Period itself is not an accounting period that has been subject to audit or review by the Group's independent statutory auditor, PricewaterhouseCoopers, *Société coopérative*. The Issuer has provided historical financial information for the LTM Period for the convenience of investors.

The operational data for the LTM Period has been derived by adding the amounts for the six months ended June 30, 2020 and the amounts for the year ended December 31, 2019 and subtracting the amounts for the six months ended June 30, 2019.

### ***Alternative Performance Measures***

The Issuer has included certain alternative performance measures ("**APMs**") in this Prospectus, 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 APMs as follows:

"**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).

"**Adjusted EBITDA**" means operating profit before amortization and depreciation 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, bonuses for employees and funds spent on sanitary protection of employees and Investment Opportunities;

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

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

"**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;

"**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;

"**other capital expenditure**" means the costs related to building the relevant capacity of data centers, equipping employees with appropriate equipment (i.e., workstations), office equipment (e.g., fit-out and IT devices) and copyrights;

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

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

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

The Issuer presents the APMs because the Group's management believes that they assist investors and analysts in comparing the Group's performance and liquidity across reporting periods. The Group presents GMV as a measure of the total value of goods sold over a certain period, which allows for growth to be compared over different periods, including weekly, monthly, quarterly and annually. The Group considers Adjusted EBITDA to be a useful metric for evaluating the Group's performance as they facilitate comparisons of the Group's core operating results from period to period by removing the impact of, among other things, its capital structure, asset base, tax consequences and specific non-recurring costs. The Group uses Adjusted EBITDA for the purposes of calculating Adjusted EBITDA/net revenue and Adjusted EBITDA/GMV. The Group presents total capital expenditure split between capitalized development costs and other capital

expenditure in order to show the amount of expenditures, including, among other things, staff costs and costs of contractors and third party service providers, incurred in relation to the production of new or improved software before it is put to use on the Allegro platform. The Group believes this split is important for investors to understand its amortization of intangible assets. The Group presents net debt and net leverage because the Group believes these measures provide indicators of the overall strength of its balance sheet and can be used to assess, respectively, the impact of the Group's cash position and its earnings as compared to its indebtedness. The Group monitors working capital to evaluate how efficient it is at managing its cash provided by operating activities.

The APMs are not accounting measures within the scope of IFRS and may not be permitted to appear on the face of primary financial statements or footnotes thereto. These APMs may not be comparable to similarly titled measures of other companies. Neither the assumptions underlying the APMs have been audited in accordance with IFRS or any generally accepted accounting standards. In evaluating the APMs, investors should carefully consider the Financial Statements included in "*Historical Financial Information*." Although certain of this data has been extracted or derived from the Financial Statements contained in this Prospectus, this data has not been audited or reviewed by the Group's independent statutory auditors.

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

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

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

For explanations and reconciliations of the APMs discussed herein, see: "*Selected Consolidated Financial Information—Other Financial and Operating Data*."

### ***Currency Presentation***

Unless otherwise indicated, all references in this Prospectus to "złoty" or "PLN" are to the lawful currency of Poland. The financial information in this Prospectus is presented in złoty. For the reader's convenience, a translation of certain złoty amounts into U.S. dollars or euros has been presented in this Prospectus. The exchange rate for the U.S. dollar convenience translations is PLN 3.7585 per USD 1.00, which was the National Bank of Poland exchange rate per U.S. dollar as of September 18, 2020. The exchange rate for the euro convenience translations is PLN 4.4574 per EUR 1.00, which was the National Bank of Poland exchange rate per euro as of September 18, 2020. Investors should not view such translations as a representation that such złoty amounts actually represent such U.S. dollar or euro amounts, or could be or could have been converted into euro at the rate indicated or at any other rate. See "*Exchange Rate Information*."

### ***Rounding***

Certain numerical figures set out in this Prospectus, including financial data presented in millions and certain operating data, have been subject to rounding adjustments. As a result, the totals of the data in this Prospectus may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial data are calculated using the numerical data in the Financial Statements (as defined herein) or the tabular presentation of financial data (subject to rounding) contained in this Prospectus, as applicable, and do not use the numerical data in the narrative description thereof.

### ***Industry and Market Data***

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Issuer's estimates, using underlying data from independent third parties. The Issuer obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research,

publicly available information and industry publications, including services provided to the Group by OC&C Strategy Consultants SP ("OC&C").

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. The Group believes that these industry publications, surveys and forecasts are reliable, but neither the Group nor the Banks have independently verified them, or make any representation or warranty as to their accuracy or completeness. To the extent these industry publications, surveys and forecasts are accurate and complete, the Group confirms it has correctly extracted and accurately reproduced the information from such sources. As far as the Group is aware and able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Additionally, industry publications and such reports generally state that the information contained therein has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and in some instances state that they do not assume liability for such information. The Group cannot therefore assure you of the accuracy and completeness of such information and the Group has not independently verified such information.

However, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate. The market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party studies (including those from Euromonitor) has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action whatsoever with respect to shares in the Issuer.

Where third-party information has been used in this Prospectus, the source of such information has been identified.

In addition, in many cases, statements in this Prospectus regarding the Group's industry and its position in the industry are based on the Group's experience and its own investigation of its industry and the review of information made publicly available by other e-commerce marketplace operators. Comparisons between the Group's reported financial or operational information and that of other e-commerce marketplace operators using this information may not fully reflect the actual position in the market, as such information may not be defined consistently or reported for all e-commerce marketplace operators as the Group defines or reports such information in this Prospectus.

While the Group is not aware of any misstatements regarding the industry data presented herein, the Group's estimates involve certain assumptions, risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" in this Prospectus. The Issuer or the Banks cannot assure you that any of these statements are accurate or correctly reflect the Group's position in the industry, and none of its internal surveys or information has been verified by any independent sources, and the Group cannot guarantee their accuracy.

### **Forward-Looking Statements**

This Prospectus 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," "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*" and "*Risk Factors*" sections and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Issuer has no obligation and has made no undertaking to disseminate any updates of or revisions to any forward-looking statements contained in this Prospectus, 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.

When relying on forward-looking statements, investors should, in particular, carefully consider the factors discussed in the "*Management's Discussion and Analysis of Financial Condition and Result of Operations*" and "*Risk Factors*" sections and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates.

The Issuer 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 Issuer has not published and does not intend to publish any profit estimates or forecasts within the meaning of the Prospectus Regulation.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Prospectus.

### **Documents Incorporated in the Prospectus by Reference**

This Prospectus does not contain any information incorporated therein by reference to information contained in other publicly available documents or sources, regardless of the form in which they have been made available or recorded.

### **No Incorporation of Website Information**

The contents of the Group's websites and all other websites mentioned in this Prospectus do not form part of this Prospectus. The information on such websites has not been scrutinized or approved by the CSSF.

Except for this Prospectus, any prospectus supplement and/or update report and the information about the Retail Investors Offer Price, Institutional Investors Offer Price and the final number of the Offer Shares offered to the investors in each tranche published in compliance with the requirements of the Prospectus Regulation, the information on the websites of the Issuer, the Selling Shareholders and the Banks or the information contained on the websites to which the websites of the Issuer, the Selling Shareholders and the Banks are linked do not constitute a part of this Prospectus.

### **Delivery and Enforceability of Foreign Court Judgments**

The Issuer has been established and operates in accordance with Luxembourg law. The assets of the Issuer are principally situated in Luxembourg. Therefore, in matters that are not subject to the jurisdiction of the Luxembourg courts, it may be difficult for investors who are not subject to the Luxembourg jurisdiction to successfully deliver to the Issuer any letters or judgments issued in courts outside the European Union in connection with any proceedings conducted against such persons with respect to the Offering or the Offer Shares.

In each of Poland and Luxembourg, being Member States, Regulation No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters ("**Regulation 1215/2012**") is applied directly. Under Regulation 1215/2012, the recognition of judgments of courts of the Member States in each of Poland and Luxembourg does not require any special procedure in order to be recognized in either Member States. In addition, the enforcement of judgments of courts of the Member States in each of Poland and Luxembourg does not require a declaration of enforceability in separate proceedings. The relevant court, at the request of the person against whom a motion was submitted for the recognition and enforcement of a judgment may refuse to recognize and enforce the judgment if any of the following occur: (i) the recognition and enforcement would undoubtedly contradict the public policy system of the relevant Member State; (ii) where the judgment was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defense, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so; (iii) if the judgment is irreconcilable with the judgment given between the same parties in the Member State addressed; (iv) if the judgment is irreconcilable with an earlier judgment given in another Member State or in a third state in a dispute involving the same cause of action and between the same parties, provided that the earlier judgment satisfies the conditions necessary for it to be recognized in the relevant Member State; or (v) if the judgment contradicts Regulation 1215/2012 regarding jurisdiction over matters concerning insurance, consumer agreements or individual contracts of employment if the defendant was the insurer, the insured, the beneficiary under insurance, an injured party, a consumer or an employee and Regulation 1215/2012 regarding exclusive jurisdiction. The Issuer cannot give any assurance that all of the conditions for the enforcement of foreign judgments in Poland and/or Luxembourg, as the case may be, will be met or that any particular judgment will be enforceable in Poland and/or Luxembourg, as the case may be.

With respect to a judgment issued by courts of a state that is not party to any relevant bilateral or multilateral treaty with Poland regarding the recognition of judgments and which is not a Member State, the Polish Code of Civil Procedure provides, in principle, that foreign court judgments in civil matters that may be enforced become enforcement titles after their enforceability is declared by a Polish court and after an enforcement clause is attached thereto. A judgment is declared enforceable if it is enforceable in the country in which it was issued and if none of the following obstacles exist: (i) the judgment is not final and non-appealable in the country in which it was issued; (ii) the judgment was issued in a matter that

was subject to the exclusive jurisdiction of the Polish courts; (iii) a defendant who did not accede to the dispute as to the merits of the case was not duly served a letter on the commencement of the proceedings within a sufficient time to allow for the preparation of a defense; (iv) in the course of the proceedings, no party was deprived of its right to defense; (v) a case regarding the same claim between the same parties was commenced in Poland prior to the commencement of the case in a foreign state (or, before any other Polish or foreign state authority); (vi) the judgment contradicts a prior foreign court judgment (or a judgment issued by any other Polish or foreign state authority) which satisfied the conditions of being recognized in Poland which was issued in a matter regarding the same claim between the same parties; and (vii) the judgment is considered as being in breach of the legal order of Poland (a public order clause).

With respect to a judgment issued by courts of a state that is not party to any relevant bilateral or multilateral treaty with Luxembourg regarding the recognition of judgments and which is not a Member State, a judgment obtained against a Luxembourg company in such court in a dispute with respect to which the parties have validly agreed that such court is to have jurisdiction, such judgment will not be directly enforced by the courts in Luxembourg. In order to obtain a judgment which is enforceable in Luxembourg, enforcement proceedings must be initiated in Luxembourg (*exequatur*) before the Luxembourg District Court (*Tribunal d'Arrondissement*) subject to compliance with the relevant provisions of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*) and Luxembourg case law, being:

- the court awarding the judgment has personal and subject matter jurisdiction to adjudicate the respective matter according to its applicable laws and Luxembourg private international law rules on conflict of jurisdiction and the choice of venue was proper;
- the judgment rendered by the relevant court is final and enforceable (*exécutoire*);
- the court awarding the judgment has applied to the dispute the substantive law which would have been applied by Luxembourg courts or, at least, the order must not contravene the principles underlying those rules (based on case law and legal doctrine, it is not certain that this condition would still be required for an *exequatur* to be granted by a Luxembourg court);
- the judgment must have been granted in compliance with the rights of the defendant to appear in accordance with European Convention of Human Rights Convention and European Court of Human Rights case law, and if the defendant appeared, to present its case;
- the court awarding the judgment has acted in accordance with its own procedural laws; and
- the considerations of the foreign order, as well as the judgment, do not contravene international public policy as understood under the laws of Luxembourg or have been given proceedings of a criminal or tax nature or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*).

If an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law amongst others and notably (i) if the choice of such foreign law was not made in good faith (*bona fide*), (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg's international public policy. Also, an *exequatur* may be refused in respect of a foreign judgment granting punitive damages. In practice, Luxembourg courts presently tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review. Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than Euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than Euro. However, enforcement of the judgment against any party in Luxembourg would be available only in Euro and for such purposes all claims or debts would be converted into Euro.

In addition, the Issuer, Cidinan and Mepinan are entities existing and operating under the laws of Luxembourg and thus notices and demands regarding the recognition and enforcement of judgments issued against the Issuer or such Selling Shareholders, including by the Polish courts, in connection with the Offering and the Offer Shares will specifically have to comply with the regulations of the laws of Luxembourg.

Permira VI is an entity created and operating under English law. A final judgment obtained in the courts of England will be recognized and enforced by the courts of Luxembourg in accordance with, and subject to the rules established in the Regulation 1215/2012 and article 67 of the Withdrawal Agreement. Once Regulation 1215/2012 no longer applies by virtue of article 67 of the Withdrawal Agreement (currently being after the end of the transition period ending on December 31, 2020), a final judgment obtained in the courts of England will be recognized and enforced by the courts of Luxembourg in accordance with general provisions of Luxembourg procedural law for the enforcement of foreign judgments originating

from countries which are not bound by Regulation 1215/2012 and where the Lugano Convention or the 2005 Hague Convention do not apply.

Pursuant to such rules, an English judgment would not directly be enforceable in Luxembourg. However, a party who obtains an English judgment may initiate enforcement proceedings in Luxembourg (exequatur), by requesting the enforcement of such English judgment from the District Court (*Tribunal d'Arrondissement*), pursuant to Section 678 of the Luxembourg New Code of Civil Procedure. The District Court will authorize the enforcement in Luxembourg of the English judgment without re-examination of the merits, if it is satisfied that the following conditions are met:

- (a) the English judgment is enforceable (*exécutoire*) in the jurisdiction of the English courts;
- (b) the assumption of jurisdiction (*compétence*) of the English courts is founded according to Luxembourg private international law rules;
- (c) the English court has acted in accordance with its own procedural rules and has applied to the dispute the substantive law which would have been applied by Luxembourg courts;
- (d) the principles of fair trial and due process have been complied with and in particular the judgment was granted following proceedings where the counterparty had the opportunity to appear, and if appeared, to present a defense; and
- (e) the English judgment does not contravene Luxembourg public policy and has not been obtained fraudulently.

## Exchange Rate Information

### Euro-Zloty Exchange Rates

The table below sets forth the period end, average, high and low exchange rates for the euro expressed in zloty per euro for the years indicated. The average exchange rate is calculated as the arithmetical average of the exchange rates for each day of a given period as quoted by the NBP on business days between 11:45 a.m. and 12:15 p.m. In cases when, for a certain day, the exchange rate is not quoted, the exchange rate from the last day when the quotation took place is taken into account.

Year Ended December 31,	Period Ending	Average <sup>(1)</sup>	High	Low
		<i>PLN per EUR</i>		
2017 .....	4.1709	4.2583	4.4157	4.1709
2018 .....	4.3000	4.2617	4.3978	4.1423
2019 .....	4.2585	4.2988	4.3891	4.2406

Source: NBP

<sup>(1)</sup> The average exchange rate published by the NBP, expressed in zloty per euro. The average exchange rate is calculated as the arithmetical average of the exchange rates for each day of a given period. When the exchange rate for a certain day is not quoted, the exchange rate from the last day when the quotation took place is taken into account.

The table below sets forth the period end, high and low exchange rates for the euro expressed in zloty per euro, for each of the six months prior to the date of this Prospectus.

Month	Period Ending	High	Low
		<i>PLN per EUR</i>	
March 2020 .....	4.5523	4.6044	4.2993
April 2020 .....	4.5424	4.5792	4.5175
May 2020 .....	4.4503	4.5693	4.4264
June 2020 .....	4.4660	4.4660	4.3859
July 2020 .....	4.4072	4.4916	4.3987
August 2020 .....	4.3969	4.4168	4.3864
September 2020 (through September 18, 2020) .....	4.4574	4.4574	4.4004

Source: NBP

The rates above may differ from the actual rates used in the preparation of the Group's consolidated financial statements and other financial information appearing in this Prospectus. The Group's inclusion of the exchange rates is not meant to suggest that the zloty amounts actually represent such euro amounts or that such amounts could have been converted into euro at the rates indicated or at any other rate.

### ***Dollar-Zloty Exchange Rates***

The table below sets forth the period end, average, high and low exchange rates for the U.S. dollar expressed in zloty per U.S. dollar for the years indicated. The average exchange rate is calculated as the arithmetical average of the exchange rates for each day of a given period as quoted by the NBP on business days between 11:45 a.m. and 12:15 p.m. In cases when, for a certain day, the exchange rate is not quoted, the exchange rate from the last day when the quotation took place is taken into account.

<b>Year Ended December 31,</b>	<b>Period Ending</b>	<b>Average<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
		<i>PLN per USD</i>		
2017 .....	3.4813	3.7782	4.2271	3.4813
2018 .....	3.7597	3.6117	3.8268	3.3173
2019 .....	3.7977	3.8399	4.0154	3.7243

Source: NBP

<sup>(1)</sup> The average exchange rate published by the NBP, expressed in zloty per U.S. dollar. The average exchange rate is calculated as the arithmetical average of the exchange rates for each day of a given period. When the exchange rate for a certain day is not quoted, the exchange rate from the last day when the quotation took place is taken into account.

The table below sets forth the period end, high and low exchange rates for the U.S. dollar expressed in zloty per U.S. dollar, for each of the six months prior to the date of this Prospectus.

<b>Month</b>	<b>Period Ending</b>	<b>High</b>	<b>Low</b>
		<i>PLN per USD</i>	
March 2020 .....	4.1466	4.2654	3.7899
April 2020 .....	4.1729	4.2396	4.1519
May 2020 .....	4.0031	4.2269	4.0031
June 2020 .....	3.9806	3.9806	3.9058
July 2020 .....	3.7166	3.9764	3.7166
August 2020 .....	3.6924	3.7558	3.6732
September 2020 (through September 18, 2020) .....	3.7585	3.7715	3.6796

Source: NBP

The rates above may differ from the actual rates used in the preparation of the Group's consolidated financial statements and other financial information appearing in this Prospectus. The Group's inclusion of the exchange rates is not meant to suggest that the zloty amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollar amounts at the rates indicated or at any other rate.

The Financial Statements are presented in Polish zloty, which is the Issuer's presentation and functional currency, due to the fact that the operating activities of the Group are conducted in Poland.

## REASONS FOR THE OFFERING AND USE OF PROCEEDS

### Background to, and Reasons for, the Offering and the Admission

The Group believes that the Offering and the Admission are a logical and significant next step for the Group in its development and that their timing is appropriate, given its current profile and level of maturity.

The Group believes that the Offering will strengthen its financial position by enabling it to repay part of its outstanding debt. The Admission is also expected to further support the Group's growth plans by increasing the Group's public profile and brand awareness.

The Directors expect the Offering and the Admission to create a new long-term shareholder base for the Group as well as liquidity for its existing and future shareholders. The Offering provides the Selling Shareholders with an opportunity to partially realize their investment in the Group. It is the intention of the Group and the Selling Shareholders to create a meaningful free float in the Shares on Admission. The Group also believes that the Admission will assist it in incentivizing the management team and senior staff and attracting high caliber individuals to join the Group in the future, by way of awards of listed Shares, aligning their interests with the interests of shareholders.

### Use of Proceeds

The Group will not receive any proceeds from the sale of the Existing Sale Shares and/or the sale of any Over-Allotment Shares by the Selling Shareholders, the proceeds of which will be received by the Selling Shareholders.

The Group expects to receive approximately PLN 900.5 million of net cash proceeds from the sale of approximately PLN 1,000.0 million of New Sale Shares after deducting the costs and expenses of the Offering discussed in "*Costs and Expenses of the Offering*" below.

The Group intends to use the expected net proceeds of the issue of the New Sale Shares, together with borrowings under New Senior Facility B to repay its debt outstanding under the Existing Term Facilities (including the payment of certain fees relating to the refinancing) in order to improve its net leverage, which the Group believes will provide it with greater financial flexibility. See "*Business—Material Contracts—Financing Agreements*." Remaining amounts following the refinancing will be used for the general corporate purposes of the Group.

As of December 31, 2019, the Group had total borrowings of PLN 6,336.9 million and net debt of PLN 6,018.6 million, resulting in net leverage of 4.5x. As of June 30, 2020, the Group had total borrowings of PLN 6,169.5 million and net debt of PLN 5,673.2 million, resulting in net leverage of 3.7x. Subject to, and as further discussed under, "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Outlook*," the Group is targeting net leverage below 3.0x for the year ending December 31, 2020.

### Costs and Expenses of the Offering

The total costs and expenses of the Offering consist of the Banks' commissions or fees, non-cash expenses of the IPO Share Grant (as defined in "*Management—Investment Opportunities and Incentive Plans—Allegro Incentive Plan*") and other associated expenses (e.g., fees for legal and accounting services, fees incurred in connection with the marketing activities and fees relating to the approval of this Prospectus and admission of the Shares to trading on the Warsaw Stock Exchange). The Issuer estimates its total expenses relating to the Offering will amount to up to approximately PLN 125.0 million (approximately EUR 28.0 million), which includes PLN 25.5 million of non-cash expenses relating to the IPO Share Grant.



## **DIVIDENDS AND DIVIDEND POLICY**

### **Dividend History**

The Issuer has not paid any dividends from its net profits. In connection with previous recapitalization transactions, the Issuer has distributed share premiums to its shareholders. See "*Certain Relationships and Related Party Transactions—Distributions to Shareholders.*"

### **Dividend Policy**

The Group intends to retain future earnings to reduce leverage and pursue the various opportunities available to grow and strengthen its competitive position. The Group will review its dividend policy on an ongoing basis but does not expect to declare or pay any dividends for the foreseeable future. For more detailed information regarding dividend payments please see "*Description of Share Capital and Corporate Governance—Dividends.*" For more detailed information regarding the taxation of dividends please see "*Taxation.*"

## CAPITALIZATION AND INDEBTEDNESS

The following tables present the capitalization, net financial debt and contingent liabilities of the Group as of June 30, 2020, each based on the financial information of the Group. This section should be read together with the Financial Statements and the notes thereto.

### Working Capital

The Issuer is of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next twelve months commencing as of the date of this Prospectus.

### Capitalization and Indebtedness

The table below sets forth the capitalization of the Issuer on a historical consolidated basis and as adjusted to give effect to the expected receipt by the Issuer of net proceeds from the Offering of the New Sale Shares and the refinancing of the Group's existing indebtedness. See "Reasons for the Offering and Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Impact of the Offering and the Refinancing" and "Business—Material Contracts—Financing Agreements."

	As of June 30, 2020	
	(unaudited)	
	Actual	As Adjusted
	<i>in PLN millions</i>	
Cash and cash equivalents <sup>(1)</sup> .....	574.8	719.8
<b>Total current debt</b> <sup>(2)</sup> .....	<b>365.8</b>	<b>27.0</b>
<b>Total non-current debt</b> <sup>(2)</sup> .....	<b>5,882.1</b>	<b>5,551.4</b>
<b>Shareholders' Equity</b> .....	<b>6,923.9</b>	<b>7,923.9</b>
of which net assets attributable to non-controlling interests .....	13.1	13.1
of which net assets attributable to shareholders .....	6,910.8	7,910.8
Share capital <sup>(3)</sup> .....	434.2	434.5
Capital reserve <sup>(3)</sup> .....	5,136.3	6,136.0
Other reserves .....	(12.4)	(12.4)
Cash flow hedge reserve .....	(88.8)	(88.8)
Exchange differences on translating foreign operations .....	1.4	1.4
Retained earnings .....	1,150.2	1,150.2
Net result <sup>(4)</sup> .....	289.9	289.9
<b>Total capitalization</b> <sup>(5)</sup> .....	<b>13,171.8</b>	<b>13,502.3</b>

### Net Indebtedness

	As of June 30, 2020	
	(unaudited)	
	Actual	As Adjusted
	<i>in PLN millions</i>	
Cash and cash equivalents <sup>(1)</sup> .....	574.8	719.8
<b>Liquidity (A)</b> .....	<b>574.8</b>	<b>719.8</b>
Current borrowings <sup>(2)</sup> .....	338.8	-
Current lease liabilities .....	27.0	27.0
<b>Current financial debt (B)</b> .....	<b>365.8</b>	<b>27.0</b>
<b>Net current financial indebtedness (C) = (B)-(A)</b> .....	<b>(209.0)</b>	<b>(692.8)</b>
Non-current borrowings <sup>(2)</sup> .....	5,830.7	5,500.0
Non-current lease liabilities .....	51.4	51.4
<b>Non-current financial indebtedness (D)</b> .....	<b>5,882.1</b>	<b>5,551.4</b>
<b>Net debt (C)+(D)</b> .....	<b>5,673.1</b>	<b>4,858.6</b>

<sup>(1)</sup> "As adjusted" cash and cash equivalents includes the effects of (a) cash inflows of (i) PLN 1,000.0 million of estimated net proceeds from the New Sale Shares and (ii) PLN 5,440.0 million of proceeds from borrowings under New Senior Facility B (gross proceeds of PLN 5,500.0 million received net of PLN 60 million of arrangement fees relating to the New Facilities) and (b) cash outflows of (i) PLN 99.5 million of estimated cash expenses relating to the Offering, (ii) PLN 6,169.5 million for the repayment of borrowings outstanding as of June 30, 2020 under the Existing Term Facilities and (iii) PLN 26.0 million early repayment fees of the Existing Facilities.

<sup>(2)</sup> "As adjusted" reflects repayment in full of the relevant indebtedness under the Existing Term Facilities with borrowings under New Senior Facility B as described under "Reasons for the Offering and Use of Proceeds."

<sup>(3)</sup> "As adjusted" share capital and capital reserve include the effect of PLN 1,000.0 million of gross proceeds from the New Sale Shares.

<sup>(4)</sup> "As adjusted" net result does not include estimated one-off costs connected with the Offering in the amount of up to approximately PLN 125.0 million (comprising cash expenses of up to approximately PLN 99.5 million and non-cash expenses of PLN 25.5 million in connection with the IPO Share

Grant) or the one-off financial cost of derecognition of PLN 147.2 million of deferred borrowing costs associated with the Existing Facilities that will cease to be recoverable when the refinancing of the Existing Facilities takes place.

<sup>(5)</sup> Total capitalization reflects total current debt and total non-current debt plus shareholders' equity.

There have been no material changes in the capitalization or indebtedness of the Issuer from June 30, 2020 to the date of this Prospectus other than as described herein.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Group's selected financial information and other data presented below should be read in conjunction with the information contained in "Reasons for the Offering and Use of Proceeds," "Capitalization and Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements included elsewhere in this Prospectus.

The following selected financial information as of and for the years ended December 31, 2017, 2018 and 2019 has been derived from the Annual Financial Statements included elsewhere in this Prospectus. PricewaterhouseCoopers, *Société coopérative* has audited the Annual Financial Statements included herein.

The following selected interim financial information as of June 30, 2020 and for the six-month periods ended June 30, 2019 and 2020, has been derived from the Interim Financial Statements included elsewhere in this Prospectus. PricewaterhouseCoopers, *Société coopérative* has reviewed the Interim Financial Statements.

In this Prospectus, the Issuer presents certain unaudited historical financial information for the Group for the LTM Period. The financial information for the LTM Period reflects an arithmetic calculation generated by adding the unaudited interim consolidated financial information of the Issuer for the six months ended June 30, 2020 extracted from the Interim Financial Statements, to the consolidated financial information of the Issuer for the year ended December 31, 2019 extracted from the Annual Financial Statements and subtracting the unaudited interim consolidated financial information of the Issuer for the six months ended June 30, 2019 extracted from the Interim Financial Statements. See "Important Information—Presentation of Financial Information—LTM Period Financial Information."

The operational data for the LTM Period has been derived by adding the amounts for the six months ended June 30, 2020 and the amounts for the year ended December 31, 2019 and subtracting the amounts for the six months ended June 30, 2019.

### Summary Consolidated Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2017	2018	2019	2019	2020	2020
				<i>Unaudited</i>		<i>Unaudited</i>
	<i>(PLN in millions)</i>					
Net revenue.....	1,662.7	1,978.0	2,592.3	1,166.5	1,770.1	3,196.0
Operating expenses.....	(1,018.3)	(880.0)	(1,266.9)	(541.4)	(981.6)	(1,707.1)
Payment charges.....	(124.0)	(129.5)	(133.7)	(67.6)	(74.2)	(140.3)
Cost of goods sold.....	(131.5)	(57.0)	(120.4)	(36.6)	(82.3)	(166.1)
Net costs of delivery.....	-	(49.6)	(268.5)	(104.4)	(246.2)	(410.3)
Marketing service expenses.....	(170.0)	(280.3)	(306.9)	(126.6)	(273.3)	(453.6)
Staff costs.....	(200.3)	(243.3)	(294.4)	(141.8)	(202.9)	(355.5)
IT service expenses.....	(29.8)	(35.2)	(39.9)	(17.6)	(27.2)	(49.5)
Other expenses.....	(75.1)	(84.5)	(101.6)	(45.4)	(75.4)	(131.6)
Transaction costs.....	(287.7)	(0.7)	(1.4)	(1.4)	-	-
Operating profit before amortization and depreciation	644.4	1,098.0	1,325.4	625.1	788.6	1,488.9
Amortization and Depreciation.....	(382.7)	(421.7)	(439.3)	(216.9)	(228.2)	(450.6)
Amortization.....	(328.8)	(364.6)	(383.6)	(189.5)	(197.4)	(391.4)
Depreciation.....	(53.9)	(57.1)	(55.7)	(27.3)	(30.8)	(59.2)
Operating profit.....	261.7	676.3	886.1	408.2	560.4	1,038.3
Net Financial result.....	(206.1)	(316.0)	(373.0)	(161.8)	(183.7)	(394.9)
Financial income.....	111.6	7.1	11.0	8.6	12.8	15.3
Financial costs.....	(317.7)	(323.0)	(384.0)	(170.4)	(196.5)	(410.1)
Profit before income tax.....	55.6	360.3	513.0	246.3	376.7	643.4
Income tax expenses.....	(49.9)	(88.4)	(120.0)	(50.6)	(87.0)	(156.4)
Net profit.....	5.8	271.9	393.1	195.7	289.7	487.0
Other comprehensive income/(loss).....	(0.3)	(18.2)	(3.2)	(6.1)	(65.7)	(62.8)
Total comprehensive income for the period.....	5.5	253.7	389.8	189.7	224.0	424.2

## Consolidated Statements of Financial Position

	As of December 31,			As of
	2017	2018	2019	June 30, 2020
				<i>Unaudited</i>
	<i>(PLN in millions)</i>			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill .....	8,582.4	8,582.4	8,631.3	8,631.3
Other intangible assets .....	5,124.0	4,844.7	4,627.1	4,514.8
Property, plant and equipment .....	196.3	164.1	147.7	156.5
Loans granted .....	16.0	11.7	9.3	10.5
Deferred tax assets .....	10.3	10.5	9.7	29.9
Investments .....	0.4	0.4	0.4	0.4
<b>Total non-current assets .....</b>	<b>13,929.5</b>	<b>13,613.7</b>	<b>13,425.6</b>	<b>13,343.4</b>
<b>Current assets</b>				
Inventory .....	7.3	8.2	20.1	15.1
Trade and other receivables .....	264.9	340.0	423.7	465.4
Prepayments <sup>(1)</sup> .....	-	-	-	67.4
Other financial assets .....	7.9	6.4	4.8	4.2
Income tax receivables .....	-	-	-	5.4
Cash and cash equivalents .....	356.4	794.0	403.9	574.8
<b>Total current assets .....</b>	<b>636.5</b>	<b>1,148.6</b>	<b>852.4</b>	<b>1,132.1</b>
<b>Total assets .....</b>	<b>14,566.0</b>	<b>14,762.3</b>	<b>14,278.0</b>	<b>14,475.5</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital .....	830.5	830.0	434.2	434.2
Capital reserve .....	7,426.4	7,421.9	5,141.1	5,136.3
Exchange differences on translating foreign operations .....	(0.3)	0.4	0.6	1.4
Cash flow hedge reserve .....	-	(18.9)	(22.3)	(88.8)
Other reserves .....	1.9	5.3	(33.6)	(12.4)
Retained earnings .....	540.3	546.1	758.8	1,150.2
Net result .....	5.8	271.9	391.4	289.9
<b>Equity allocated to shareholders of the Parent .....</b>	<b>8,804.6</b>	<b>9,056.7</b>	<b>6,670.2</b>	<b>6,910.8</b>
<b>Non-controlling interests .....</b>	<b>-</b>	<b>-</b>	<b>13.4</b>	<b>13.1</b>
<b>Total equity .....</b>	<b>8,804.6</b>	<b>9,056.7</b>	<b>6,683.6</b>	<b>6,923.9</b>
<b>Non-current liabilities</b>				
Borrowings .....	4,578.2	4,416.2	6,001.2	5,830.7
Lease liabilities .....	103.2	85.5	59.8	51.4
Written put option liability .....	-	-	21.0	-
Other financial liabilities .....	8.7	38.8	36.9	118.3
Deferred tax liability .....	701.1	675.1	643.5	625.8
Liabilities to employees .....	4.5	11.1	22.6	28.0
<b>Total non-current liabilities .....</b>	<b>5,395.7</b>	<b>5,226.6</b>	<b>6,784.9</b>	<b>6,654.3</b>
<b>Current liabilities</b>				
Borrowings .....	83.2	209.7	335.7	338.8
Lease liabilities .....	21.0	21.4	25.8	27.0
Written put option liability .....	-	-	22.2	28.9
Other financial liabilities .....	-	-	2.0	-
Income tax liability .....	52.9	10.8	14.9	58.3
Trade and other liabilities .....	177.9	211.6	349.2	373.9
Liabilities to employees .....	30.7	25.6	59.6	70.5
<b>Total current liabilities .....</b>	<b>365.7</b>	<b>479.0</b>	<b>809.5</b>	<b>897.3</b>
<b>Total equity and liabilities .....</b>	<b>14,566.0</b>	<b>14,762.3</b>	<b>14,278.0</b>	<b>14,475.5</b>

<sup>(1)</sup> For the years ended December 31, 2019, 2018 and 2017, prepayments were included in the line item "trade and other receivables."

## Consolidated Statement of Cash Flows

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2017	2018	2019	2019	2020	2020
				<i>Unaudited</i>		<i>Unaudited</i>
	<i>(PLN in millions)</i>					
<b>Profit before income tax</b>	<b>55.6</b>	<b>360.3</b>	<b>513.0</b>	<b>246.3</b>	<b>376.7</b>	<b>643.4</b>
Amortization and depreciation .....	382.7	421.7	439.3	216.9	228.2	450.6
Net interest expense .....	308.7	305.0	375.5	166.0	188.9	398.4
Revolving facility availability fee .....	3.7	3.2	3.2	1.5	1.6	3.4
Net (gain)/loss exchange differences .....	(133.8)	2.8	(1.5)	(1.4)	3.4	3.2
Interest on lease liability .....	3.8	8.1	3.8	2.0	1.6	3.4
Valuation of financial assets – net .....	8.7	0.8	-	-	(9.5)	(9.5)
Non-cash employee benefits expense – Share-based payments .....	1.9	3.3	4.3	2.3	2.0	4.0
Net (gain)/loss on sale of non-current assets .....	-	(0.9)	(0.3)	(0.2)	(0.3)	(0.3)
(Increase)/Decrease in trade and other receivables .....	(86.2)	(75.1)	(81.6)	32.9	(110.8)	(225.2)
(Increase)/Decrease in inventories .....	9.6	(0.9)	(11.8)	(4.5)	5.0	(2.3)
Increase/(Decrease) in trade and other liabilities .....	(116.1)	37.5	121.0	3.0	26.8	144.8
Increase/(Decrease) in liabilities to employees .....	32.3	1.5	44.7	17.9	16.3	43.1
<b>Cash provided by operating activities</b> .....	<b>470.9</b>	<b>1,067.3</b>	<b>1,409.7</b>	<b>682.6</b>	<b>730.0</b>	<b>1,457.0</b>
Income tax paid .....	(30.8)	(148.7)	(163.1)	(71.3)	(62.4)	(154.3)
<b>Net cash inflow/(outflow) from operating activities</b> .....	<b>440.1</b>	<b>918.6</b>	<b>1,246.5</b>	<b>611.3</b>	<b>667.6</b>	<b>1,302.8</b>
<b>Cash flows from investing activities</b>						
Payments for property, plant and equipment and intangible assets .....	(67.3)	(116.5)	(143.0)	(70.6)	(119.0)	(191.4)
Loans granted .....	(25.9)	-	(0.4)	(0.4)	(1.7)	(1.7)
Repayment of loans granted .....	-	0.2	3.2	2.7	0.9	1.4
Inflows from sale of non-financial assets and other .....	-	4.3	0.3	(0.2)	(0.1)	0.4
Acquisition of subsidiary (net of cash acquired) .....	(13,259.3)	-	(63.0)	(63.0)	(4.4)	(4.4)
<b>Net cash inflow/(outflow) from investing activities</b> .....	<b>(13,352.5)</b>	<b>(112.0)</b>	<b>(202.9)</b>	<b>(131.4)</b>	<b>(124.4)</b>	<b>(195.8)</b>
<b>Cash flows from financing activities</b>						
Proceeds from capital increase .....	8,853.4	-	-	-	-	-
Repayment of share premium .....	(46.3)	-	(2,736.0)	(2,736.0)	-	-
Borrowings received .....	4,776.3	-	1,959.5	1,959.5	-	-
Borrowings repaid .....	(42.0)	(45.5)	(215.8)	(59.0)	(172.5)	(329.3)
Interest paid .....	(245.2)	(299.1)	(396.4)	(187.3)	(172.1)	(381.2)
Lease payments .....	(24.6)	(21.0)	(24.8)	(12.1)	(14.6)	(27.3)
Revolving facility availability fee payments .....	(2.9)	(3.4)	(3.8)	(1.5)	(1.6)	(3.9)
Senior debt upside costs .....	-	-	(16.5)	-	-	(16.5)
Interest rate hedging instrument settlements .....	-	-	-	(7.4)	(11.5)	(4.1)
Receipts from other financial activities .....	-	-	-	(16.1)	-	16.1
<b>Net cash inflow/(outflow) from financing activities</b> .....	<b>13,268.8</b>	<b>(369.0)</b>	<b>(1,433.8)</b>	<b>(1,059.9)</b>	<b>(372.3)</b>	<b>(746.2)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b> .....	<b>356.4</b>	<b>437.6</b>	<b>(390.2)</b>	<b>(580.0)</b>	<b>170.9</b>	<b>360.8</b>
Cash and cash equivalents at the beginning of the period ...	-	356.4	794.0	794.0	403.9	214.0
Cash and cash equivalents at the end of the period .....	356.4	794.0	403.9	214.0	574.8	574.8

## Other Financial and Operating Data

The following measures are used by the Group's management to monitor and manage operational risk and financial performance. Certain of these measures are APMs that are not calculated in accordance with IFRS. For more information regarding the APMs, see "*Presentation of Financial Information—Alternative Performance Measures.*"

	As of and for the year ended December 31,			As of and for the six months ended June 30,		Twelve months ended June 30,
	2017	2018	2019	2019	2020	2020
	<i>Unaudited</i>			<i>Unaudited</i>		<i>Unaudited</i>
Active Buyers (millions) <sup>(1)</sup> .....	9.3	10.4	11.4	10.9	12.3	12.3
GMV per Active Buyer (PLN) <sup>(2)</sup> .....	1,711	1,741	1,985	1,856	2,295	2,295
GMV (PLN in millions) <sup>(3)</sup> .....	15,966.7	18,185.4	22,801.0	10,361.6	16,006.5	28,445.9
Take Rate (%) <sup>(4)</sup> .....	8.0	8.9	9.3	9.3	9.1	9.1
Adjusted EBITDA (PLN in millions) <sup>(5)</sup> .....	952.8	1,114.8	1,338.1	631.4	808.0	1,514.7
Adjusted EBITDA/net revenue (%) <sup>(6)</sup> .....	57.3	56.4	51.6	54.1	45.6	47.4
Adjusted EBITDA/GMV (%) <sup>(7)</sup> .....	6.0	6.1	5.9	6.1	5.0	5.3

- (1) "Active Buyers" represents, as of the end of a period, each unique email address connected with a buyer that has made a purchase on Allegro.pl (excluding eBilet) in the preceding twelve months.
- (2) "GMV per Active Buyer" represents GMV for the twelve months preceding the end of a period (excluding eBilet's tickets sales) divided by the number of Active Buyers at the end of such period.
- (3) "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).
- (4) "Take Rate" represents the ratio of marketplace revenue divided by GMV after deducting the GMV generated by 1P retail sales (grossed up for VAT).
- (5) "Adjusted EBITDA" represents operating profit before amortization and depreciation 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, bonuses for employees and funds spent on sanitary protection of employees and Investment Opportunities. 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 Prospectus because it is a measure that the Group's management uses to assess the Group's operating performance. For a description of the limitations of Adjusted EBITDA as a financial measure, see "*Presentation of Financial Information—Alternative Performance Measures.*"

The following table reconciles net profit to Adjusted EBITDA for the periods indicated.

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2017	2018	2019	2019	2020	2020
	<i>Unaudited</i>			<i>Unaudited</i>		<i>Unaudited</i>
	<i>(PLN in millions)</i>					
Net profit .....	5.8	271.9	393.1	195.7	289.7	487.0
Income tax expenses .....	49.9	88.4	120.0	50.6	87.0	156.4
Net financial result .....	206.1	316.0	373.0	161.8	183.7	394.9
Amortization .....	328.8	364.6	383.6	189.5	197.4	391.4
Depreciation .....	53.9	57.1	55.7	27.3	30.8	59.2
Operating profit before amortization and depreciation .....	644.4	1,098.0	1,325.4	625.1	788.6	1,488.9
Transaction costs <sup>(A)</sup> .....	287.7	0.7	1.4	1.4	-	-
Monitoring costs <sup>(B)</sup> .....	3.1	3.2	3.3	1.8	1.7	3.2
Market strategy preparation costs <sup>(C)</sup> .....	12.7	-	-	-	-	-
Employee restructuring costs <sup>(D)</sup> .....	0.9	6.0	-	-	-	-
Regulatory proceeding costs <sup>(E)</sup> .....	-	2.1	2.9	0.4	2.0	4.5
Group restructuring costs <sup>(F)</sup> .....	2.0	1.6	0.9	0.6	2.7	3.0
Donations to various public benefit organizations <sup>(G)</sup> .....	-	-	-	-	3.7	3.7
Bonus for employees and funds spent on sanitary protection of employees <sup>(H)</sup> .....	-	-	-	-	2.5	2.5
Investment Opportunities <sup>(I)</sup> .....	1.9	3.3	4.3	2.1	6.9	9.0
<b>Adjusted EBITDA</b> .....	<b>952.8</b>	<b>1,114.8</b>	<b>1,338.1</b>	<b>631.4</b>	<b>808.0</b>	<b>1,514.7</b>

- (A) Transaction costs represent transaction costs related to certain acquisitions, namely the Acquisition of the Group in 2017 and the acquisition of eBilet in 2019.
- (B) Monitoring costs represent expenses incurred in relation to performance of advisory services by the shareholders of the Group, including travel expenses and expenses for services provided for projects outside the usual scope of its business.
- (C) Market strategy preparation costs represent consulting costs related to the marketplace commercial strategy preparation.
- (D) Employee restructuring costs represent certain payments to members of management related to reorganization of the Management Boards of the underlying operating companies and previous shareholder carve out related costs.
- (E) Regulatory proceeding costs represents legal costs related to regulatory proceedings. The Polish competition authority, the OCCP, conducted an inspection at Allegro's offices in June 2017 related to antitrust proceedings against Allegro.pl concerning the alleged abuse of a dominant position by Allegro.pl on the Polish market for online B2C intermediary sales services. The OCCP's investigation is still at a preliminary stage and the Group cannot speculate on the potential outcome.

- (F) Group restructuring costs represents legal and financial due diligence expenses with respect to not concluded acquisitions of target companies and pre-IPO preparation costs.
- (G) Donations to various public benefit organizations represents donations made by the Group to support several public organizations during the COVID-19 pandemic.
- (H) Bonus for employees and funds spent on sanitary protection of employees represents expenses incurred by the Group to buy employees' sanitary protections and to pay employees' bonuses for the purchase of the necessary equipment to enable them to work remotely during the COVID-19 pandemic.
- (I) Investment Opportunities relates to share-based investment in which private individuals participate indirectly through an administrative/holding vehicle (Adiman S.C.Sp.) and directly via type C and D shares issued by Adinan Super Topco in the Group. The Investment Opportunities will cease to exist/be accomplished upon the public offering of shares of the Issuer.

(6) "Adjusted EBITDA/net revenue" represents Adjusted EBITDA divided by net revenue as shown in the following table.

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2017	2018	2019	2019	2020	2020
	Unaudited			Unaudited		Unaudited
	<i>(PLN in millions)</i>					
Adjusted EBITDA.....	952.8	1,114.8	1,338.1	631.4	808.0	1,514.7
Net revenue.....	1,662.7	1,978.0	2,592.3	1,166.5	1,770.1	3,196.0
<b>Adjusted EBITDA/net revenue.....</b>	<b>57.3%</b>	<b>56.4%</b>	<b>51.6%</b>	<b>54.1%</b>	<b>45.6%</b>	<b>47.4%</b>

(7) "Adjusted EBITDA/GMV" represents Adjusted EBITDA divided by GMV as shown in the following table.

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2017	2018	2019	2019	2020	2020
	Unaudited			Unaudited		Unaudited
	<i>(PLN in millions)</i>					
Adjusted EBITDA.....	952.8	1,114.8	1,338.1	631.4	808.0	1,514.7
GMV.....	15,966.7	18,185.4	22,801.0	10,361.6	16,006.5	28,445.9
<b>Adjusted EBITDA/GMV.....</b>	<b>6.0%</b>	<b>6.1%</b>	<b>5.9%</b>	<b>6.1%</b>	<b>5.0%</b>	<b>5.3%</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis should be read in conjunction with the information set out in "Presentation of Financial Information," "Capitalization and Indebtedness," "Selected Consolidated Financial Information" and "Historical Financial Information." This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly under the subheading "Important Information—Forward-Looking Statements" and the heading "Risk Factors."*

*The Annual Financial Statements have been prepared in accordance with IFRS as adopted by the European Union and the Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting," the standard of IFRS applicable to the preparation of interim financial statements. In making an investment decision, investors must rely upon their own examination of the Group, the terms and conditions of the Offering and the financial information included herein.*

*See "Industry and Market Data" for a discussion of how the Group defines and calculate its KPIs.*

### Overview

Allegro is the go-to commerce platform for Polish consumers and has delivered strong revenue growth, profitability and cash flow at scale. The Group operates the leading online marketplace in Poland, Allegro.pl, and the leading price comparison platform in Poland, Ceneo.pl (*Source: OC&C*).

Allegro.pl is the most recognized e-commerce brand in Poland (*Source: Gemius*). As of June 30, 2020, the Group's e-commerce marketplace had approximately 12.3 million Active Buyers who connected with approximately 117,000 merchants, which resulted in an average of 32 million monthly transactions in the twelve months ended June 30, 2020. Allegro.pl attracts visits from an average of 20 million internet users per month, which is equivalent to 63% of Polish residents ages 16 and above, and 76% of all internet users in Poland. Allegro.pl is one of the world's top ten e-commerce websites and among the top 100 websites in the world by visits per month (*Source: SimilarWeb*). Merchants on the Group's e-commerce marketplace sell across a variety of categories including automotive; home and garden; books, media, collectibles and art; fashion and shoes; electronics; kids; health and beauty; sports and leisure; and supermarket. Merchants primarily sell new products to buyers on the Group's e-commerce marketplace in the business-to-consumer business model ("B2C"). Consumer-to-consumer trade ("C2C") represented 3.5% of the Group's net revenue for the twelve months ended June 30, 2020.

Ceneo.pl is the leading multi-category price comparison site in Poland. Ceneo.pl is an established brand that attracted an average of 21 million monthly users in 2019 (*Source: Google Analytics*). As of June 30, 2020, 18,000 online retail stores were registered on Ceneo.pl and information on 23 million product offers was available to consumers using the price comparison service.

The Group also operates eBilet, which is the leading event ticket sales site in Poland, facilitating sales of a broad range of entertainment, cultural, family and sports events, with approximately 2.3 million tickets sold in the year ended December 31, 2019. The Group acquired 80% of eBilet in April 2019 and entered into an agreement in September 2020 to purchase the remaining 20%.

The Group's e-commerce marketplace generates revenue primarily through facilitating 3P transactions between buyers and merchants and charging merchants commissions and other related fees. The Group provides a range of supporting services to merchants to grow their sales using the platform, such as tools to monitor sales performance and manage offer competitiveness; integration with a range of payment providers; standardized delivery solutions and free-delivery programs; sales incentives for quality performance; marketing campaign support; and merchant finance solutions. In addition, the Group earns advertising revenue by providing various types of advertising opportunities to brands and merchants on the platform. The Group also has its own limited-scale, 1P retail operations that generate revenue by selling products directly to buyers on the e-commerce marketplace. The Group's 1P retail business is intended to be a supplement to the 3P business, representing 0.6% of the Group's gross merchandise value ("GMV") for both the year ended December 31, 2019 and the six months ended June 30, 2020.

The Group has the number one position in online retail in Poland and is the largest national non-food retailer by GMV (*Source: OC&C*). The Group's GMV of PLN 28,445.9 million (USD 7,568.4 million) for the twelve months ended June 30, 2020 was more than twelve times larger than its nearest online competitor in Poland. The Group's e-commerce marketplace

grew at a 20% CAGR from GMV of PLN 15,966.7 million (USD 4,248.2 million) for the year ended December 31, 2017 to PLN 22,801.0 million (USD 6,066.5 million) for the year ended December 31, 2019.

For the year ended December 31, 2019, the Group recorded net revenue of PLN 2,592.3 million (USD 689.7 million) and Adjusted EBITDA of PLN 1,338.1 million (USD 356.0 million), which represented increases of 31.1% and 20.0%, respectively, over the year ended December 31, 2018. For the six months ended June 30, 2020, the Group recorded revenue of PLN 1,770.1 million (USD 471.0 million) and Adjusted EBITDA of PLN 808.0 million (USD 215.0 million), which represented increases of 51.8% and 28.0%, respectively, as compared to the six months ended June 30, 2019.

### **Key Factors Affecting Results of Operations**

The factors discussed below have impacted the Group's results of operations for the periods presented in this Prospectus or are likely to impact the Group's results of operations in the future.

#### ***GMV Growth***

Growth in the GMV of the goods and services traded between buyers and merchants on the Group's e-commerce marketplace has been and will continue to be critical to the healthy financial development of the Group. The Group receives the vast majority of its revenue either directly from the various commissions and fees that the Group charges merchants for transactions completed on its e-commerce marketplace and online ticket sales platforms, or from advertising revenue that grows along with the level of activity on the Allegro platform.

Growth in GMV accordingly provides the foundation for strong growth in the Group's net revenue. GMV growth is also an important indicator of Allegro's overall health as it tends to result from increases in the numbers of buyers and merchants visiting the Group's e-commerce marketplace, together with increasing engagement and loyalty as evidenced by the frequency of visits and purchases, numbers of offers listed or numbers of products sold during a given period. Allegro's growth as evidenced by GMV growth in turn generates further positive network effects by attracting more buyers and merchants and further increasing user engagement. The Group refers to these network effects as the "flywheel" and much of the Group's strategy, including the development of new functionalities and commercial decision making, is directed at the maximization of these flywheel effects.

As a result of the primary and additional GMV growth drivers discussed below, the Group significantly accelerated its GMV growth over recent years with 13.9% growth for the year ended December 31, 2018 and 25.4% growth for the year ended December 31, 2019.

#### ***Primary GMV Growth Drivers***

The Group has sought to drive GMV growth through a combination of efforts to achieve excellence in the "retail basics" of selection, price and delivery experience, and the continuous development of the functionality of the Allegro platforms over time. GMV growth is further supported by the presence of certain secular market trends.

The Group's management approach is to focus on retail basics, platform functionality and commercial elements in order to accelerate the flywheel in a sustainable manner as the Group works to increase its share of the retail market. Following this approach, the Group prioritizes those areas that employees can influence directly and views operational results and key performance indicators ("**KPIs**") such as GMV, Active Buyers and GMV per Active Buyer, together with financial results, as the output of these efforts.

#### ***Retail Basics***

Following a strategic review in 2018, in order to drive GMV growth, the Group added excellence in the retail basics of wide selection, low prices and a fast, reliable and predictable delivery experience to its key objectives. The Group believes that establishing a competitive edge in these three areas is fundamental to satisfying the expectations of buyers when they visit the Group's e-commerce marketplace and that, over time, such positive experiences cause buyers to increase their shopping frequency on the Group's e-commerce marketplace and to consider alternative places to shop, including other marketplaces, less frequently, thereby driving both buyer loyalty and the flywheel.

As a result of its focus on retail basics, the Group has improved selection by establishing demanding targets to grow selection available on the Group's e-commerce marketplace, significantly increasing the number of active offers through a combination of targeting brands to start selling on the Group's e-commerce marketplace, improving onboarding experience for new merchants and for loading new offers and by improving usability of the platform for foreign merchants to cooperate with the Group, as well as by actively recruiting such foreign merchants from the European Union and China. Prices on the Group's e-commerce platform have been improved by the introduction of monitoring of online and offline pricing of

front catalogue products to establish price competitiveness KPIs and developed systems of automated nudges and commercial incentives to help merchants match or beat the lowest prices in the retail market. The Group also repurposed its 1P retail sales business to focus on stocking items that reduce either pricing or selection gaps that merchants have been unable to adequately close. The Group has also significantly improved the speed and predictability of delivery, supported by integrated track-and-trace information, as packages move from the merchant's stock locations to the buyer's home or chosen pick-up point, in addition to providing predicted delivery time information on the product offer listing, and began providing merchants with access to competitive delivery rates for their packages through bulk agreements with major delivery companies negotiated by the Group.

#### *Platform Enhancements and User Experience Improvements*

Over the past three years, the Group has mainly directed its platform development efforts into improving the buyers' and merchants' experiences in areas including: search and recommendation functionality; improving the ease of onboarding of both new buyers' and merchants' accounts; ensuring the availability of safe and secure payment methods, the use of which is optional for the buyer and merchants and is paid for by the Group; providing a consistent and professional look and feel of product offers so that the user experience is more comparable to online retailer websites selling their own merchandise; enhancing the functionality and ease of use of the Allegro app and responsive web design mobile versions of the Allegro.pl website such that almost all functionality available over a laptop or desktop computer is also available over mobile devices; improving the quality of customer services for both buyers and merchants; increasing the amount and quality of information provided to merchants to enable them to make better decisions concerning the competitiveness of their offers and their business processes with a view to selling more over the Group's e-commerce marketplace; providing buyers with access to consumer finance solutions provided by third-party bank and FinTech partners as a convenient method to fund larger purchases, often supported by 0% financing where the costs of subsidizing the interest payments are met by the Group from the fees earned on the sale of the product sold on credit; and providing buyers with access to a buyer protection program whereby the Group will reimburse a buyer when a merchant fails to perform its commercial obligations to the buyer.

The above factors contribute to increasing the convenience of using the Group's e-commerce marketplace for buyers and merchants and reduce barriers to choosing an e-commerce purchase instead of visiting an offline store. During the past three years the Group has significantly invested in the growth of its technology team of software engineers to increase the capacity to make these types of innovations in a given time period and the Group believes that this investment has contributed to the acceleration of its GMV growth.

#### *Secular Market Trends*

Certain secular market trends provide further strong support to the growth of the Group's GMV. The trends that have been present throughout the past three years have included rising Polish retail sales (with the exception of the COVID-19 pandemic-related contraction in the first half of 2020); rising disposable incomes of Polish consumers, which enables more spending on categories other than food and other essential spending categories; consumers and businesses increasingly utilizing e-commerce sites to make transactions; increasing consumer engagement with e-commerce through mobile devices such as smartphones, in addition to laptop and desktop computers, which results in more frequent, albeit shorter, interactions with shopping websites; and a closing gap between e-commerce penetration in Poland and the levels observed in other developed countries in Western Europe, North America and Asia.

#### *Additional GMV Growth Drivers*

In addition to the Group's focus on retail basics and user experience, supported by secular market trends, the Group's GMV growth is also strongly influenced by its commercial strategy around the pricing of its services to merchants, the way it markets the Group's e-commerce marketplace to buyers and by the significant investment the Group has made in the SMART! program to further drive engagement of the buyers that are most active on the Group's e-commerce marketplace. The Group's acquisition of eBilet in April 2019 also contributed to GMV growth for the year ended December 31, 2019, and although annual ticket sales have been severely impacted by the COVID-19 pandemic, eBilet is expected to contribute to future GMV growth. The COVID-19 pandemic and the Group's related community support actions in the six months ended June 30, 2020 led to additional growth in GMV over the period. Each of these drivers is further discussed below.

#### *Fee Arrangements*

The Group's Take Rate (as defined in "*Selected Consolidated Financial Information—Other Financial and Operating Data*") is a key factor affecting GMV growth. The Group's Take Rate differs by category, depending on the Group's assessment of the margins available to merchants and the health of the specific category in relation to the retail basics of selection, pricing and convenience. The Group's Take Rate strategy seeks to avoid significant or rapid Take Rate increases

that might result in a weakening of the flywheel effect through merchants responding by removing selection, raising their prices or even discontinuing cooperation with the Group's e-commerce marketplace, as any such response would be detrimental to the Group's retail basics strategic objectives. At the same time, the Group believes that its Take Rate is below the corresponding rates for international e-commerce marketplaces, and accordingly there is scope to increase its Take Rate further towards 10% in the medium term.

### *Marketing*

While Allegro.pl is the number one internet shopping destination for Polish consumers by a considerable margin, and research has shown that 37% of Polish consumers start their online purchasing journeys on the Group's e-commerce marketplace, the Group believes significant value is created by actively marketing the offers listed on its e-commerce marketplace to those consumers who have started a shopping search on a third-party website such as Google or Facebook. For this reason, since 2017 the Group has been systematically developing its capabilities in online marketing and investing in increasing marketing budgets to bring more leads to the Group's e-commerce marketplace. Consumers searching for a product are often well advanced in their intention to buy and, by competing with other online retailers for the attention of these consumers, the Group attracts highly valuable traffic that can be converted into GMV. Expansion of the selection the Group can match to key search words, improvement to the Group's bidding strategies and an increase in the Group's budgets have allowed the Group to grow paid visits sourced from other websites and GMV from paid sources significantly faster than the growth in total GMV during the past three years while simultaneously increasing the return on the Group's marketing spend.

### *SMART!*

In August 2018, following extensive testing, the Group launched its SMART! buyer loyalty program. In return for an annual or monthly subscription fee of PLN 49 or PLN 8.99, respectively, buyers receive access to special offers, enjoy free-of-charge returns and priority customer care. Most importantly, they receive free delivery whenever they spend at least PLN 40 (for pick-up/drop-off points and locker delivery) or PLN 100 (for courier delivery) on purchases from a SMART!-qualified merchant. To qualify for SMART! merchant status, a merchant must meet very high quality standards measured on earlier sales activity and utilize delivery contracts negotiated by the Group with key delivery partners. When a transaction qualifies for SMART! free delivery, the Group pays the cost of shipping to the delivery partner and the SMART! subscriber pays no shipping fee. Since launch, SMART! merchants have generally paid no additional fees above the standard Take Rate paid by all merchants with the only exception being a contribution to the cost of courier deliveries introduced in April 2020.

SMART! has been a major commercial success with subscriptions growing to over 2.1 million active paid subscriptions as of June 30, 2020. Active Buyers who are also SMART! subscribers accelerate their engagement with the Group's e-commerce marketplace, increasing visits, transactions and GMV at a faster pace than non-SMART! buyers. The Group's analysis shows that the average cohort of SMART! subscribers spend 55% more in the twelve months following signing up for a subscription than in the month prior to joining. Based on A/B testing with control groups of non-SMART! buyers, the Group has concluded that the majority of this extra spending is attributable to their SMART! membership as all other functionality on the Group's e-commerce marketplace is available to all buyers.

The extra GMV driven by growth in SMART! subscribers and their increasing engagement has been a major contributor to the acceleration of the flywheel since the program launched, with acceleration in the numbers of merchants and active offers and improvement in quality as more merchants strive to join SMART! and increase sales. Moreover, the Group has established from testing that relatively less engaged buyer segments increase their spending even more quickly when they sign up to SMART! than the more engaged segments who were generally first to sign up to SMART!. Accordingly, the Group expects the GMV uplift from SMART! memberships to continue to grow as penetration of the Active Buyer base increases over time.

### *eBilet*

The acquisition of 80% of eBilet in April 2019 and its consolidation from May 2019 also contributed 127 basis points of the Group's GMV growth for the year ended December 31, 2019 through its annual ticket sales (its GMV equivalent). For the six months ended June 30, 2020, the ticket sales business was disrupted and eBilet's results were significantly adversely impacted by the shutdown of the live entertainment events industry in response to the COVID-19 pandemic. In September 2020, the Group entered into an agreement to purchase the remaining 20% of eBilet.

## COVID-19

Strong GMV growth was continuing into the first months of 2020 when the COVID-19 pandemic reached Poland in March 2020. The Polish government swiftly followed with steps to suppress the virus and introduced lockdown measures, including the closure of all non-essential offline stores between mid-March and mid-May. During this period, the e-commerce segment experienced a significant increase in demand even as total retail sales dropped sharply. The Group responded to the challenging situation faced by Polish society by providing SMART! subscriptions for free to all buyers who wanted to take advantage of free delivery to help them stay at home, as well as by initiating a scheme to support merchants on the Group's platform. These actions, together with the shift to e-commerce caused by the lockdown in general, combined to produce monthly GMV growth of 47%, 85% and 73% in March, April and May, respectively, when offline stores were closed for all or part of the month. Following the deceleration of COVID-19 infection and death rates in Poland from the peak levels seen in April, offline stores began reopening in mid-May. Since then, the Group has continued to note much stronger GMV growth than in the period immediately preceding the COVID-19 pandemic lockdowns, with GMV growth of 57%, 48% and 51% in June, July and August, respectively.

The Group expects that a significant proportion of the spike in e-commerce penetration seen in the second quarter of 2020 should remain through the rest of 2020 as a result of changed buyer behavior following their experiences during the lockdown. Notwithstanding this expectation, the Group expects growth to be slower in the second half of 2020 than in the first half, with some headwinds from lower total retail sales. The Group is targeting an overall GMV growth rate in the mid-40% range for the year ending December 31, 2020. If the COVID-19 pandemic in Poland remains under control with no return to severe lockdown measures in the future, the Group is anticipating slowing GMV growth in 2021 as the annual growth in the e-commerce segment normalizes and is targeting 2019–2021 GMV CAGR in the high-20% to low-30% range. In the medium term, the Group is targeting annual GMV growth in the low- to mid-20% range, driven by the Group's current strategy and its plans for continuing innovation in user experience, increased penetration of SMART! among buyers and the introduction of Allegro Fulfillment.

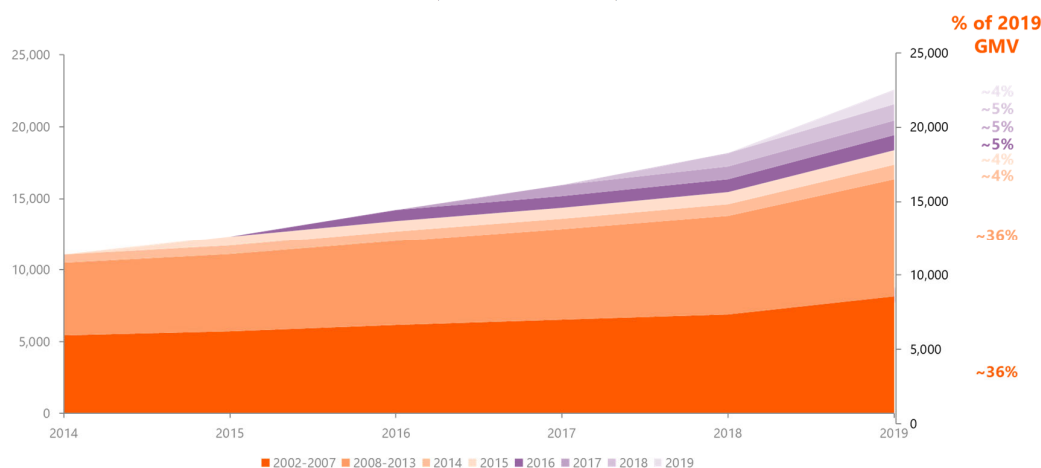
### Active Buyers and GMV per Active Buyer

The Group's GMV is derived by multiplying the number of Active Buyers on the Group's e-commerce marketplace by the GMV per Active Buyer and adding the value of ticket sales by eBilet.

Active Buyers are defined as buyers with a unique registered email account that have made at least one purchase transaction on the Group's e-commerce marketplace in a given period. The number of Active Buyers has been rising steadily throughout the more than 20-year history of Allegro and reached approximately 12.3 million for the twelve months ended June 30, 2020, representing approximately 38% of Polish residents aged 15 and above.

The Group's Active Buyers tend to be loyal to their account, which provides them with their purchase history and tailored recommendations that the Group believes improve their user experience and overall satisfaction level with the Group's e-commerce marketplace. The cohort analysis below shows the composition of GMV between 2014 and 2019 split by cohort of Active Buyer based on the year that their account was first opened.

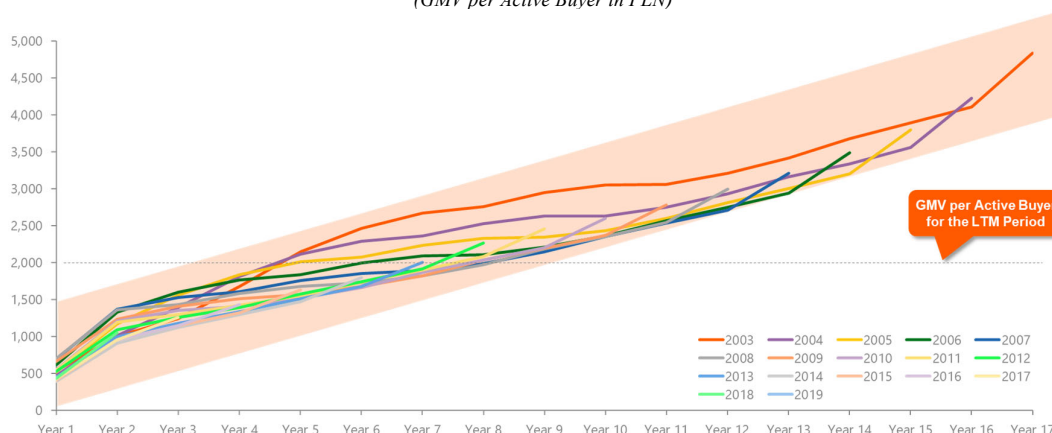
**Annual GMV per Active Buyer Cohort**  
(GMV in PLN millions)



Source: Company Information

Active Buyers have consistently demonstrated a steady increase in engagement with the Group's e-commerce marketplace over time. This is monitored using GMV per Active Buyer, which is calculated by dividing GMV (excluding eBilet) for the previous twelve months by the number of Active Buyers. Active Buyers demonstrate a remarkably similar profile of increasing GMV spend over time from the moment their account is created, as shown in the following cohort analysis.

**Annual GMV per Active Buyer Cohort**  
(GMV per Active Buyer in PLN)



Source: Company Information

New buyers tend to start with infrequent purchases and relatively low value items as they get used to the Group's e-commerce marketplace and have positive buying experiences with merchants. Once an Active Buyer has established the behavior of regularly logging-in to their account, their engagement tends to steadily build over time. The growth in their spending year-on-year tends to reflect both the Active Buyer's own personal journey through life, such as growth in disposable income, growth in spending needs as they establish a household and family, an expansion in their shopping to multiple categories across the Group's e-commerce marketplace and reaching a purchase frequency that makes a SMART! subscription worthwhile. The increases in GMV per Active Buyer in all cohorts from 2018 to 2019 reflects the impact of signing up to a SMART! subscription. The increasingly active engagement of older cohorts is also reinforced by their more regular contact with the Group's e-commerce marketplace that exposes them to new functionalities and features more quickly than occasional users, further increasing their loyalty and engagement.

The number of Active Buyers has increased steadily from 2017 with a CAGR of 10% to 11.4 million as of December 31, 2019. The growth rate decreased from 12% for the year ended December 31, 2018 to 9% for the year ended December 31, 2019 largely due to Active Buyers in the same household consolidating their spending onto a single Allegro account with a SMART! subscription following the introduction of SMART! in the third quarter of 2018. The growth rate increased to 13% in the twelve months ended June 30, 2020 as the COVID-19 pandemic has caused more consumers to turn to the Group during the lockdown, with the number of Active Buyers reaching 12.3 million Active Buyers as of June 30, 2020.

GMV per Active Buyer has risen steadily over time as demonstrated by the cohort analysis above. GMV per Active Buyer increased by an 8% CAGR to PLN 1,985 from 2017 through 2019 and accelerated by 16% for the six months ended June 30, 2020 to PLN 2,295 due to the impact of the COVID-19 pandemic and the availability of free SMART! during the lockdown. The positive impact of SMART! on Active Buyer engagement is demonstrated by the acceleration of GMV per Active Buyer growth from 2% year-on-year in 2018 to 14% year-on-year in 2019.

Going forward, the Group expects Active Buyer growth to continue to follow its recent trend as the Group seeks to convert the many visitors to the Group's websites who use the site for shopping inspiration and price discovery into Active Buyers. Allegro.pl attracts visits from an average of 20 million internet users per month, providing the Group with a significant opportunity to convert website visitors into Active Buyers.

### Net Revenue

The Group has grown its net revenue from Cumulative 2017 (as defined in "*Factors Affecting Comparability of Results—2017 Acquisition*" below) net revenue of PLN 1,742.8 million to net revenue of PLN 3,196.0 million for the twelve months ended June 30, 2020, a total increase of 83.4%. The Group's net revenue growth rate accelerated from 13.5% for the year ended December 31, 2018 (based on Cumulative 2017 net revenue) to 31.1% for the year ended December 31, 2019 and to 51.8% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, with the growth rate

advancing further due to the additional tailwind to demand caused by the COVID-19 lockdown in the second quarter of 2020.

The Group's net revenue has increased faster than growth in GMV over the three years from 2017 through 2019, growing at a 22.0% CAGR (based on Cumulative 2017 net revenue) compared to a 19.5% CAGR for GMV. This outperformance on net revenue has mainly been the result of increasing the Group's Take Rate and the faster growth and increasing contribution of advertising revenue.

In the first half of 2020, the outperformance of net revenue growth compared to GMV growth reversed with net revenue growth of 51.8% and GMV growth of 54.5%, in each case in comparison to the six months ended June 30, 2019. This trend change resulted from the Group's response to the COVID-19 pandemic whereby certain planned Take Rate increases were delayed to avoid causing additional financial stress to the Group's merchants during a challenging period, particularly for those also operating offline sales channels that were temporarily closed as a result of the lockdown. Most of these Take Rate increases have now been put through in the post-lockdown period and the Group therefore expects net revenue growth to return to the trend of growing ahead of GMV in the second half of 2020 such that net revenue growth for 2020 is targeted to be broadly in-line with the first half of 2020.

In 2021, the full year impact of the postponed Take Rate increases from the second half 2020, together with new revenue streams from co-financing of delivery, the continued strong growth of advertising revenue and a slight increase in 1P retail sales as a percentage of GMV are expected to contribute to net revenue growth being higher than GMV growth in 2021. Overall the Group is targeting net revenue CAGR for 2019 through 2021 to be in the mid-30% range.

In the medium term, the Group is targeting net revenue growth that is marginally higher than GMV growth due mainly to continued expansion of advertising services penetration, as well as moderate Take Rate increases and growth of Allegro Fulfillment.

Factors affecting the key components of the Group's net revenue are discussed below:

#### *Take Rate and Take Rate Increases*

The Group defines its Take Rate as the ratio of marketplace revenue divided by GMV after deducting the GMV generated by 1P retail sales (grossed up for VAT). The Group's Take Rate therefore includes all types of commissions and fees earned from merchants for transactions facilitated by the Group on a third-party basis and offers listed or promoted on the Group's e-commerce marketplace as well as SMART! co-finance and brokerage revenue and is reduced by discounts and incentive program costs aimed at driving buyer engagement or supporting merchants to improve selection or reduce pricing of their offers. The GMV and net revenue of eBilet, which operates on a similar commission-based model for the value of tickets sold on a third-party basis, is included in the Group's Take Rate calculation, but has had an immaterial impact.

The Group's Take Rate increased from 8.0% for the year ended December 31, 2017 to 8.9% for the year ended December 31, 2018, and to 9.3% for the year ended December 31, 2019 before decreasing slightly to 9.1% in the six months ended June 30, 2020. These increases reflect an increase across most categories implemented in the third quarter of 2017 and a process of more gradual, targeted increases in specific product categories, during 2018 and 2019. The Group's Take Rate differs by category depending on its assessment of the margins available to merchants in a given category and the potential to increase rates without risking a weakening of the flywheel by causing price increases, loss of merchants or loss of selection, any of which would be detrimental to the Group's retail basics strategic objectives.

The increase in the Group's Take Rate from 2017 to 2019 partially reflects a positive mix effect resulting from faster growth in certain less penetrated e-commerce categories that support above average commission and fee rates.

The Group believes that its Take Rate is below the corresponding rates for international e-commerce marketplaces, and accordingly there remains scope to increase its Take Rate further towards 10% in the medium term, particularly as the Group continues to invest heavily in user experience, subsidized delivery to support the SMART! program and increased marketing spend to bring additional sales leads to the merchants' offers. While benefiting from the extra sales that the Group's investments bring to its e-commerce marketplace, merchants are generally able to appreciate that it is in their interest to contribute through slightly higher rates to enable the Group to speed up the rate of investment and growth even further.

The Group's Take Rate fluctuates due to the mix of variable and fixed or semi-fixed elements of commissions and fees and fluctuations with the level of demand and GMV. In general, the Group's Take Rate tends to fall when demand is highest and GMV peaks, typically during the pre-Christmas period or during the recent COVID-19 pandemic, as merchants spend less on promoting their offers or discounts and incentives become less crucial due to the high level of demand from the

buyers. In such periods, fixed and semi-fixed fees form a smaller part of total marketplace revenue relative to variable revenue streams from success fees, driving the lower average Take Rate per unit of GMV.

#### *Retail Sales (1P)*

The Group generates retail revenue from its sales made directly to buyers by its proprietary Allegro store. These sales are termed 1P retail sales as the Group buys and resells inventory at its own risk and is directly responsible to the buyer for the quality of the product sold. Retail revenue is included in GMV on a gross basis (i.e., including VAT) but is part of the Group's net revenue excluding VAT.

The Group maintains a warehouse facility outside Warsaw where it holds inventory and ships to buyers all over Poland and, in small volumes, outside of Poland.

The Group's strategy for the use of its 1P retail sales capability has varied since its inception in 2015. During the years from 2017 through 2019, 1P retail sales varied between PLN 149.1 million, or 9.0%, of total Group net revenue for the year ended December 31, 2017 and PLN 115.2 million, or 4.4%, of total Group net revenue for the year ended December 31, 2019. Gross retail sales as a percentage of GMV have varied between 0.4% and 1.1% of GMV throughout this period. In line with its current strategy, the Group's management sees the proprietary 1P retail store primarily as an enabler of its retail basics strategy, sourcing products that assist with improving selection or lowering prices for buyers where the Group's e-commerce marketplace's merchants have been unable to do so. In addition, products are sourced to provide quantities and price points necessary to support periodic promotional "shopping holidays" such as SMART! Week and Black Week to support buyer engagement on the Group's e-commerce marketplace.

#### *Advertising Revenue*

The Group generates advertising revenue mainly from the following types of services:

- click-through services sold to merchants and brands by the Group and known as Allegro Ads;
- display advertising on page views sold to brands and retailers by both Allegro and Ceneo; and
- resale of advertising services purchased in bulk from other platforms and resold to merchants by Allegro and Ceneo. Such services are known as "click-out" services and leverage the Group's buying power to the benefit of its advertising clients.

Advertising revenue has grown from PLN 118.2 million for the year ended December 31, 2017 with a CAGR of 32.4% to PLN 207.1 million in for the year ended December 31, 2019, which is 12.9 percentage points faster than GMV growth during the same period.

Allegro Ads are the main engine of growth and the product involves the Group selling space on offer listings pages to merchants or brands to advertise their offers outside of the standard offer list in a prominent position. Advertisers bid to publish their offers on listings when a buyer has searched using specific key words. Revenue is generated on a cost-per-click basis when the potential buyer clicks on the advertisement and lands on the merchant's offer or a brand's chosen content. The Group regularly introduces new functionality and features to the Allegro Ads product to increase merchants' return on investment and thereby create the potential to drive service penetration and spend per merchant or brand.

The Group believes that advertising services remain underpenetrated at Allegro with advertising revenue representing 0.9% of GMV for the year ended December 31, 2019, well below benchmarks of up to 3% at other marketplace businesses.

As the volumes of active offers and buyer visits increase on both the Group's e-commerce marketplace and the Ceneo price comparison website, the number of page views increase proportionally and thereby increase the available space to sell display and click-through advertising such as Allegro Ads.

The combination of growth in merchant base penetration, the introduction of new and easier to use advertising products and the increasing inventory of page views generated by GMV growth on the Group's e-commerce marketplace is expected to increase the Group's advertising revenue over the coming years.

#### *Price Comparison Revenue*

The Ceneo e-commerce price comparison website is the leading price comparison website in Poland and is responsible for the generation of all the Group's price comparison revenue.



Ceneo's revenue from pure price comparison services is classified as such in the Group's net revenue, whereas Ceneo's revenue from display advertising offered to brands and producers is classified as part of the Group's advertising revenue. For the year ended December 31, 2019, 77.3% of Ceneo's revenue came from price comparison while 21.1% was classified as advertising revenue and 1.6% as other revenue.

Ceneo has grown its price comparison revenue at a CAGR of 25.9% since 2017, to PLN 166.8 million for the year ended December 31, 2019.

### *Margin Drivers*

The Group's margins are affected by its mix of revenue and the margins earned thereon, together with the impact of targeted major investments in initiatives designed to extend the scope of, and grow, the Group's e-commerce offering. Key among these targeted major investments are the SMART! program and new initiatives relating to the roll-out of proprietary Allegro Pay consumer finance products, which has launched in a trial phase in the second half of 2020, and the planned introduction of Allegro Fulfillment from 2021. In particular, while the Group expects Allegro Pay to have a meaningful impact on margins in the future, the form, scale and scope of the business model and services will be decided following the 2020 testing phase and the impact of Allegro Pay has accordingly not been included in the Group's financial outlook as set out in this Prospectus.

### *Factors Relating to Sales Mix*

The Group's profit margins fluctuate according to the mix of its revenue in each reporting period, with the key factors relating to the profitability of each type of revenue set out below:

- Marketplace revenue generated from the intermediation of sales between buyers and merchants for which the Group earns a success fee commission and often other ancillary fees for listing or promotion of offers is a high margin and asset light business undertaken using a third-party business model. The most significant direct cost incurred on such sales is the cost of facilitating money transfers from buyers to merchants using outsourcing partners paid for by the Group's e-commerce marketplace. When the buyer is also a SMART! subscriber, margins tend to be lower due to the costs of providing free delivery services.
- Advertising revenue generates high margins as the main direct costs are the advertising sales and technology development personnel. Discounts offered to advertisers are netted from gross revenue with direct costs relating only to reselling of advertising on other platforms, which is a relatively small part of the advertising business. Inventory is created at zero cost as the Group's e-commerce marketplace grows, making this a highly profitable service line.
- Ceneo's price comparison business creates content from the development of product catalogues and the linking of retailers' offers to those specific products. Its main costs relate to purchased traffic and the cost of personnel to prepare content, attract large retailers and develop the website's software. Ceneo has delivered strong margins broadly in line with the average for the Group as a whole.
- Retail revenue generated by the Group's proprietary 1P retail shop selling to buyers over the Group's e-commerce marketplace produces much lower margins than all other revenue streams as they are similar to those of typical first-party sales. Following the repurposing of the Group's 1P retail operations in 2018, this revenue stream is not run with a focus on margin generation but rather is focused primarily on supporting promotional sales activity to ensure that buyers' expectations of price and selection are met as often as possible.

### *Factors Relating to Targeted Major Investments*

The Group expects the following major investment initiatives to have a significant impact on the Group's margins as their scale and importance increases within the scope of the Group's operations:

#### *SMART!*

As the number of SMART! subscribers has increased since the inception of the program in the third quarter of 2018, the proportion of GMV generated by SMART! subscribers has been steadily increasing. This increase is driven both by the number of subscribers as a proportion of the total Active Buyer base and also by the incremental GMV that the SMART! subscribers generate due to their access to preferential services with free shipping being the most notable benefit.

As described above, a direct cost generated by an Active Buyer that is not a SMART! subscriber making a purchase from a merchant on the Group's e-commerce marketplace is the cost of facilitating electronic payments. When the buyer is a

SMART! subscriber, the purchase also generates a direct cost to subsidize the cost of shipping on a qualifying purchase. Qualifying purchases are those made from SMART! qualified merchants that meet the minimum order value of PLN 40 for lockers and pick-up points and PLN 100 for courier. Over time the proportion of a SMART! subscriber's purchases meeting the free shipping criteria has been rising steadily as the number of merchants qualifying for SMART! increases.

As a result of the increasing share of SMART! subscriber GMV in total GMV and the gradual increase in the proportion of SMART! subscriber purchases qualifying for free shipping, the net cost of delivery in the Group's operating expenses has risen from 2.5% of Group net revenue for the year ended December 31, 2018 to 10.4% of net revenue for the year ended December 31, 2019. During the six months ended June 30, 2020, this trend continued with a further increase to 13.9% of net revenue. The number of paying SMART! subscribers was frozen from the day that free SMART! subscriptions were introduced in response to the COVID-19 pandemic in mid-March. The fact that the share of free delivery cost continued to rise reflects even higher incremental engagement with the Group for online purchases by SMART! subscribers during the lockdown than that exhibited by non-SMART! subscribers, many of whom received free subscriptions. The net cost of delivery for this latter group of free SMART! users was recorded in marketing expenses in accordance with the Group's revenue accounting policy as no incremental revenue was earned directly from the provision of the service. The free SMART! offering lasted from mid-March until mid-June 2020.

As the SMART! share in GMV is expected to grow further in the future, the Group expects net delivery costs to continue to grow as a percentage of the Group's net revenue and for SMART! to continue to adversely impact the Group's Adjusted EBITDA/net revenue. Nevertheless, individual SMART! subscribers tend to increase their overall direct contribution to EBITDA over time as a result of their increasing engagement with the Group's e-commerce marketplace that drives its Take Rate income earned from merchants.

However, the trend of SMART! adversely impacting the Group's Adjusted EBITDA/net revenue is expected to be partly mitigated through various cost optimization and monetization initiatives related to SMART! improvements, such as functionality enabling selection of offers from the same merchant to increase the average GMV per subsidized package shipped, while increasing volumes to increase the Group's negotiating leverage over long-term arrangements with its delivery partners. While the short- and medium-term focus is to grow the subscriber base of highly engaged SMART! subscribers, which in turn leads to incremental GMV growth for SMART!-registered merchants, the Group expect to reach a point where it may consider asking merchants to increase their participation and/or potentially increasing the retail price of SMART! for new subscriptions.

Moreover, as the Group further increases the saturation of the base of Active Buyers with SMART!, the Group expects the incremental purchases generated relative to pre-SMART! engagement levels to gradually increase (based on results of tests conducted in 2018). The Group expects that this should result in a better mix between incremental commission earned from merchants from incremental purchases to the incremental costs of providing free shipping on the pre-SMART! purchase volumes, thereby reducing the rate of margin compression from an incremental SMART! subscriber.

#### *Allegro Pay Proprietary Consumer Finance Services*

During the first half of 2020 the Group developed its own proprietary consumer finance lending solutions for buyers to use when making purchases on the Group's e-commerce marketplace. The FinTech experts and developer teams acquired with the acquisition of the FinAi business by the Group in February 2020, together with the Group's existing technology resources, have developed integrated solutions that are expected to provide an excellent user experience.

Using the sub-brand Allegro Pay, the new proprietary lending solutions moved into user testing during the third quarter of 2020 and the Group expects to complete commercial tests during the fourth quarter of 2020. Based on the results of these tests, the Group will make decisions on the final form of the services, business model and scale and scope of investment into these new services for future years. Accordingly, due to the need to wait for test results, revenue and costs beyond the 2020 testing phase have not been included in the Group's targeted outlook.

During the period from 2017 through 2020, the Group has worked with financing partners to provide various lending solutions to buyers such as installments, zero interest installments and pay later solutions, together with lending and leasing solutions for merchants, which have not involved the Group either providing funding or taking credit risk. Instead the Group has generally paid fees for the financing partners to take these risks and those fees have been offset against the commissions and fees earned from merchants for the sale of the underlying product sold using the credit instrument. While this is an efficient, asset-light model, the buyer experience has not met the Group's expectations and these solutions do not utilize the Group's knowledge of its buyers' purchasing history in the credit decision making process.

The Group believes that the Allegro Pay proprietary lending solutions will rectify these issues, leading to potentially better lending decision making and a wider take up of consumer credit solutions by buyers. The Group expects to use buyer

history and purchasing patterns to support credit decisions, alongside standard credit checking, and provide a simpler credit application process while greatly increasing awareness of the financing services available as the buyer navigates the Group's e-commerce marketplace.

If these new Allegro Pay services work successfully during the testing phase, the Group expects to deploy them commercially at scale. The Group expects to generate positive EBITDA contribution from incremental commissions earned from additional transactions enabled by the granting of credit by Allegro, together with interest and fees earned from installment loans and extensions of deferred payment. Costs of non-performing loans will be set against these incomes while costs of financing the loan book will be recorded in costs of financing below EBITDA.

The loan book may be funded by specific borrowing facilities, such as securitized facilities, in the future once sufficient credit performance history has been established.

In the future, the Group may seek to leverage the expertise it has acquired with FinAi to develop additional financial services products for either buyers or merchants or, potentially, to be utilized in transactions conducted outside of the Group's e-commerce marketplace.

### *Allegro Fulfillment Services*

While the Group has rolled-out asset light, software driven solutions to greatly improve the delivery experience it provides to its buyers during the past three years, the Group recognizes that there are certain situations where the optimal solutions to specific logistics challenges necessarily involve the deployment of tangible logistical assets and physical inventory management services.

Two such delivery experience challenges relate to (i) enabling fast delivery times for foreign sellers, who would otherwise ship from outside Poland, and (ii) enabling smaller merchants to ship late into the evening for next day delivery when the scale of operations does not warrant keeping their own warehouse facilities open. To solve these problems, the Group plans to introduce fulfillment management services at its existing warehouse facility outside Warsaw and, if this proves successful, to roll-out purpose built facilities to significantly expand fulfillment capacity in the following years.

Allegro Fulfillment will involve merchants co-locating their inventory at an Allegro-managed distribution center and paying fees to the Group for picking and dispatching such inventory, together with the cost of delivery where applicable (i.e., when not a transaction covered by SMART! free delivery). These services are expected to generate a new revenue stream for the Group which, due to the largely fixed costs of running such distribution centers, would be initially expected to generate start-up losses and eventually result in small direct profit margins or small losses in the medium term. Allegro Fulfillment revenue is expected to grow to be a relatively small part of the Group's total revenue over the medium term, thereby producing a relatively small drag on the Group's Adjusted EBITDA/net revenue.

The cost of investing in a full roll-out of distribution center facilities to cover the Polish market has included in the Group's capital investment projections, with peak spending targeted for 2021 and 2022, before dropping back once the distribution centers are up and running. However, the final scale of these investments will depend on the ability of Allegro Fulfillment to improve the delivery experience beyond its current high levels.

The Group expects that Allegro Fulfillment, and the co-location of inventory in distribution centers operating on a 24/7 basis, will bring a number of key benefits to the Group's e-commerce marketplace. First, this operating model will allow a significant increase in fast, same-day and next-day delivery within the mix of deliveries. Fast delivery tends to create additional value for buyers and therefore motivate buyers to purchase more items online, rather than waiting to make purchases offline at their next opportunity, thereby increasing conversion rates, e-commerce marketplace GMV and Take Rate revenue. Moreover, bulk shipment to the delivery centers of delivery partners providing courier, locker and pick-up point services reduces the cost of pick-up relative to the point-to-point merchant-to-buyer model used for the Group's e-commerce marketplace's shipments at present, which should reduce average costs of delivery. In addition, co-location of inventory increases the probability that a buyer will order two products from the same logistics location, enabling the shipment of the order in a single package and further reducing delivery costs.

The Group believes that when the benefits of fulfillment described above that are expected to follow from the near-term increase in capital expenditures are taken into consideration, along with direct revenue of Allegro Fulfillment and the direct operating costs of the distribution centers, then the Allegro Fulfillment initiative should not significantly adversely affect Adjusted EBITDA/GMV in the medium term.

### *Marketing Expenditures*

Marketing expenditures have grown from PLN 170.0 million for the year ended December 31, 2017 to PLN 306.9 million for the year ended December 31, 2019, increasing from 10.2% to 11.8% of sales during that three year period. The Group's marketing expenditure has mainly focused on the expansion of its internet marketing operations, focused on the purchase of pay-per-click services from other website publishers, on remarketing services and on the Group's own CRM driven emailing campaigns. Over the same period the Group has pivoted away from above-the-line marketing as a percentage of total marketing spend.

The Group believes significant value is created by actively marketing the offers listed on the Group's e-commerce marketplace to those consumers who have started a shopping search on a third-party website. Consumers searching for a product are often well advanced in their intention to buy and, by competing with other online retailers for the attention of these consumers, the Group aims to attract valuable traffic that can be converted into GMV. The Group only attributes GMV to paid sources if a visit converted into GMV in the product category within 24 hours of the visit. The resulting GMV and commission earned are counted towards the return on investment of the marketing expenditures.

By using a rigorous methodology to measure return on investment, the Group has been able to prioritize an extensive program of innovations to improve the effectiveness of its pay-per-click expenditures over time and believes that these expenditures have contributed to GMV and EBITDA growth during the 2017-2019 period.

This strong performance has continued into 2020, with levels of return on investment on pay-per-click expenditure continuing to rise during the first half of 2020. Total marketing expenditure increased to 15.4% of sales in the six months ended June 30, 2020, up from 10.9% during the six months ended June 30, 2019. The key reason for this increase was the COVID-19 pandemic and the Group's decision to provide SMART! subscriptions to any buyer who registered for free for a three-month period that covered the lockdown in Poland. Under the Group's accounting policies, the costs of benefits provided to buyers that do not lead to incremental revenue from either buyers or merchants should be treated as marketing expenses and therefore the PLN 81.2 million of costs of delivery related to these free SMART! subscriptions was counted as marketing expenses, constituting 29.7% of the marketing spend for the six months ended June 30, 2020.

The free SMART! offer was discontinued in mid-June and the free subscriptions had all ended by mid-July 2020. Accordingly, such delivery expenses are not expected to meaningfully impact marketing expenditures in the second half of 2020.

In the coming years, the Group expects to continue to invest in efficient marketing operations, and particularly internet marketing solutions, which drive conversion and seek to ensure that the Allegro and Ceneo brands stay top-of-mind for Polish consumers.

### *Other Operating Expenditures*

Other operating expenditures of the Group include staff costs, IT service expenses and other expenses. The costs have been stable as a percentage of revenue, representing 18.4% of net revenue for the years ended December 31, 2017 (excluding net revenue for the Pre-Acquisition Period) and 2018, 16.8% of net revenue for the year ended December 31, 2019 and 17.3% of net revenue for the six months ended June 30, 2020.

The Group views human resources, especially software developers and business operations staff able to develop scalable process driven solutions that lend themselves to relatively fast and easy coding, as crucial to the Group's capacity to innovate at speed and thereby maintain or accelerate its GMV and revenue growth rates. Moreover, paying competitive salaries and providing an excellent working environment in a business recognized as one of the top employers in the country is seen as key to high employee retention and rapid recruitment, both of which are crucial to maintaining the speed of development of the Group's websites. Accordingly, operating leverage from staff costs is expected to be mainly restricted to back-office staff functions such as user experience where a high degree of automation is included in the innovation roadmap.

IT expenditures relate to the costs of running the Group's websites and back-office IT systems. These costs are growing with the capacity of the websites and the size of supporting databases necessary to deliver constantly increasing levels of functionality to the user base. While the costs of operating hardware see significant scale benefits over time, there is an increasing tendency to purchase software as a service rather than through capitalized license fees and also to move processing onto cloud-based solutions paid for based on the processing power consumed.

Expenditures relating to office maintenance fees, travel, consultancy and doubtful debt expenses have remained stable at 3.6%, 3.3% and 3.4% of net revenue for the years ended December 31, 2017, 2018 and 2019, respectively.

### *Margin Outlook*

Taking into consideration the margin trends described above and the Group's plans for the coming years, the Group expects its margins may develop as follows:

The second half of 2020 will see a stabilization in Adjusted EBITDA/net revenue as delayed Take Rate increases and the termination of COVID-19-related support initiatives such as free SMART! will stabilize margins in the second half while lower GMV growth in the second half will result in some offsetting loss of operating leverage. Overall Adjusted EBITDA/net revenue will be down from the year ended December 31, 2019 with the main contributor being the expansion in SMART! subscriber GMV as a proportion of total GMV with the resulting increase in net delivery cost as a percentage of revenue.

In 2021, the Group believes that increased costs that are expected to result from the continued expansion of the SMART! subscriber base and the introduction of start-up losses from Allegro Fulfillment into the expenditure mix will be mainly, but not completely, offset by monetization initiatives and strong growth in advertising.

In the medium term, the Group expects Adjusted EBITDA to grow in line with GMV and marginally below revenue, resulting in relatively stable margins over time as the margin dilution from SMART! is expected to be offset by growth in advertising and operating leverage.

### *Working Capital Requirement*

The Group's working capital as a percentage of revenue growth (based on revenue figures reported in the Annual Financial Statements) was 12% for each of the years ended December 31, 2018 and 2019.

The Group had significant cash requirements in 2017 mainly as a result of the Group paying the costs incurred in connection with the Acquisition (see "*Impact of the Acquisition*" below). The much lower cash requirement in 2018 and 2019 reflects the increasing importance of trade payables related to expanding expenditures on marketing and delivery in the working capital balances.

In the six months ended June 30, 2020, the Group made a net investment in working capital of PLN 62.7 million compared to a PLN 49.3 million cash inflow in the six months ended June 30, 2019. This swing in cash consumption was due to the COVID-19 pandemic and the resulting rapid increase in GMV, revenue and the size of the working capital requirement, when normally working capital flows back to the Group in the first half from a peak requirement that normally occurs with the Christmas season in the fourth quarter.

In the second half of 2020, the Group expects higher working capital outflow of approximately PLN 130 million due to the launch of the pilot phase of Allegro Pay consumer finance loans, which is expected to include approximately PLN 205 million in consumer finance loans. Working capital requirements otherwise are expected to be relatively stable as a result of an anticipated Christmas peak that is expected to be at a similar level to the sales seen during the second quarter of 2020 before cash flows back to the Group in early 2021. The Group expects a PLN 40 million outflow in 2021.

In the medium term the expected gradual stabilization of margins is expected to result in a stabilizing working capital requirement relative to revenue growth, with an anticipated yearly outflow of 2.5% of change in revenue.

### *Capital Investment*

The Group's capital investment as a percentage of the Group's net revenue was 4.0% for the year ended December 31, 2017, 5.9% for the year ended December 31, 2018 and 5.5% for the year ended December 31, 2019, being PLN 67.3 million, PLN 116.5 million and PLN 143.0 million, respectively, in terms of amounts invested.

Capital investments are relatively low in proportion to the Group's sales due to its asset-light business model. Most of the tangible asset investments relate to hardware acquired to support the operation of the Group's websites and back-office systems, together with office furnishing and fittings for the Group's leased offices. In addition, the Group capitalizes the part of staff costs that specifically relates to time spent on development of new functionality for the Group's websites and this has historically represented approximately two-thirds of the Group's capital investment. As the Group has increased the scale of ramp up of technology team resources and the scale and pace of its program of innovations in website functionality to support the user experience and retail basics, the amounts capitalized have been increasing in line with growth in revenue. These capitalized development costs are amortized over four years.

In the first half of 2020 the Group noted an increase in capital investment to net revenue to 6.7% due to a decision taken in the first quarter of 2020 to accelerate hardware investment in the platform to ensure that sufficient capacity would be in

place to manage the peaks of demand experienced from the COVID-19 pandemic and also to cover the fourth quarter Christmas peak for 2020. A significant part of the annual hardware upgrade plan was accelerated as it was desirable to avoid any risk that potential disruption to the global supply chains of the Group's hardware suppliers due to the pandemic might lead to short-term capacity limitations. Accordingly, the scale of capital investment for the second half of 2020 is expected to slow due to this first half acceleration.

For the years ending December 31, 2020, 2021 and 2022, the Group is targeting to increase capital investment to PLN 230-270 million, PLN 425-475 million and PLN 550-650 million, respectively, with the additional acceleration in the established trend reflecting the Group's provisional plans to invest in distribution center capacity and logistics systems to support the roll-out of Allegro Fulfillment. Once these distribution centers are operational, the Group is targeting capital expenditure to net revenue should fall back to around 5% in the medium term. The exact level of investment in Allegro Fulfillment is still being finalized and will also depend on the success of the initial phases of the project.

### ***Impact of the Acquisition***

On January 18, 2017, Adinan Bidco 1 sp. z o.o. and Adinan Bidco 2 sp. z o.o., companies controlled by funds advised by Cinven, Permira and Mid Europa Partners, acquired Grupa Allegro sp. z o.o. (subsequently merged in November 2017 with Adinan Bidco 1 sp. z o.o., which was renamed Allegro.pl sp. z o.o. ("**Allegro.pl**")) and Ceneo sp. z o.o. (subsequently merged in January 2018 with Adinan Bidco 2 sp. z o.o., which was renamed Ceneo.pl sp. z o.o. ("**Ceneo.pl**")) (the "**Acquisition**"). The Issuer is the indirect parent company of Allegro.pl and Ceneo.pl. Prior to the Acquisition, Adinan Bidco 1 sp. z o.o. and Adinan Bidco 2 sp. z o.o. had no operations. The total final price of the Acquisition was PLN 13.3 billion and the transaction was funded by PLN 8.6 billion of equity and PLN 4.6 billion of debt.

The main impacts of the Acquisition on the financial results of the Group in the period from 2017 to 2019 and the first half of 2020 were as follows:

- The Group paid PLN 287.7 million of transaction costs relating to the Acquisition in the year ended December 31, 2017 from the combined resources of the Group. These expenses were excluded from Adjusted EBITDA for the year ended December 31, 2017.
- The exclusion of the pre-Acquisition operating results of Allegro and Ceneo for the first 17 days of 2017 from the results of the Group. See "*Factors Affecting Comparability of Results—2017 Acquisition*." The Group had Adjusted EBITDA for the Pre-Acquisition Period of PLN 24.1 million, resulting in Cumulative 2017 Adjusted EBITDA of PLN 976.9 million, as compared to Adjusted EBITDA for the year ended December 31, 2017 of PLN 952.8 million as shown in "*—Key Performance Indicators*" below.
- The Group allocated the purchase price of PLN 13.3 billion across the operating assets of the operating businesses and intangible assets (comprising trademarks, software and domains necessary to operate the businesses). This purchase price allocation process resulted in recognition of PLN 8.6 billion of goodwill and acquisition intangible assets of PLN 5.4 billion in the consolidated balance sheet of the Group as of December 31, 2017. The Group determined the useful economic lives of the intangible assets recognized by the purchase price allocation at between 10 and 20 years and began amortizing these assets in the year ended December 31, 2017 using straight line amortization rates. It was further concluded that PLN 214.2 million of the annual amortization charges did not qualify for tax deduction under the Polish corporation tax code and deferred tax liabilities were recognized in the purchase price allocation to offset the impact on the effective tax rate paid by the Group.
- At the time of the Acquisition, the Group borrowed PLN 4.6 billion, representing approximately 6x the previous year's EBITDA of the acquired businesses, to partially fund the transaction. The Group made PLN 245.2 million in interest payments for the year ended December 31, 2017, rising to PLN 299.1 million for the year ended December 31, 2018 and to PLN 396.4 million for the year ended December 31, 2019 following a refinancing transaction in May 2019 whereby the Group increased its debt to PLN 6,653.5 million, representing 5.3x net leverage, and PLN 2.7 billion of equity was returned to the owners of the Group. The Group has since reduced leverage to 3.7x net leverage at June 30, 2020.

### ***Impact of the Offering and the Refinancing***

The Offering is expected to result in a number of changes to the financial performance and financial position of the Group, which are set out as follows:

- The Group intends to raise cash funds of PLN 1,000.0 million from issuance of the New Sale Shares as part of the Offering.

- The Group intends to refinance its existing indebtedness using some of the cash proceeds from the issuance of the New Sale Shares and using borrowings from New Senior Facility B, which will be a PLN 5,500.0 million five-year borrowing facility with floating WIBOR zloty interest rates that will be partially hedged into fixed rates. The Group believes that the refinancing will enable it to reduce net leverage to below 3.0x for the year ending December 31, 2020, thereby enabling the Group to update the terms of its financial indebtedness to increase its operational flexibility and to substantially reduce the interest rate that it pays on its debt. The Group also expects to enter into the New RCF, which will be a PLN 500.0 million equivalent multicurrency revolving facility, to provide back-up liquidity. See "*Business—Material Contracts—Financing Agreements—New Facilities.*"
- The Group expects to incur expenses directly related to the Offering up to approximately PLN 125.0 million, which includes PLN 25.5 million of non-cash expenses relating to the IPO Share Grant (as defined in "*Management—Investment Opportunities and Incentive Plans—Allegro Incentive Plan*"). These costs will be treated as an adjustment in calculating Adjusted EBITDA for the year ending December 31, 2020.
- The Group expects to write off PLN 147.2 million of deferred costs of borrowing being amortized into the cost of borrowing under the Existing Senior Term Facilities when these are refinanced by New Senior Facility B. This non-cash expense is expected to be recorded in financial costs.
- Following the Offering, the Group expects to incur certain additional costs of operating as a public company with its seat in Luxembourg and also to bear the accounting cost of stock based compensation expected to be authorized and provided to a significant proportion of the Group's employees going forward, thereby further improving the Group's ability to compete for the best talent in Poland. These cost items have been included in the Group's targeted outlook for the year ending December 31, 2020 and beyond.

## **Factors Affecting Comparability of Results**

### ***2017 Acquisition***

The Group's financial information included in this Prospectus, including in "*Selected Consolidated Financial Information,*" "*Historical Financial Information*" and in this "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" for the year ended December 31, 2017, unless otherwise indicated, does not include financial information for the Grupa Allegro sp. z o.o. and Ceneo sp. z o.o. operating companies for the period from January 1, 2017 through January 17, 2017 (the "**Pre-Acquisition Period**"), which affects the comparability of the Group's results. In order to aid comparability, certain financial information in this Prospectus, including under "*—Results of Operations—Comparison of the Year Ended December 31, 2017 and the Year Ended December 31, 2018,*" has also been presented for the period from January 1, 2017 through December 31, 2017. Such information has been prepared by adding unaudited financial information generated from the internal historical accounting records of the operating companies for the Pre-Acquisition Period to the consolidated financial information of the Issuer for the year ended December 31, 2017 shown in the Annual Financial Statements and has not been audited or reviewed by the Group's independent statutory auditor, PricewaterhouseCoopers, *Société coopérative*, nor have any procedures been performed by them with respect thereto.

The table below shows selected income statement items for the year ended December 31, 2017 adjusted to include the Pre-Acquisition Period. Financial information for the period from January 1, 2017 through December 31, 2017 is referred to as "Cumulative 2017" financial information.

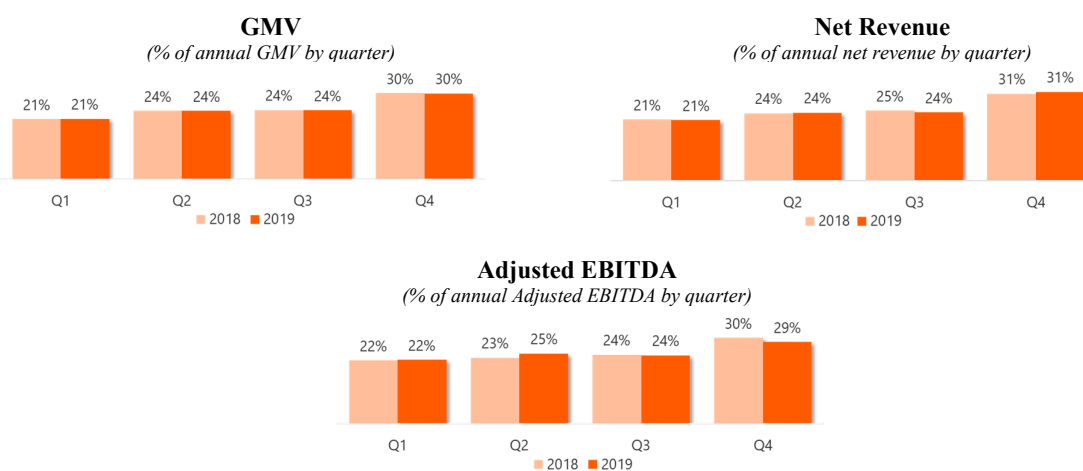
	Year ended December 31, 2017	Pre-Acquisition Period <sup>(1)</sup>	Cumulative 2017 <sup>(1)</sup>
		<i>Unaudited (PLN in millions)</i>	<i>Unaudited</i>
<b>Net revenue</b> .....	<b>1,662.7</b>	<b>80.1</b>	<b>1,742.8</b>
Marketplace revenue.....	1,266.4	56.7	1,323.1
Advertising revenue.....	118.2	4.7	122.9
Price comparison revenue.....	102.6	3.9	106.5
Retail revenue.....	149.1	10.0	159.1
Other revenue.....	26.4	4.7	31.2
<b>Operating expenses</b> .....	<b>(1,018.3)</b>	<b>(56.0)</b>	<b>(1,074.3)</b>
<b>Operating profit before amortization and depreciation</b> .....	<b>644.4</b>	<b>24.1</b>	<b>668.5</b>
Amortization and Depreciation.....	(382.7)	(2.1)	(384.8)
<b>Operating profit</b> .....	<b>261.7</b>	<b>22.0</b>	<b>283.7</b>
Net Financial result.....	(206.1)	(9.0)	(215.1)
<b>Profit before income tax</b> .....	<b>55.6</b>	<b>13.0</b>	<b>68.6</b>
Income tax expenses.....	(49.9)	(5.2)	(55.0)
<b>Net profit</b> .....	<b>5.8</b>	<b>7.8</b>	<b>13.6</b>

<sup>(1)</sup> Unless otherwise noted, the Group generally presents financial information derived from the Pre-Acquisition Period on an aggregated basis in this Prospectus. This aggregation is not an IFRS measure and does not purport to be prepared on a *pro forma* basis. However, the Group believes that such an aggregated presentation of the Cumulative 2017 figures provides a more meaningful comparison in respect of the underlying operating performance. The Cumulative 2017 financial information has been prepared for illustrative purposes only and does not purport to represent what the actual consolidated financial position would have been if the Acquisition had occurred on January 1, 2017.

### Seasonality

Like most retail businesses, the Group's business is affected by monthly and quarterly seasonality. For example, GMV growth from month-to-month varies based on the number of days in a month and the specific days of the week that were included in each month. GMV generally peaks on Mondays and falls gradually to a weekly low on Saturday before rising again on Sunday. Nearly three times more GMV is generally generated on Mondays than on Saturdays, and accordingly month-to-month growth rate comparisons may be distorted significantly by the number of Mondays in a given month. Much of the Group's quarterly seasonality is due to the Christmas holiday season, summer vacation time and national holidays. Typically, the fourth quarter of the year is the strongest due to the significant increase in transactions before the Christmas season. The first quarter of the year is generally the Group's slowest period. Commercial campaigns like Allegro's spring campaign, which generally occurs between February and June, SMART! Week, which generally occurs in September or October, and Black Week, which begins in November, generate an increase in transactions and an additional approximately 150 micro campaigns each year are designed to activate seasonal peaks in selected categories.

The charts below show the quarter-by-quarter breakdown of the Group's GMV, net revenue and Adjusted EBITDA for the years ended December 31, 2018 and 2019.



Source: Company Information



## **COVID-19 Impact**

In the first half of 2020, the Group's financial results were positively impacted by a considerable shift to online shopping by Polish consumers in response to the COVID-19 pandemic. Year-over-year GMV growth remained broadly consistently between 22% and 33% between June 2019 and February 2020 before increasing to 47% in March, 85% in April, 73% in May and 57% in June 2020. Year-over-year GMV growth for the twelve months ended June 30, 2020 was 40%, as compared to GMV growth of 22% for the twelve months ended June 30, 2019. The impact of the COVID-19 pandemic on consumer behavior led to significant increases in GMV growth during the six months ended June 30, 2020, which impacts the comparability to the Group's results of operations between the six months ended June 30, 2020 and the six months ended June 30, 2019.

In response to the COVID-19 pandemic, the Group implemented an offer providing all buyers on its marketplace free deliveries and returns using the Group's SMART! program for free for three months between mid-March and mid-June 2020. SMART! costs of delivery for buyers with free SMART! subscriptions, including the costs that were incurred by the Group during this three-month period, are classified as marketing expenses in the Financial Statements. For the six months ended June 30, 2020, the Group incurred PLN 81.2 million of additional marketing expenses relating to the free SMART! offer.

## **Recent Developments**

### *Recent Trading*

*The information below is based on the Group's internal management accounts and represents the Group's GMV growth for the months ended July 31 and August 31, 2020. This information has been prepared by and is the responsibility of the Group's management and has not been reviewed or audited by the Group's independent statutory auditor, PricewaterhouseCoopers, Société coopérative, and investors should not place undue reliance on it.*

As a result of the trends discussed elsewhere in this Prospectus, primarily including the spike in e-commerce penetration resulting from changed buyer behavior following the COVID-19 pandemic lockdown, the Group has continued to note strong GMV growth of 48% and 51% in July and August, respectively. The Group considers the three percentage point increase from July to August to be reflective of ordinary monthly seasonality in GMV growth (see "*Factors Affecting Comparability of Results—Seasonality*" above) as a consequence of August including five Mondays (the day of the week on which GMV is usually highest) as compared to the four Mondays included in July, rather than a return to an upward trend in monthly GMV growth.

### *Financial and Trading Position*

There has been no significant change in the financial or trading position of the Group since June 30, 2020.

## **Outlook**

*As set out below, the Group has established certain financial targets as measures of its performance which are based on the Group's business plan and a number of assumptions that the Group's management believes are appropriate, but which may turn out to be incorrect or different than expected. The targets are forward-looking statements and the Group's ability to achieve them will depend on a number of factors, many of which are outside of its control, including significant business, economic and competitive uncertainties and contingencies and risks including those described under the heading "Risk Factors—The Group's targets and the assumptions and judgments underlying its stated near- and medium-term financial outlook and other forward-looking performance measures may prove inaccurate, and as a result the Group may be unable to successfully meet its expectations or achieve its targeted financial results." As a result, the Group's actual results may vary significantly from its targets and those variations may be material. Except as specifically set out below, the Group has not defined by reference to specific periods the term "medium term" and the financial targets are not intended to be in respect of any particular financial year. Such targets have not been reviewed or audited by the Group's independent statutory auditor, PricewaterhouseCoopers, Société coopérative.*

The Group has set out the following financial targets, which it aims to achieve by executing its strategy.

### *GMV Growth*

In the six months ended June 30, 2020, GMV grew at a rate of 54.5% over the six months ended June 30, 2019, as compared to year-over-year growth of 25.4% for the year ended December 31, 2019. In light of the impact of the COVID-19 pandemic and the Group's performance since physical retail stores reopened in Poland, the Group is targeting a GMV growth rate for the year ending December 31, 2020 in the mid-40% range. For the year ending December 31, 2021, the Group expects

GMV growth to slow as the Group moves beyond the COVID-19 lockdown period and growth in online ecommerce penetration returns towards more typical levels, resulting in a GMV CAGR from 2019 to 2021 in the high-20% to low-30% range. In the medium term, the Group is targeting GMV growth in the low- to mid-20% range as the Group continues to invest in the business.

#### *Net Revenue*

For the six months ended June 30, 2020, net revenue grew at a rate of 51.8% over net revenue for the six months ended June 30, 2019, as compared to year-over-year growth of 31.1% for the year ended December 31, 2019. The Group is targeting net revenue growth for the year ending December 31, 2020 to be broadly in-line with growth in the first half of 2020. For the year ending December 31, 2021, the Group is targeting net revenue to grow faster than GMV growth as a result of anticipated increases to the Group's Take Rate, growth in advertising revenue and a slight increase in retail revenue as a percentage of net revenue. As a result, the Group is targeting a net revenue CAGR from 2019 to 2021 in the mid-30% range and is targeting net revenue growth in the medium term that is marginally higher than GMV growth.

#### *Adjusted EBITDA*

The Group's Adjusted EBITDA grew 20.0% year-over-year for the year ended December 31, 2019 and 28.0% for the six months ended June 30, 2020. The Group's 28.0% Adjusted EBITDA growth in the first half of 2020 was driven by the COVID-19 pandemic and therefore is not representative of the Group's expected Adjusted EBITDA growth rates for the second half of 2020 or for the year ending December 31, 2021, both of which the Group is targeting to be more consistent with the pre-COVID-19 growth rate seen in 2019. In the medium term, the Group is targeting Adjusted EBITDA growth to be broadly in-line with GMV growth.

#### *Capital Expenditures*

For the year ended December 31, 2019 and the six months ended June 30, 2020 capital expenditure represented 5.5% and 6.7% of net revenue, respectively. The Group expects total capital expenditure to be between PLN 230 million and PLN 270 million for the year ending December 31, 2020, between PLN 425 million and PLN 475 million for the year ending December 31, 2021 and between PLN 550 million and PLN 650 million for the year ending December 31, 2022. The expected increased investment is intended to specifically target development of the Group's new warehouse facilities that will form an essential part of the Group's Allegro Fulfillment strategy as well as other specific capital expenditures investments. See "*Business—Strategy—Further Expansion of SMART! and Delivery Services.*" In the medium term, the Group expects capital expenditure to represent approximately 5% of net revenue.

#### *Additional Metrics*

In 2020 the Group recorded a PLN 214.2 million non-tax deductible annual amortization charge related to intangible assets in 2017, which the Group expects to have an approximately 10-20 year impact. Other depreciation and amortization are expected to amount to 7.5% of revenue in 2020 and 5% in the medium term.

The Group expects a profit and loss tax rate of approximately 21% in 2020 and approximately 20% in the medium term, each net of deferred tax impact.

The Group expects an approximately PLN 130 million outflow of working capital in 2020, which is expected to include approximately PLN 205 million in consumer finance loans. The Group expects a PLN 40 million outflow in 2021. The Group anticipates a yearly outflow of 2.5% of the change in revenue thereafter.

The Group is targeting a cost of its new IPO financing around WIBOR plus a margin of 2%. The Group expects that its net leverage will be below 3.0x for the year ending December 31, 2020.

The Group expects that cash leases will represent approximately 1% of revenue for 2020 and approximately 0.5% of revenue in the medium term. The Group expects a cash outflow of approximately PLN 40 million in the second half of 2020 and a PLN 3 million cash outflow in 2021 to satisfy certain acquisition-related obligations.

The Group does not expect to award any stock-based compensation in 2020 but does expect to begin annual awards of stock based compensation starting from 2021. These annual awards are expected to be approximately PLN 110 million and the accounting cost of the stock-based compensation is expected to be approximately PLN 40 million in 2021, rising to PLN 110 million in the medium term.

The Group anticipates up to approximately PLN 125.0 million of costs associated with the Offering to be incurred during the second half of 2020, which includes PLN 25.5 million of non-cash expenses relating to the IPO Share Grant (as defined in "Management—Investment Opportunities and Incentive Plans—Allegro Incentive Plan").

The Group expects to write off PLN 147.2 million of deferred costs of borrowing being amortized into the cost of borrowing under the Existing Senior Term Facilities when these are refinanced by New Senior Facility B. This non-cash expense is expected to be recorded in financial costs.

### Key Performance Indicators

The following KPIs are measures used by the Group's management to monitor and manage operational risk and financial performance. For information regarding the calculation of the KPIs, some of which are APMs, see "Selected Consolidated Financial Information" and "Important Information—Presentation of Financial Information."

	As of and for the year ended			As of and for the six		Twelve
	December 31,			months ended June 30,		months
	2017	2018	2019	2019	2020	ended
	<i>Unaudited</i>			<i>Unaudited</i>		June 30,
						2020
						<i>Unaudited</i>
Active Buyers (millions) .....	9.3	10.4	11.4	10.9	12.3	12.3
GMV per Active Buyer (PLN) (LTM).....	1,711	1,741	1,985	1,856	2,295	2,295
GMV (PLN in millions) .....	15,966.7	18,185.4	22,801.0	10,361.6	16,006.5	28,445.9
Take Rate (%).....	8.0	8.9	9.3	9.3	9.1	9.1
Adjusted EBITDA (PLN in millions).....	952.8	1,114.8	1,338.1	631.4	808.0	1,514.7
Adjusted EBITDA/Net Revenue (%).....	57.3	56.4	51.6	54.1	45.6	47.4
Adjusted EBITDA/GMV (%) .....	6.0	6.1	5.9	6.1	5.0	5.3

### Explanation of Key Items from the Consolidated Statements of Comprehensive Income

For the purposes of the following discussion of the Group's results of operations, the key line items from the statements of comprehensive income include the following:

#### Net Revenue

The Group's net revenue is primarily composed of marketplace revenue, but also includes advertising revenue, price comparison revenue, retail revenue and other revenue.

#### Marketplace Revenue

Marketplace revenue generated from the Group's e-commerce platform is the Group's primary source of revenue and consists mainly of commissions from sellers (including fees for transactions that are completed on the Group's platform), non-transactional revenue (for example, listing and paid offer promotions), net of buyer incentive programs (such as the Money virtual coin program, fees paid to installment loan providers and SMART! co-finance), eBilet revenue, brokerage revenue and pricing discounts.

#### Advertising Revenue

Advertising revenue is generated from various promotional offerings available on the Group's platform (including Allegro.pl, Ceneo.pl and other Group websites), such as banner ads, preferred listing positions that produce click-through fees and external network ads.

#### Price Comparison Revenue

Price comparison revenue is generated by the Group's price comparison website, Ceneo.pl, through click-through services.

#### Retail Revenue

Retail revenue is generated through the sale of goods as part of the Group's 1P offering.

#### Other Revenue

Other revenue is generated primarily through hosting services and the provision of financial services.

### ***Operating Expenses***

The Group's components of operating expenses are payment charges, cost of goods sold, net costs of delivery, marketing service expenses, staff costs, IT service expenses, other expenses and transaction costs.

#### *Payment Charges*

Payment charges represent costs related to payment transfers made in connection with buyers paying merchants for items purchased and merchants paying Allegro the commission due. The amount of payment charges fluctuates according to the value of the item sold as well as the particular payment channel selected.

#### *Cost of Goods Sold*

Cost of goods sold represents the carrying value of goods sold during a particular period and stock obsolescence provisions. Carrying value consists of purchasing costs including received bonuses and packaging costs relating to the Group's 1P business.

#### *Net Costs of Delivery*

Costs of free delivery for buyers with paid SMART! subscriptions in excess of the SMART! subscription fees earned are presented in "net costs of delivery."

#### *Marketing Service Expenses*

Marketing expenses primarily consist of expenses associated with the following:

- pay-per-click advertising used to drive traffic to the Group's websites, in which the Group pays a publisher (typically a search engine, website owner or a network of websites) when an ad is clicked;
- the buyer protection program, under which, in order to ensure purchase safety on Allegro, the Group returns money to buyers up to the amount of PLN 10,000 in case of any purchase problem;
- brand marketing, including both online and offline advertising expenses;
- Monety, which is an incentive program where virtual coins earned as a result of buyers' activities on the platform, such as downloading the Allegro.pl mobile app, can be exchanged for vouchers;
- SMART! costs of delivery for buyers with free SMART! subscriptions, including those that were incurred by the Group for SMART! buyers who utilized the three month subscription free SMART! offered in response to the COVID-19 pandemic and buyers using other free SMART! trial offers that the Group makes available from time to time; and
- public relations activities including donations, charity events and corporate social responsibility initiatives.

#### *Staff Costs*

Staff costs include all wages, commissions, bonuses, benefits, training and integration events for personnel, less the part capitalized to development cost intangible assets that relates to staff time spent on the development of new functionality deployed on the Group's websites.

#### *IT Service Expenses*

IT service expenses consist of costs of operating the Group's websites and back office IT systems, including the costs of operating, housing and connecting hardware systems and software-as-a-service expenses.

#### *Other Expenses*

Other expenses include costs incurred in operating and administering the business and consist primarily of office administration expenses, management service charges, costs for third-party contractors and consultants, travel costs and bad debt expenses, which reflect the loss allowance on trade receivables.

### *Transaction Costs*

Transaction costs include costs related to certain acquisitions, namely the Acquisition of the Group in 2017 and the acquisition of eBilet in 2019.

### *Amortization*

Amortization is determined based on the expected economic useful lives of intangible assets (in particular, licenses, software and copyrights). The Group reviews yearly the adopted economic useful lives on the basis of current estimates, and in the event of a change to the economic useful life of an intangible asset, recognizes its effect as the effect of a change in accounting estimates.

### *Depreciation*

Depreciation reflects the normal wear and tear of property (including lease assets), plant and equipment. Depreciation is determined based on the expected economic useful lives of property, plant and equipment. The Group reviews yearly the adopted economic useful lives on the basis of current estimates, and in the event of a change to the economic useful life of an asset, recognizes its effect as the effect of a change in accounting estimates.

### *Net Financial Result*

Net financial result is the sum of financial income and financial costs and primarily includes: (i) interest paid and payable for financial liabilities; (ii) interest payable on leases; and (iii) interest earned from deposits.

### *Income Tax Expenses*

Income tax expenses includes current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such cases, tax is also recognized in other comprehensive income or directly in equity, respectively.

### *Other Comprehensive Income*

Other comprehensive income refers to gains and losses that are recorded as an element of stockholders' equity and are excluded from net income. The Group's other comprehensive income is composed mainly of unrealized losses and gains on valuation of swap contracts, the related deferred tax impact and exchange differences on translation of foreign operations.

## Results of Operations

The following table presents the Group's summary consolidated statements of comprehensive income data for the years ended December 31, 2017, 2018 and 2019 and for the six months ended June 30, 2019 and 2020.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	<i>Unaudited</i>				
	<i>(PLN in millions)</i>				
Net revenue.....	1,662.7	1,978.0	2,592.3	1,166.5	1,770.1
Operating expenses.....	(1,018.3)	(880.0)	(1,266.9)	(541.4)	(981.6)
Payment charges.....	(124.0)	(129.5)	(133.7)	(67.6)	(74.2)
Cost of goods sold.....	(131.5)	(57.0)	(120.4)	(36.6)	(82.3)
Net costs of delivery.....	-	(49.6)	(268.5)	(104.4)	(246.2)
Marketing service expenses.....	(170.0)	(280.3)	(306.9)	(126.6)	(273.3)
Staff costs.....	(200.3)	(243.3)	(294.4)	(141.8)	(202.9)
IT service expenses.....	(29.8)	(35.2)	(39.9)	(17.6)	(27.2)
Other expenses.....	(75.1)	(84.5)	(101.6)	(45.4)	(75.4)
Transaction costs.....	(287.7)	(0.7)	(1.4)	(1.4)	-
Operating profit before amortization and depreciation	644.4	1,098.0	1,325.4	625.1	788.6
Amortization and Depreciation.....	(382.7)	(421.7)	(439.3)	(216.9)	(228.2)
Amortization.....	(328.8)	(364.6)	(383.6)	(189.5)	(197.4)
Depreciation.....	(53.9)	(57.1)	(55.7)	(27.3)	(30.8)
Operating profit.....	261.7	676.3	886.1	408.2	560.4
Net Financial result.....	(206.1)	(316.0)	(373.0)	(161.8)	(183.7)
Financial income.....	111.6	7.1	11.0	8.6	12.8
Financial costs.....	(317.7)	(323.0)	(384.0)	(170.4)	(196.5)
Profit before income tax.....	55.6	360.3	513.0	246.3	376.7
Income tax expenses.....	(49.9)	(88.4)	(120.0)	(50.6)	(87.0)
Net profit.....	5.8	271.9	393.1	195.7	289.7
Other comprehensive income/(loss).....	(0.3)	(18.2)	(3.2)	(6.1)	(65.7)
Total comprehensive income for the period.....	5.5	253.7	389.8	189.7	224.0

## Comparison of the Six Months Ended June 30, 2019 and the Six Months Ended June 30, 2020

### Net Revenue

Net revenue increased by PLN 603.7 million, or 51.8%, from PLN 1,166.5 million for the six months ended June 30, 2019 to PLN 1,770.1 million for the six months ended June 30, 2020. This increase resulted primarily from increases in marketplace revenue, advertising revenue and retail revenue.

The following table presents a breakdown of net revenue for the periods under review along with a percentage change over such periods.

	Six months ended June 30,		
	2019	2020	Change %
	<i>Unaudited</i>		
	<i>(PLN in millions)</i>		
Marketplace revenue.....	962.6	1,446.6	50.3
Advertising revenue.....	87.6	141.3	61.3
Price comparison revenue.....	66.2	89.4	35.0
Retail revenue.....	37.2	82.6	121.9
Other revenue.....	12.9	10.3	(19.6)
Net revenue.....	1,166.5	1,770.1	51.8

### Marketplace Revenue

Marketplace revenue increased by PLN 484.0 million, or 50.3%, from PLN 962.6 million for the six months ended June 30, 2019 to PLN 1,446.6 million for the six months ended June 30, 2020. This increase resulted primarily from 54.5% period-over-period GMV growth that was partly offset by a 24 basis point reduction in the Group's Take Rate. Unusually high demand for e-commerce began in the middle of March as a result of the COVID-19 pandemic. This demand was further enhanced by the Group providing its SMART! subscription services for free for three monthly cycles starting from mid-March, which resulted in more buyers receiving free delivery and responding by increasing their purchases on the Group's e-commerce marketplace. As a result of these factors, the number of Active Buyers increased by 12.6% and GMV per Active Buyer increased by 23.6% compared to the twelve months ended June 30, 2019. The reduction in the Group's Take Rate reflected the Group's decision to delay planned Take Rate increases for the period of the lockdown and was also due

to markedly higher GMV, which resulted in fixed and semi-fixed fees forming a smaller part of total marketplace revenue relative to variable revenue streams from success fees, which drove the lower average Take Rate per unit of GMV.

#### *Advertising Revenue*

Advertising revenue increased by PLN 53.7 million, or 61.3%, from PLN 87.6 million for the six months ended June 30, 2019 to PLN 141.3 million for the six months ended June 30, 2020. This increase resulted primarily from the strong performance of sponsored offer ads due to an acceleration in traffic growth on the Group's websites as well as a higher number of merchants purchasing sponsored offer ads and a higher average cost-per-click as Polish consumers shifted significantly to e-commerce as a result of the COVID-19 pandemic in the second quarter. The increase was also the result of improved performance of digital advertising due to self-service scalability and higher sales to strategic clients.

#### *Price Comparison Revenue*

Price comparison revenue increased by PLN 23.2 million, or 35.0%, from PLN 66.2 million for the six months ended June 30, 2019 to PLN 89.4 million for the six months ended June 30, 2020. This increase resulted primarily from higher revenue from cost-per-click fees, which were generated from a higher number site visits resulting in a higher number of clicks and a higher average cost per click. The COVID-19 pandemic was a significant factor in the acceleration of growth in visits during the second quarter of 2020.

#### *Retail Revenue*

Retail revenue increased by PLN 45.4 million, or 121.9%, from PLN 37.2 million for the six months ended June 30, 2019 to PLN 82.6 million for the six months ended June 30, 2020. 1P retail sales represented 0.5% of total GMV in the six months ended June 30, 2020 and 0.4% of total GMV in the six months ended June 30, 2019. This increase in retail revenue resulted primarily from higher demand on selected categories, including supermarket, kids, health and beauty and electronics, all of which experienced additional demand during the COVID-19 lockdown.

#### *Operating Expenses*

Operating expenses increased by PLN 440.2 million, or 81.3%, from PLN 541.4 million for the six months ended June 30, 2019 to PLN 981.6 million for the six months ended June 30, 2020. This increase resulted primarily from increased net costs of delivery, marketing service expenses and staff costs, as explained below.

#### *Payment Charges*

Payment charges increased by PLN 6.6 million, or 9.8%, from PLN 67.6 million for the six months ended June 30, 2019 to PLN 74.2 million for the six months ended June 30, 2020. This increase resulted from higher sales on the Group's e-commerce marketplace, substantially offset by lower rates from third-party providers due to discounts negotiated in the second quarter of 2019 that increase after reaching agreed volume thresholds.

#### *Cost of Goods Sold*

Cost of goods sold increased by PLN 45.7 million, or 124.9%, from PLN 36.6 million for the six months ended June 30, 2019 to PLN 82.3 million for the six months ended June 30, 2020. This increase resulted primarily from increased sales through the Group's 1P retail business with margins down slightly by 1.3 percentage points as the Group increased its concentration on selection of 1P retail inventory primarily to improve overall price competitiveness on the Group's e-commerce marketplace.

#### *Net Costs of Delivery*

Net costs of delivery increased by PLN 141.8 million, or 135.8%, from PLN 104.4 million for the six months ended June 30, 2019 to PLN 246.2 million for the six months ended June 30, 2020. This increase resulted primarily from an increased number of buyers on the Group's e-commerce marketplace who were members of the SMART! program and reduced SMART! subscription revenue following the Group providing three months of free SMART! subscriptions to existing SMART! buyers in response to the COVID-19 pandemic. Additional demand caused by the COVID-19 pandemic boosted the number of purchases per SMART! subscriber and further contributed to the acceleration in growth of net costs of delivery.

### *Marketing Service Expenses*

Marketing service expenses increased by PLN 146.7 million, or 115.9%, from PLN 126.6 million for the six months ended June 30, 2019 to PLN 273.3 million for the six months ended June 30, 2020. This increase reflected a 64.4% increase in spending on marketing, and particularly pay-per-click advertising, plus PLN 81.2 million related to net costs of delivery for free SMART! subscriptions provided by the Group to any buyer who wished to utilize SMART! services, including free delivery, during a three-month period at the height of the COVID-19 pandemic. As the Group made no direct incremental fees from either buyers or merchants from providing the SMART! services, the net costs of delivery were classified as marketing expenses. No similar amounts were recorded in the six months ended June 30, 2019.

### *Staff Costs*

Staff costs increased by PLN 61.1 million, or 43.1%, from PLN 141.8 million for the six months ended June 30, 2019 to PLN 202.9 million for the six months ended June 30, 2020. This increase resulted primarily from the recruitment of new employees as headcount as of June 30, 2020 was 18.4% higher than as of June 30, 2019, as well as an increase in base salaries and an additional annual bonus provision following the Group's strong performance.

### *IT Service Expenses*

IT service expenses increased by PLN 9.6 million, or 54.4%, from PLN 17.6 million for the six months ended June 30, 2019 to PLN 27.2 million for the six months ended June 30, 2020. This increase resulted primarily from new licenses related to the introduction of new software solutions and increased IT costs due to higher technical platform costs, including external cloud usage, due to the growing storage requirements for the increasing number of active offers on the Group's e-commerce marketplace.

### *Other Expenses*

Other expenses increased by PLN 30.0 million, or 66.0%, from PLN 45.4 million for the six months ended June 30, 2019 to PLN 75.4 million for the six months ended June 30, 2020. This increase resulted primarily from higher consultancy and contractor costs in connection with the development of new products, increased provisioning for bad debts related to increased sales on the Group's e-commerce marketplace as well as additional provision for extensions in payment terms for SME merchants from 14 to 60 days in response to the COVID-19 pandemic. This payment extension lasted for four billing periods and ended in August 2020.

### *Transaction Costs*

Transaction costs decreased by PLN 1.4 million, or 100.0%, from PLN 1.4 million for the six months ended June 30, 2019 to nil for the six months ended June 30, 2020. The Group acquired eBilet Polska sp. z o.o. during the six months ended June 30, 2019 and made no acquisitions in the six months ended June 30, 2020.

### ***Operating Profit before Amortization and Depreciation***

Operating profit before amortization and depreciation increased by PLN 163.5 million, or 26.2%, from PLN 625.1 million for the six months ended June 30, 2019 to PLN 788.6 million for the six months ended June 30, 2020 as a result of the factors described above.

### *Amortization*

Amortization increased by PLN 7.9 million, or 4.1%, from PLN 189.5 million for the six months ended June 30, 2019 to PLN 197.4 million for the six months ended June 30, 2020. This increase resulted primarily from an increase in intangibles associated with capitalized development costs of projects that were completed and put into use in the twelve months since the end of the prior period, such as the first phases of projects aimed at improving delivery experience and productization.

### *Depreciation*

Depreciation increased by PLN 3.5 million, or 12.8%, from PLN 27.3 million for the six months ended June 30, 2019 to PLN 30.8 million for the six months ended June 30, 2020. This increase resulted primarily from the depreciation of computers and office equipment related to purchases made in the prior year and accelerated purchases of servers and workstations that were made to ensure the Group's ability to support the supply chain during the COVID-19 pandemic.



### Operating Profit

Operating profit increased by PLN 152.2 million, or 37.3%, from PLN 408.2 million for the six months ended June 30, 2019 to PLN 560.4 million for the six months ended June 30, 2020 as a result of the factors discussed above.

### Net Financial Result

Net financial costs increased by PLN 21.8 million, or 13.5%, from a cost of PLN 161.8 million for the six months ended June 30, 2019 to a cost of PLN 183.7 million for the six months ended June 30, 2020. This increase resulted primarily from increased interest paid and payable for financial borrowings following the Group's upsizing of its existing loans by PLN 2,000.0 million in May 2019.

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

	Six months ended June 30,		Change %
	2019	2020	
	<i>Unaudited</i> (PLN in millions)		
Interest from deposits .....	6.5	2.1	(67.1)
Other financial income .....	0.7	1.2	79.4
Valuation of financial assets .....	-	9.5	100.0
Net exchange gains on foreign currency transactions .....	1.4	-	(100.0)
<b>Financial income</b> .....	<b>8.6</b>	<b>12.8</b>	<b>50.1</b>
Interest paid and payable for financial liabilities .....	(166.3)	(189.3)	13.9
Interest on leases .....	(2.0)	(1.6)	(19.9)
Revolving facility availability fee .....	(1.5)	(1.6)	11.6
Net exchange losses on foreign currency transactions .....	-	(3.4)	100.0
Other financial costs .....	(0.6)	(0.5)	(25.2)
<b>Financial costs</b> .....	<b>(170.4)</b>	<b>(196.5)</b>	<b>15.3</b>
<b>Net financial result</b> .....	<b>(161.8)</b>	<b>(183.7)</b>	<b>13.5</b>

### Profit before Income Tax

Profit before income tax increased by PLN 130.4 million, or 52.9%, from PLN 246.3 million for the six months ended June 30, 2019 to PLN 376.7 million for the six months ended June 30, 2020 as a result of the factors discussed above.

### Income Tax Expenses

Income tax expenses increased by PLN 36.4 million, or 72.0%, from PLN 50.6 million for the six months ended June 30, 2019 to PLN 87.0 million for the six months ended June 30, 2020. This increase resulted primarily from an increase in operating profit which increased the taxable base. The Group's effective tax rate was 20.4% and 22.7% for the six months ended June 30, 2019 and 2020, respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The effective tax rate increased in the six months ended June 30, 2020 as a result of PLN 38.8 million of tax losses incurred by one of the Group's Luxembourg subsidiaries for which no deferred tax asset is recognized as this entity is not likely to generate taxable income in the foreseeable future.

The following table presents a breakdown of income tax expenses for the periods indicated.

	Six months ended June 30,		Change %
	2019	2020	
	<i>Unaudited</i> (PLN in millions)		
Current income tax on profits .....	(63.4)	(102.6)	61.8
(Increase)/Decrease in net deferred tax liability .....	12.8	15.5	21.4
<b>Income tax expense</b> .....	<b>(50.6)</b>	<b>(87.0)</b>	<b>72.0</b>

### Net Profit

Net profit increased by PLN 93.9 million, or 48.0%, from PLN 195.7 million for the six months ended June 30, 2019 to PLN 289.7 million for the six months ended June 30, 2020 as a result of the factors discussed above.

### ***Other Comprehensive Income***

Other comprehensive income decreased by PLN 59.6 million, or 978.8%, from negative PLN 6.1 million for the six months ended June 30, 2019 to negative PLN 65.7 million for the six months ended June 30, 2020. This decrease resulted primarily from changes in the valuation of financial liabilities relating to the Group's fixed interest rate swap contracts. The COVID-19 pandemic resulted in a substantial fall in market interest rates and medium-term bond yields that increased the mark-to-market liability on the Group's hedged interest rate positions that were taken out to reduce exposure to interest rate volatility.

### ***Total Comprehensive Income***

Total comprehensive income increased by PLN 34.3 million, or 18.1%, from PLN 189.7 million for the six months ended June 30, 2019 to PLN 224.0 million for the six months ended June 30, 2020 as a result of the factors discussed above.

### **Comparison of the Year Ended December 31, 2018 and the Year Ended December 31, 2019**

#### ***Net Revenue***

Net revenue increased by PLN 614.3 million, or 31.1%, from PLN 1,978.0 million for the year ended December 31, 2018 to PLN 2,592.3 million for the year ended December 31, 2019. This increase resulted primarily from increase in marketplace revenue, retail revenue and advertising revenue, the drivers of which are set out below.

The following table presents a breakdown of net revenue for the periods indicated along with a percentage change over such periods.

	<b>Year ended December 31,</b>		<b>Change %</b>
	<b>2018</b>	<b>2019</b>	
	<i>(PLN in millions)</i>		
Marketplace revenue.....	1,609.0	2,099.7	30.5
Advertising revenue.....	161.5	207.1	28.2
Price comparison revenue.....	123.7	145.8	17.8
Retail revenue.....	62.8	115.2	83.5
Other revenue.....	21.1	24.5	16.4
<b>Net revenue.....</b>	<b>1,978.0</b>	<b>2,592.3</b>	<b>31.1</b>

#### ***Marketplace Revenue***

Marketplace revenue increased by PLN 490.8 million, or 30.5%, from PLN 1,609.0 million for the year ended December 31, 2018 to PLN 2,099.7 million for the year ended December 31, 2019. This increase resulted primarily from 25.4% year-over-year GMV growth and a Take Rate that rose by 38 basis points to 9.3% following an increase in the average fee rate and an increase in the fee on promoted listings. The GMV growth reflected an 8.9% increase in Active Buyers and a 14.0% increase in GMV per Active Buyer with the latter driven by the increasing penetration of SMART! subscriptions in the Active Buyer base throughout 2019 following the launch of the SMART! program in August 2018. SMART! subscribers on average spend more on the Group's e-commerce marketplace in the twelve months following signing up for a subscription than in the month prior to joining.

#### ***Advertising Revenue***

Advertising revenue increased by PLN 45.6 million, or 28.2%, from PLN 161.5 million for the year ended December 31, 2018 to PLN 207.1 million for the year ended December 31, 2019. This increase resulted primarily from the strong performance of sponsored offer ads due to higher traffic on the Group's websites as well as a higher number of merchants purchasing sponsored offer ads and a higher average cost per click. The increase was also the result of the further development of the new self-service banner display product for brands, particularly during the holiday season. This growth was partially reduced by the discontinuance of remarketing arrangements with a classified advertising platform in the second quarter of 2018.

#### ***Price Comparison Revenue***

Price comparison revenue increased by PLN 22.1 million, or 17.8%, from PLN 123.7 million for the year ended December 31, 2018 to PLN 145.8 million for the year ended December 31, 2019. This increase resulted primarily from higher click fee revenue resulting from a higher number of clicks and a higher average charge per click.

### *Retail Revenue*

Retail revenue increased by PLN 52.4 million, or 83.5%, from PLN 62.8 million for the year ended December 31, 2018 to PLN 115.2 million for the year ended December 31, 2019. This increase resulted primarily from strong promotional sales of the Group's 1P retail offerings during the SMART! Week and Black Week sales festivals that are designed to attract traffic to the Group's e-commerce marketplace. Retail revenue as a percentage of GMV increased by 16 basis points from 0.3% for the year ended December 31, 2018 to 0.5% for the year ended December 31, 2019.

### *Operating Expenses*

Operating expenses increased by PLN 386.9 million, or 44.0%, from PLN 880.0 million for the year ended December 31, 2018 to PLN 1,266.9 million for the year ended December 31, 2019. This increase resulted primarily from increased net costs of delivery and cost of goods sold as well as increased marketing service expenses and staff costs.

### *Payment Charges*

Payment charges increased by PLN 4.2 million, or 3.3%, from PLN 129.5 million for the year ended December 31, 2018 to PLN 133.7 million for the year ended December 31, 2019. This increase resulted from higher GMV on the Group's e-commerce marketplace but was significantly offset by lower rates paid to third-party providers due to volume discounts negotiated during the first half of 2019.

### *Cost of Goods Sold*

Cost of goods sold increased by PLN 63.3 million, or 111.0%, from PLN 57.0 million for the year ended December 31, 2018 to PLN 120.4 million for the year ended December 31, 2019. This increase resulted primarily from higher retail sales in the Group's 1P retail offering and a lower sales margin due to an increased share of promotional offers in the sales mix aimed at bringing traffic to the Group's e-commerce marketplace and increasing price competitiveness.

### *Net Costs of Delivery*

Net costs of delivery increased by PLN 219.0 million, or 441.9%, from PLN 49.6 million for the year ended December 31, 2018 to PLN 268.5 million for the year ended December 31, 2019. This increase resulted primarily from the full-year effect of the costs of operating the SMART! program, which launched in August 2018, and the increased number of buyers on the Group's e-commerce marketplace who are members of the SMART! program.

### *Marketing Service Expenses*

Marketing service expenses increased by PLN 26.7 million, or 9.5%, from PLN 280.3 million for the year ended December 31, 2018 to PLN 306.9 million for the year ended December 31, 2019. This increase resulted primarily from increased pay-per-click advertising expenses reflecting increased traffic referrals, which were partially offset by reduced investment in brand marketing.

### *Staff Costs*

Staff costs increased by PLN 51.1 million, or 21.0%, from PLN 243.3 million for the year ended December 31, 2018 to PLN 294.4 million for the year ended December 31, 2019. This increase resulted primarily from the recruitment of new employees as headcount as of December 31, 2019 was 16.2% higher than as of December 31, 2018 and increases in base salaries for certain existing employees.

### *IT Service Expenses*

IT service expenses increased by PLN 4.7 million, or 13.4%, from PLN 35.2 million for the year ended December 31, 2018 to PLN 39.9 million for the year ended December 31, 2019. This increase resulted primarily from new licenses related to the introduction of new software solutions and increased IT costs due to higher technical platform costs, including external cloud usage, due to the growing storage requirements for the increasing number of active offers on the Group's e-commerce marketplace.

### *Other Expenses*

Other expenses increased by PLN 17.1 million, or 20.3%, from PLN 84.5 million for the year ended December 31, 2018 to PLN 101.6 million for the year ended December 31, 2019. This increase resulted primarily from higher consultancy and

contractor costs in connection with the development of new products, increased provision for bad debts related to increased sales on the Group's e-commerce marketplace and higher administrative costs related to new office space.

#### *Transaction Costs*

Transaction costs increased by PLN 0.7 million, or 104.3% from PLN 0.7 million for the year ended December 31, 2018 to PLN 1.4 million for the year ended December 31, 2019. This increase was due to the acquisition of eBilet Polska sp. z o.o. in April 2019.

#### *Operating Profit before Amortization and Depreciation*

Operating profit before amortization and depreciation increased by PLN 227.4 million, or 20.7%, from PLN 1,098.0 million for the year ended December 31, 2018 to PLN 1,325.4 million for the year ended December 31, 2019 as a result of the factors discussed above.

#### *Amortization*

Amortization increased by PLN 19.0 million, or 5.2%, from PLN 364.6 million for the year ended December 31, 2018 to PLN 383.6 million for the year ended December 31, 2019. This increase resulted primarily from an increase in intangible assets associated with development projects that were completed during the period, such as an advertising pay-per-click engine, the first phase of the productization project, mobile development and Allegro Ads network, and a full year of amortization for projects that were completed during the year ended December 31, 2018.

#### *Depreciation*

Depreciation decreased by PLN 1.4 million, or 2.5%, from PLN 57.1 million for the year ended December 31, 2018 to PLN 55.7 million for the year ended December 31, 2019. This decrease resulted primarily from a slight decrease in depreciable assets reflecting a higher share of fully depreciated equipment in use.

#### *Operating Profit*

Operating profit increased by PLN 209.8 million, or 31.0%, from PLN 676.3 million for the year ended December 31, 2018 to PLN 886.1 million for the year ended December 31, 2019 as a result of the factors discussed above.

#### *Net financial Result*

Net financial costs increased by PLN 57.1 million, or 18.1%, from a cost of PLN 316.0 million for the year ended December 31, 2018 to a cost of PLN 373.0 million for the year ended December 31, 2019. This increase resulted primarily from increased interest paid and payable for financial liabilities following the Group's upsizing of its existing loans by PLN 2,000.0 million in May 2019.

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

	<b>Year ended December 31,</b>		<b>Change %</b>
	<b>2018</b>	<b>2019</b>	
	<i>(PLN in millions)</i>		
Interest from deposits .....	6.2	8.0	30.6
Other financial income .....	0.9	1.6	75.5
Net exchange gains on foreign currency transactions.....	-	1.3	100.0
<b>Financial income</b> .....	<b>7.1</b>	<b>11.0</b>	<b>55.2</b>
Interest paid and payable for financial liabilities .....	(305.4)	(375.9)	23.1
Interest on leases.....	(8.1)	(3.8)	(52.4)
Measurement of financial instruments .....	(0.8)	-	(100.0)
Revolving facility availability fee.....	(3.2)	(3.2)	(0.8)
Net exchange losses on foreign currency translations .....	(3.8)	-	(100.0)
Other financial costs .....	(1.6)	(1.1)	(33.0)
<b>Financial costs</b> .....	<b>(323.0)</b>	<b>(384.0)</b>	<b>18.9</b>
<b>Net financial result</b> .....	<b>(316.0)</b>	<b>(373.0)</b>	<b>18.1</b>

#### *Profit before Income Tax*

Profit before income tax increased by PLN 152.7 million, or 42.4%, from PLN 360.3 million for the year ended December 31, 2018 to PLN 513.0 million for the year ended December 31, 2019 as a result of the factors discussed above.

### ***Income Tax Expenses***

Income tax expenses increased by PLN 31.6 million, or 35.7%, from PLN 88.4 million for the year ended December 31, 2018 to PLN 120.0 million for the year ended December 31, 2019. This increase resulted primarily from an increase in profit before tax that increased the taxable base. The Group's effective tax rate was 24.5% and 23.4% for the years ended December 31, 2018 and 2019, respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The Group's effective tax rate is higher than the corporate income tax rate due to the non-deductibility of certain expenses, including certain debt interest expenses.

The following table presents a breakdown of income tax expenses for the periods indicated.

	<b>Year ended December 31,</b>		<b>Change %</b>
	<b>2018</b>	<b>2019</b>	
	<i>(PLN in millions)</i>		
Current income tax on profits.....	(106.7)	(160.8)	50.8
(Increase)/Decrease in net deferred tax liability .....	18.3	40.9	123.8
<b>Income tax expense</b> .....	<b>(88.4)</b>	<b>(120.0)</b>	<b>35.7</b>

### ***Net Profit***

Net profit increased by PLN 121.2 million, or 44.6%, from PLN 271.9 million for the year ended December 31, 2018 to PLN 393.1 million for the year ended December 31, 2019 as a result of the factors discussed above.

### ***Other Comprehensive Income***

Other comprehensive income increased by PLN 15.0 million, or 82.2%, from negative PLN 18.2 million for the year ended December 31, 2018 to negative PLN 3.2 million for the year ended December 31, 2019. This increase resulted primarily from changes in the valuation of financial liabilities relating to the Group's interest rate swap contracts that are used to hedge the floating exchange rate risk inherent in its borrowing arrangements.

### ***Total Comprehensive Income***

Total comprehensive income increased by PLN 136.1 million, or 53.7%, from PLN 253.7 million for the year ended December 31, 2018 to PLN 389.8 million for the year ended December 31, 2019 as a result of the factors discussed above.

### **Comparison of the Year Ended December 31, 2017 and the Year Ended December 31, 2018**

#### ***Net Revenue***

Net revenue increased by PLN 315.3 million, or 19.0%, from PLN 1,662.7 million for the year ended December 31, 2017 to PLN 1,978.0 million for the year ended December 31, 2018. This increase resulted primarily from an increase in marketplace revenue and advertising revenue, which was partially offset by a decline in retail revenue. Net revenue for the year ended December 31, 2018 increased by PLN 235.2 million, or 13.5%, from Cumulative 2017 net revenue of PLN 1,742.8 million.

The following table presents a breakdown of net revenue for the periods indicated along with a percentage change over such periods.

	<b>Year ended December 31,</b>		<b>Change %</b>
	<b>2017</b>	<b>2018</b>	
	<i>(PLN in millions)</i>		
Marketplace revenue.....	1,266.4	1,609.0	27.1
Advertising revenue.....	118.2	161.5	36.7
Price comparison revenue.....	102.6	123.7	20.5
Retail revenue.....	149.1	62.8	(57.9)
Other revenue.....	26.4	21.1	(20.4)
<b>Net revenue</b> .....	<b>1,662.7</b>	<b>1,978.0</b>	<b>19.0</b>

#### ***Marketplace Revenue***

Marketplace revenue increased by PLN 342.6 million, or 27.1%, from PLN 1,266.4 million for the year ended December 31, 2017 to PLN 1,609.0 million for the year ended December 31, 2018. This increase resulted primarily from 13.9% year-over-year GMV growth and a 8.9% Take Rate that was 86 basis points higher than the Group's Take Rate for

the year ended December 31, 2017, following an increase in the average fee rate and the introduction of an additional fee on promoted listings, the number of which remained in line with the prior period. Marketplace revenue for the year ended December 31, 2018 increased by PLN 285.8 million, or 21.6%, from Cumulative 2017 marketplace revenue of PLN 1,323.1 million.

#### *Advertising Revenue*

Advertising revenue increased by PLN 43.3 million, or 36.7%, from PLN 118.2 million for the year ended December 31, 2017 to PLN 161.5 million for the year ended December 31, 2018. This increase resulted primarily from strong performance of sponsored offer ads due to higher traffic, a higher number of merchants purchasing preferred listing positions and a higher average cost per click. Advertising revenue for the year ended December 31, 2018 increased by PLN 38.6 million, or 31.4%, from Cumulative 2017 advertising revenue of PLN 122.9 million.

#### *Price Comparison Revenue*

Price comparison revenue increased by PLN 21.1 million, or 20.5%, from PLN 102.6 million for the year ended December 31, 2017 to PLN 123.7 million for the year ended December 31, 2018. This increase resulted primarily from higher click fee revenue resulting from a higher number of clicks and a higher average charge per click. Price comparison revenue for the year ended December 31, 2018 increased by PLN 17.2 million, or 16.1%, from Cumulative 2017 price comparison revenue of PLN 106.5 million.

#### *Retail Revenue*

Retail revenue decreased by PLN 86.3 million, or 57.9%, from PLN 149.1 million for the year ended December 31, 2017 to PLN 62.8 million for the year ended December 31, 2018. This decrease resulted primarily from a de-emphasis of the 1P business in 2018 while the Group focused on marketplace development. Retail revenue for the year ended December 31, 2018 decreased by PLN 96.3 million, or 60.5%, from Cumulative 2017 retail revenue of PLN 159.1 million. GMV from retail revenue as a share of total GMV fell from 1.1% for the year ended December 31, 2017 to 0.4% for the year ended December 31, 2018.

#### *Operating Expenses*

Operating expenses decreased by PLN 138.2 million, or 13.6%, from PLN 1,018.3 million for the year ended December 31, 2017 to PLN 880.0 million for the year ended December 31, 2018. This decrease resulted primarily from the non-recurrence in 2018 of the transaction costs associated with the Acquisition in 2017, which amounted to PLN 287.7 million. After excluding transaction costs incurred in 2017, operating expenses increased by PLN 149.5 million due to increases in marketing service expenses, net costs of delivery and staff costs. Operating expenses for the year ended December 31, 2018 decreased by PLN 194.3 million, or 18.1%, from Cumulative 2017 operating expenses of PLN 1,074.3 million.

#### *Payment Charges*

Payment charges increased by PLN 5.5 million, or 4.5%, from PLN 124.0 million for the year ended December 31, 2017 to PLN 129.5 million for the year ended December 31, 2018. This increase resulted primarily from increased sales on the Group's e-commerce marketplace, but was partially offset by lower rates from one third-party provider and the addition of a second payment provider in November 2017.

#### *Cost of Goods Sold*

Cost of goods sold decreased by PLN 74.4 million, or 56.6%, from PLN 131.5 million for the year ended December 31, 2017 to PLN 57.0 million for the year ended December 31, 2018. This decrease resulted primarily from lower retail sales in the 1P business due to the Group's primary focus on marketplace development rather than the 1P business.

#### *Net Costs of Delivery*

Net costs of delivery increased from nil for the year ended December 31, 2017 to PLN 49.6 million for the year ended December 31, 2018. This increase was a result of the launch of the SMART! program in August 2018.

### *Marketing Service Expenses*

Marketing service expenses increased by PLN 110.3 million, or 64.9%, from PLN 170.0 million for the year ended December 31, 2017 to PLN 280.3 million for the year ended December 31, 2018. This increase resulted primarily from increased investment in traffic acquisition through pay-per-click and costs relating to building brand awareness.

### *Staff Costs*

Staff costs increased by PLN 43.1 million, or 21.5%, from PLN 200.3 million for the year ended December 31, 2017 to PLN 243.3 million for the year ended December 31, 2018. This increase resulted primarily from recruitment of new employees as headcount as of December 31, 2018 was 19.5% higher than as of December 31, 2017, increases in base salaries and the commencement of a bonus scheme for the Group's sales team.

### *IT Service Expenses*

IT service expenses increased by PLN 5.5 million, or 18.3%, from PLN 29.8 million for the year ended December 31, 2017 to PLN 35.2 million for the year ended December 31, 2018. This increase resulted primarily from new licenses related to new products, externally provided product parameters for offers listed on the Group's e-commerce marketplace, higher headcount driving office IT license expenditures, increased costs of quality improvements for the Group's technical platform, including the growth of public cloud usage, due to the growing number of active offers on the Group's e-commerce marketplace, data collection and the increased complexity of the Group's technological products.

### *Other Expenses*

Other expenses increased by PLN 9.4 million, or 12.5%, from PLN 75.1 million for the year ended December 31, 2017 to PLN 84.5 million for the year ended December 31, 2018. This increase resulted primarily from higher consultancy and contractor costs in connection with the development of new products and a higher provision for bad debts related to increased sales on the Group's e-commerce marketplace.

### *Transaction Costs*

Transaction costs decreased by PLN 287.1 million, or 99.8%, from PLN 287.7 million for the year ended December 31, 2017 to PLN 0.7 million for the year ended December 31, 2018. The Group's transactions costs for the year ended December 31, 2017 resulted from the Acquisition.

### ***Operating Profit before Amortization and Depreciation***

Operating profit before amortization and depreciation increased by PLN 453.5 million, or 70.4%, from PLN 644.4 million for the year ended December 31, 2017 to PLN 1,098.0 million for the year ended December 31, 2018 as a result of the factors discussed above. Operating profit before amortization and depreciation for the year ended December 31, 2018 increased by PLN 429.4 million, or 64.2%, from Cumulative 2017 operating profit before amortization and depreciation of PLN 668.5 million.

### ***Amortization***

Amortization increased by PLN 35.8 million, or 10.9%, from PLN 328.8 million for the year ended December 31, 2017 to PLN 364.6 million for the year ended December 31, 2018. This increase resulted primarily from the amortization of intangibles, including brand names and title rights that were recognized in February 2017.

### ***Depreciation***

Depreciation increased by PLN 3.2 million, or 6.0%, from PLN 53.9 million for the year ended December 31, 2017 to PLN 57.1 million for the year ended December 31, 2018. This increase resulted primarily from the depreciation of additional computer and office equipment.

### ***Operating Profit***

Operating profit increased by PLN 414.5 million, or 158.4%, from PLN 261.7 million for the year ended December 31, 2017 to PLN 676.3 million for the year ended December 31, 2018 as a result of the factors discussed above. Operating profit for the year ended December 31, 2018 increased by PLN 392.4 million, or 138.4%, from Cumulative 2017 operating profit of PLN 283.7 million.

### Net Financial Result

Net financial result increased by PLN 109.8 million, or 53.3%, from a cost of PLN 206.1 million for the year ended December 31, 2017 to a cost of PLN 316.0 million for the year ended December 31, 2018. Net financial result for the year ended December 31, 2017 included a large exchange gain of PLN 109.3 million realized on currency forward-rate transactions connected with the Acquisition in January 2017. Excluding the exchange gain, net financial result increased marginally from a cost of PLN 315.4 million for the year ended December 31, 2017 to a cost of PLN 316.0 million for the year ended December 31, 2018 as indebtedness levels remained the same for both periods.

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

	Year ended December 31,		Change %
	2017	2018	
	<i>(PLN in millions)</i>		
Interest from deposits .....	2.0	6.2	208.8
Other financial income .....	0.4	0.9	142.4
Net exchange gains on foreign currency transactions.....	109.3	-	(100.0)
<b>Financial income</b> .....	<b>111.6</b>	<b>7.1</b>	<b>(93.7)</b>
Interest paid and payable for financial liabilities .....	(293.8)	(305.4)	4.0
Interest on leases.....	(3.8)	(8.1)	114.7
Measurement of financial instruments .....	(8.7)	(0.8)	(90.4)
Revolving facility availability fee .....	(3.7)	(3.2)	(12.4)
Net exchange losses on foreign currency transactions.....	-	(3.8)	100.0
Other financial costs .....	(7.9)	(1.6)	(79.2)
<b>Financial costs</b> .....	<b>(317.7)</b>	<b>(323.0)</b>	<b>1.7</b>
<b>Net financial result</b> .....	<b>(206.1)</b>	<b>(316.0)</b>	<b>53.3</b>

### Profit before Income Tax

Profit before income tax increased by PLN 304.7 million, or 547.6%, from PLN 55.6 million for the year ended December 31, 2017 to PLN 360.3 million for the year ended December 31, 2018 as a result of the factors discussed above. Profit before income tax for the year ended December 31, 2018 increased by PLN 291.7 million, or 425.0%, from Cumulative 2017 profit before income tax of PLN 68.6 million.

### Income Tax Expenses

Income tax expenses increased by PLN 38.6 million, or 77.4%, from PLN 49.9 million for the year ended December 31, 2017 to PLN 88.4 million for the year ended December 31, 2018. This increase resulted primarily from an increase in operating profit which increased the taxable base. The Group's effective tax rate was 89.6% and 24.5% for the years ended December 31, 2017 and 2018, respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The effective tax rate for the year ended December 31, 2017 was impacted by non-deductible expenses consisting mainly of PLN 146.0 million of non-deductible interest and PLN 83.4 million of non-deductible civil law transactions tax due on the increase of share capital and purchase of shares in connection with the Acquisition. Income tax expenses for the year ended December 31, 2018 increased by PLN 33.4 million, or 60.6%, from Cumulative 2017 income tax expenses of PLN 55.0 million. The Group's Cumulative 2017 effective tax rate was 80.2%.

The following table presents a breakdown of income tax expenses for the periods indicated.

	Year ended December 31,		Change %
	2017	2018	
	<i>(PLN in millions)</i>		
Current income tax on profits.....	(115.0)	(106.7)	(7.2)
(Increase)/Decrease in net deferred tax liability .....	65.1	18.3	(72.0)
<b>Income tax expense</b> .....	<b>(49.9)</b>	<b>(88.4)</b>	<b>77.4</b>

### Net Profit

Net profit increased by PLN 266.1 million, or 4,601.8%, from PLN 5.8 million for the year ended December 31, 2017 to PLN 271.9 million for the year ended December 31, 2018 as a result of the factors discussed above. Net profit for the year ended December 31, 2018 increased by PLN 258.3 million, or 1,901.2%, from Cumulative 2017 net profit of PLN 13.6 million.



### **Other Comprehensive Income**

Other comprehensive income decreased by PLN 17.9 million, or 6,237.6%, from negative PLN 0.3 million for the year ended December 31, 2017 to negative PLN 18.2 million for the year ended December 31, 2018. This decrease resulted from the implementation of hedge accounting in August 2018 that led to the presentation of swap contracts' valuation in "other comprehensive income" from that date rather than in other financial costs.

### **Total Comprehensive Income**

Total comprehensive income increased by PLN 248.2 million, or 4,516.4%, from PLN 5.5 million for the year ended December 31, 2017 to PLN 253.7 million for the year ended December 31, 2018 as a result of the factors discussed above.

## **Liquidity and Capital Resources**

### **Overview**

The primary liquidity for the Group arises from its operating cash flows. Net cash flow from operations is primarily reinvested in the Group's business to fund its capital expenditure needs and service interest obligations. The Group's business has generated strong cash flows for the past three years, and as of June 30, 2020, the Group had cash and cash equivalents totaling PLN 574.8 million.

In addition to the liquidity provided by the cash generated from the Group's operating activities, the Group has external debt. See "*Indebtedness*" below. On or around the completion of the Offering, the Group intends to refinance the indebtedness outstanding under the Existing Term Facilities, using the net proceeds from the sale of the New Sale Shares and proceeds of borrowings under New Senior Facility B. The refinancing is subject to the closing of the Offering. See "*Business—Material Contracts—Financing Agreements—New Facilities*."

The key objective of the Group's capital expenditure plan is to support its operational (maintenance capital expenditure) needs and various new initiatives including development of new product offerings and initiatives (growth capital expenditure) in line with its strategic plan for long-term sustainable and profitable growth. The Group expects to increase its capital expenditures in the medium term as it continues to expand its business. See "*Capital Expenditures*" below.

The Group regularly evaluates its liquidity and capital position relative to its cash requirements, and it may elect to raise funds in the future, either through the issuance of debt, equity or otherwise, or alter the terms and conditions of the existing debt.

### **Summary Cash Flows**

The following table summarizes net cash flows from operating, investing and financing activities for the years ended December 31, 2017, 2018 and 2019 and for the six months ended June 30, 2019 and 2020.

	<u>Year ended December 31,</u>			<u>Six months ended June 30,</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
				<i>Unaudited</i>	
				<i>(PLN in millions)</i>	
Net cash inflow/(outflow) from operating activities .....	440.1	918.6	1,246.5	611.3	667.6
Net cash inflow/(outflow) from investing activities .....	(13,352.5)	(112.0)	(202.9)	(131.4)	(124.4)
Net cash inflow/(outflow) from financing activities .....	13,268.8	(369.0)	(1,433.8)	(1,059.9)	(372.3)
Net increase/(decrease) in cash and cash equivalents .....	356.4	437.6	(390.2)	(580.0)	170.9

### **Comparison of the Six Months Ended June 30, 2019 and June 30, 2020 and the Years Ended December 31, 2017, December 31, 2018, and December 31, 2019**

#### **Net Cash provided by Operating Activities**

Net cash from operating activities increased by PLN 56.2 million, or 9.2%, from PLN 611.3 million for the six months ended June 30, 2019 to PLN 667.6 million for the six months ended June 30, 2020.

Net cash from operating activities increased by PLN 327.9 million, or 35.7%, from PLN 918.6 million for the year ended December 31, 2018 to PLN 1,246.5 million for the year ended December 31, 2019.

Net cash from operating activities increased by PLN 478.5 million, or 108.7%, from PLN 440.1 million for the year ended December 31, 2017 to PLN 918.6 million for the year ended December 31, 2018.

Increases in net cash from operating activities for each of the periods resulted primarily from increases in operating profit before amortization and depreciation that were driven by increases in GMV over each of the periods. Continuous GMV growth over the relevant periods has been driven by, among other things, rising sales across the Polish retail market and increases in e-commerce penetration in Poland.

#### *Net Cash used in Investing Activities*

Net cash used in investing activities was PLN 124.4 million for the six months ended June 30, 2020 primarily reflecting payments for property, plant and equipment and intangible assets.

Net cash used in investing activities was PLN 202.9 million for the year ended December 31, 2019 primarily due to the acquisition of eBilet in April 2019 and reflecting payments for property, plant and equipment and intangible assets.

Net cash used in investing activities was PLN 112.0 million for the year ended December 31, 2018 primarily reflecting payments for property, plant and equipment and intangible assets.

Net cash used in investing activities was PLN 13,352.5 million for the year ended December 31, 2017 primarily reflecting the Acquisition in January 2017.

#### *Net Cash used in Financing Activities*

Net cash used in financing activities was PLN 372.3 million for the six months ended June 30, 2020 primarily due to interest paid on existing financings and amortization of loans.

Net cash used in financing activities was PLN 1,433.8 million for the year ended December 31, 2019 primarily due to a share premium repayment of PLN 2,736.0 million to the Group's shareholders which was partially offset by a PLN 1,959.5 million inflow of cash in connection with the upsizing of the Group's senior term facilities.

Net cash used in financing activities was PLN 369.0 million for the year ended December 31, 2018 primarily due to interest paid on existing financings.

Net cash inflow from financing activities was PLN 13,268.8 million for the year ended December 31, 2017 primarily due to a share capital increase as well as the origination of the Group's senior debt and second lien facilities used to finance the Acquisition.

#### **Capital Expenditures**

The following table presents the Group's capital expenditures for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

	<u>Year ended December 31,</u>			<u>Six months ended June 30,</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	<i>(PLN in millions)</i>				
Capitalized development costs .....	45.0	75.1	94.4	47.1	75.1
Other capital expenditure .....	22.4	41.4	48.7	23.5	43.9
<b>Total capital expenditure .....</b>	<b>67.3</b>	<b>116.5</b>	<b>143.0</b>	<b>70.6</b>	<b>119.0</b>

(1) "Capitalized development costs" represents 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.

(2) "Other capital expenditure" represents the costs related to building the relevant capacity of data centers, equipping employees with appropriate equipment (i.e., workstations), office equipment (e.g., fit-out and IT devices) and copyrights.

The Group's total capital expenditure increased by PLN 49.1 million, or 72.9%, from PLN 67.3 million for the year ended December 31, 2017 to PLN 116.5 million for the year ended December 31, 2018. The Group's total capital expenditure then increased by PLN 26.6 million, or 22.8%, to PLN 143.0 million for the year ended December 31, 2019. For the six months ended June 30, 2020, the Group's total capital expenditure was PLN 119.0 million. The increases over time have been primarily driven by increases in capitalized development costs relating to development of the Allegro platform and costs corresponding to an upward trend in the headcount for the technology team.

The Group expects to increase capital investment in the near term in connection with, among other expenditures, investments related to Allegro Fulfillment. In the medium term the Group expects capital expenditure to represent approximately 5% of net revenue. See "—Outlook—Capital Expenditures."

### **Contractual Obligations and Commercial Commitments**

As of June 30, 2020, the Group's total borrowings (principal increased by accrued interest) were PLN 6,169.5 million. In addition, the Group had PLN 340.0 million committed under the Existing RCF, which was undrawn as of June 30, 2020. See "Reasons for the Offering and Use of Proceeds" and "Capitalization and Indebtedness."

As of June 30, 2020, the principal amounts outstanding under the Group's financing arrangements were as follows:

	Payment Due by Period	
	under 1 year	more than 1 year
	<i>(unaudited)</i> <i>(PLN millions)</i>	
Existing Senior Facility A .....	345.0	689.2
Existing Senior Facility B .....	-	3,990.0
Existing Second Lien Facility .....	-	1,300.0
<b>Total</b> .....	<b>345.0</b>	<b>5,979.2</b>

### **Certain other Contractual Commitments**

#### **Leases**

Under the current accounting policies, lease liabilities resulting from contracts for office space, computers and office equipment and motor vehicles are presented as finance liabilities in the statement of financial position.

#### **Indebtedness**

As of June 30, 2020, the Group had the material debt facilities described in "Business—Material Contracts—Financing Agreements—Existing Senior Facilities and Existing Second Lien Facility." On or around the completion of the Offering, the Group intends to refinance the indebtedness outstanding under the Existing Term Facilities using the net proceeds from the sale of the New Sale Shares and proceeds of borrowings under New Senior Facility B. The Group expects net leverage following the Offering and the refinancing to be below 3.0x for the year ending December 31, 2020, a reduction from net leverage of 3.7x as of June 30, 2020. The refinancing is subject to the closing of the Offering. See "Business—Material Contracts—Financing Agreements—New Facilities."

#### **Contingent Liabilities**

The Group has certain contingent liabilities that are discussed in Note 31 (*Contingent Liabilities*) to the Annual Financial Statements included in this Prospectus.

#### **Off-Balance Sheet Arrangements**

The Group is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on its financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

### **Qualitative and Quantitative Information on Market Risks**

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on minimizing the potential adverse effects of the financial risks on the performance of the Group.

The following sections discuss the Group's exposure to market risk, credit risk and liquidity risk; however, the Group does not address other risks that it faces in the normal course of business, including country risk and legal risk.

#### **Market Risk**

##### **Interest Rate Risk**

Interest rate risk is the impact of movement in the risk-free yield curve on the Group's assets, liabilities and capital requirements. Borrowings with floating interest rates expose the Group to the risk of changes in cash flows. The Group dynamically assesses its exposure to interest rate change risk and estimates. The Group has borrowed at floating rates; however, the related interest rate risk is partially mitigated by cash deposits bearing floating interest and interest rate swap contracts. The Group's policy is to hedge 50% of its floating interest rate gross debt to fixed interest rates using three-

month WIBOR swap contracts. In June 2020, the Group entered into floating to fixed interest rate hedges on a nominal value of PLN 2,000.0 million for interest payments due under the Existing Senior Facilities Agreement between June 2022 and June 2024.

#### *Foreign Exchange Risk*

Foreign exchange risk is the risk of loss from the movements in foreign exchange rates which cause the value of the Group's foreign currency-denominated assets and liabilities to change resulting in a loss. Foreign exchange risk occurs as a result of sales or purchases made by the Group in currencies other than its functional currency of zloty. Operating transactions concluded in currencies other than zloty are relatively rare due to the Group's currently limited scope of cross-border activity. The Group currently does not utilize hedging strategies to mitigate currency risk.

#### ***Credit Risk***

Credit risk is the risk of a contractual partner defaulting on payment, resulting in the assets, financial assets or receivables reported in the consolidated statements of financial position having to be written down. The maximum credit risk is equivalent to the carrying amounts of these assets.

Credit risks in the Group primarily concern trade receivables. To mitigate that risk, the Group uses detailed seller verification and monitoring procedures. The Group uses professional debt collection companies or engages in debt collection procedures on its own account. The Group's receivables comprise amounts due from individuals and businesses. There is no significant concentration of credit risk. Surplus cash is deposited by the Group at banks as deposits or fixed-term deposits.

#### ***Liquidity Risk***

Liquidity risk is the risk that the Group will not be in a position to settle the Group's financial liabilities when they fall due. For this reason, the main objective of liquidity management is to ensure the Group's ability to pay at all times. This risk is mitigated by ongoing planning of liquidity requirements and by monitoring liquidity. The Group controls its liquidity by maintaining sufficient cash and cash equivalents and lines of credit at banks in addition to cash inflows from operating activities.

#### **Critical Accounting Policies, Estimates and Judgments**

The Group's accounting policies may differ from the accounting policies of other e-commerce companies, which may affect the comparability of the Group's results to those of its peers and competitors. For example, how free shipping is reflected in the consolidated financial statements or how revenue is recognized under IFRS 15. These differences result from the high degree of management judgment required to apply the relevant accounting standards to the development of accounting policies such that small differences in facts or circumstances can result in materially different accounting outcomes. The Group's results may therefore not be directly comparable in all respects to those of other companies in the Group's industry.

A summary of the main accounting policies applied in the preparation of the Group's financial statements is presented in Note 3 (*Summary of Significant Accounting Policies*) to the Annual Financial Statements. Preparation of financial statements 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. Estimations and judgments 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.

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in detail in Note 28 (*Critical Estimates and Judgments*) to the Annual Financial Statements.

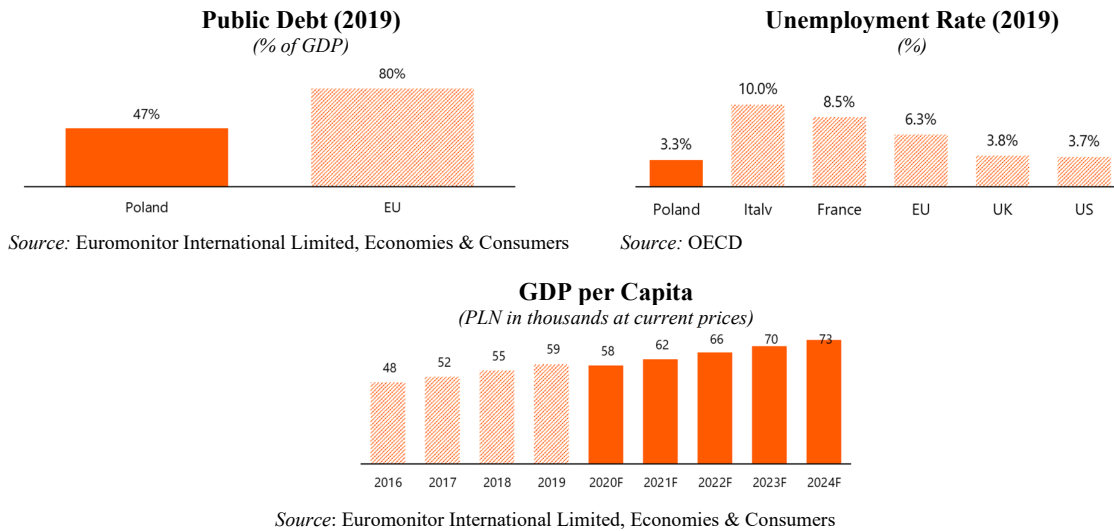
## INDUSTRY OVERVIEW

This Industry Overview contains information regarding the Group's business and the market in which it operates and competes, which the Group has obtained from various third-party sources. Where information contained in this Industry Overview has been sourced from a third party, the Group confirms that such information has been accurately reproduced and, as far as the Group is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where such information has been used in this document, its source has been identified. Please refer to "Industry and Market Data" of this Prospectus for further details of the third-party sources. Please also refer "Risk Factors" and "Forward-looking statements" of this Prospectus.

### Macroeconomic Overview

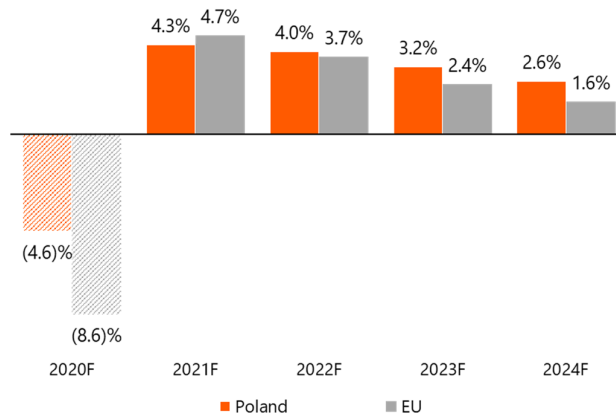
Poland is the leading economy in Central and Eastern Europe (CEE) with a GDP of approximately USD 590 billion in 2019 (Source: Euromonitor International Limited, Economies & Consumers). It is also the fifth most populous country in the European Union with approximately 38 million people in 2019, and the thirteenth largest economy among OECD countries in terms of GDP (Sources: Euromonitor International Limited, Economies & Consumers; OECD).

Poland's economy is underpinned by strong macroeconomic fundamentals, which are reflected by its A-/A2 credit rating. In 2019, the country's government debt-to-GDP ratio averaged 47%, significantly below the European Union average of 80% (Source: Euromonitor International Limited, Economies & Consumers), and its unemployment rate was 3.3%, almost half of the European Union average of 6.3% and consistently below the European Union's annual average since 2008 (Source: OECD). Moreover, Poland's GDP per capita has experienced sustained growth at a CAGR of 6.9% from 2016 to 2019 and is expected to continue growing at a CAGR of 4.3% between 2019 and 2024 (Source: Euromonitor International Limited, Economies & Consumers).



The Polish economy has demonstrated its resilience and ability to grow over the last decade. The country's real GDP growth rate has been consistently above the European Union average growth rate for the last ten years, growing at approximately 2.5 times the average European Union real GDP growth rate in 2019 (Source: Euromonitor International Limited, Economies & Consumers). The COVID-19 pandemic is expected to have a significant negative impact on Poland's real GDP growth in 2020. There was a strong GDP recovery already visible in the second quarter of 2020 and the country's economy is expected to be relatively resilient to the shock of the pandemic owing to its diversified yet relatively closed economy, moderate tourism sector, net energy importer status, flexible exchange rate and fiscal headroom to accommodate expansionary measures. Recent macroeconomic forecasts suggest that the Polish economy will contract by approximately 4.6% in 2020, compared to an average of 8.6% across the European Union, although the expectations is for a recovery in 2021 with a growth rate broadly aligned with the European Union average over the next three years (Source: Euromonitor International Limited, Economies & Consumers, July 2020).

### Real GDP Growth Forecast (2020F-2024F) (year-over-year)



Source: Euromonitor International Limited, Economies & Consumers

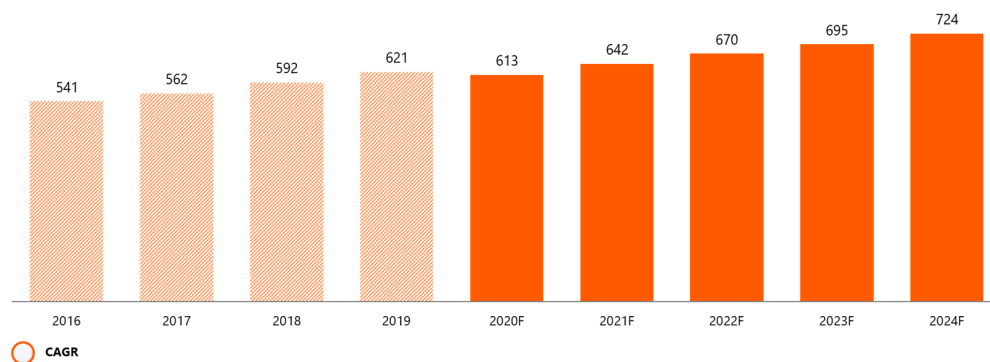
In addition, the zloty has historically remained a stable currency against the euro, with an average exchange rate of PLN 4.1178 per EUR 1.00 from the introduction of the euro in 1999 through June 30, 2020, a minimum exchange rate of PLN 3.2053 per EUR 1.00 (on July 28, 2008) and a maximum exchange rate of PLN 4.9346 per EUR 1.00 (on February 20, 2004) during that period (Source: European Central Bank). From January 1, 2010 through June 30, 2020, the average exchange rate was PLN 4.2141 per EUR 1.00, with a minimum of PLN 3.8349 per EUR 1.00 (on April 6, 2010) and a maximum of PLN 4.6146 per EUR 1.00 (on March 24, 2020) during that period (Source: European Central Bank). See "Important Information—Exchange Rate Information—Euro-Zloty Exchange Rates."

### Polish Retail Market

OC&C estimates that the Polish retail market generated sales of PLN 621 billion in 2019. The largest retail category is grocery, which represents close to 50% of the total market share, followed by home and garden (11%) (Source: OC&C). The rest of the retail market is relatively fragmented by category (Source: OC&C).

The Polish retail market grew at a CAGR of approximately 5% from 2016 to 2019 and is expected to contract by approximately 1% in 2020 due to the economic impact of the COVID-19 pandemic (Source: OC&C). However, the Polish retail market is expected to recover in 2021, growing at a CAGR of 4% from 2021 to 2024 driven primarily by improved macroeconomic conditions, an increase in real disposable income and stronger levels of consumer confidence (Source: OC&C).

### Total Retail Sales in Poland (PLN billions)



Source: OC&C

### Polish E-Commerce Segment

The e-commerce segment in Poland has grown faster than the overall Polish retail market at a CAGR of 19% from 2016 through 2019 with growth accelerating throughout the period and exceeding 20% in 2019 year-on-year (Source: OC&C). Strong and sustained growth in the e-commerce segment has been accompanied by an increase in Polish e-commerce

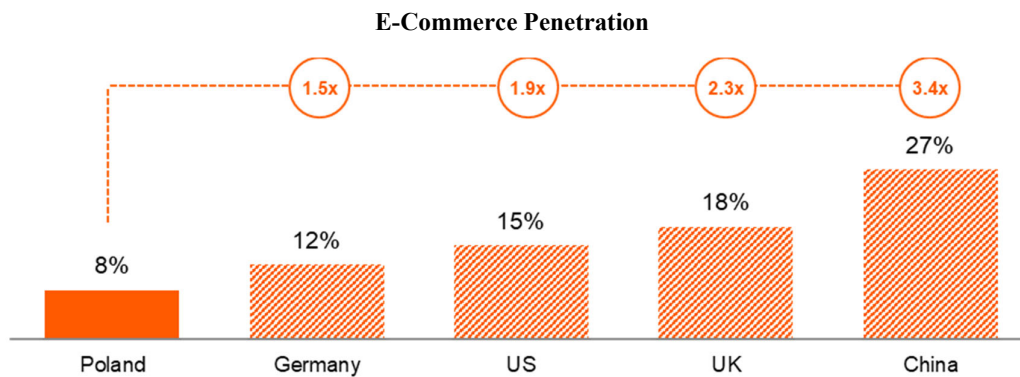
penetration from 5.8% in 2016 to 8.4% in 2019 (*Source: OC&C*). The Group believes that its growth and the rapid uptake of SMART! since the program launched in 2018 have been important drivers of this increase. The Group believes that the incremental impact of SMART! in 2019 added almost 200 basis points of growth and 0.1% additional e-commerce penetration in Poland. The growth of the Polish e-commerce segment between 2016 and 2019 was faster than the growth experienced in the United States (16% CAGR) and other Western European countries such as Germany (9% CAGR), France (12% CAGR) and the United Kingdom (11% CAGR) (*Source: OC&C*). The Group believes that the following structural tailwinds support further e-commerce growth and e-commerce penetration:

- rising retail sales driven by positive economic conditions, increasing salaries and high consumer confidence driving retail growth over the medium term;
- consumers turning to e-commerce as the perception of online retail being safe and convenient increases. This is paired with decreasing delivery costs and a change in consumer behavior as more are demanding the convenience of 24/7 shopping;
- businesses are increasingly moving online with a growing online product offering. This trend has been further strengthened by COVID-19; and
- increasing online penetration, closing the gap between Poland and other countries.

**Polish E-Commerce Penetration**

E-commerce in the Polish retail market has grown meaningfully in recent years, from approximately 5.8% in 2016 to approximately 8.4% in 2019 (*Source: OC&C*). Within the Polish retail space, e-commerce penetration ranges from approximately 1% in groceries to approximately 31% in electronics, suggesting there is strong room for further growth across all categories (*Source: OC&C*).

The Group believes that there is still significant room to grow as the e-commerce in Poland remains underpenetrated relative to other countries, as shown below.



*Source: OC&C*

The Group believes that the trends in the Polish retail market's trajectory suggest that the e-commerce is poised to represent a significantly larger portion of the total retail market over time following the path of e-commerce frontrunners, including China, South Korea, the United Kingdom and the United States.

The factors encouraging Polish consumers to shop online include 24-hour availability and convenience, both of which are becoming more important. The Group also believes that online consumer spending will grow alongside smartphone penetration growth, increasing consumer confidence in online shopping and payments systems, improved logistics infrastructure and the continuing shift of merchants to e-commerce channels in response to changes in consumer behavior and regulatory factors (such as the Sunday trading ban that forbids shops in Poland from opening on Sundays).

**COVID-19 Impact on the Polish E-Commerce Segment**

The lockdown measures implemented around the world to prevent the spread of COVID-19 had the effect of accelerating the growth of online retail sales during the first half of 2020. The Polish e-commerce segment, in particular, is expected to grow 37% in 2020 accompanied by an increase in e-commerce penetration to 11.7% (*Source: OC&C*).

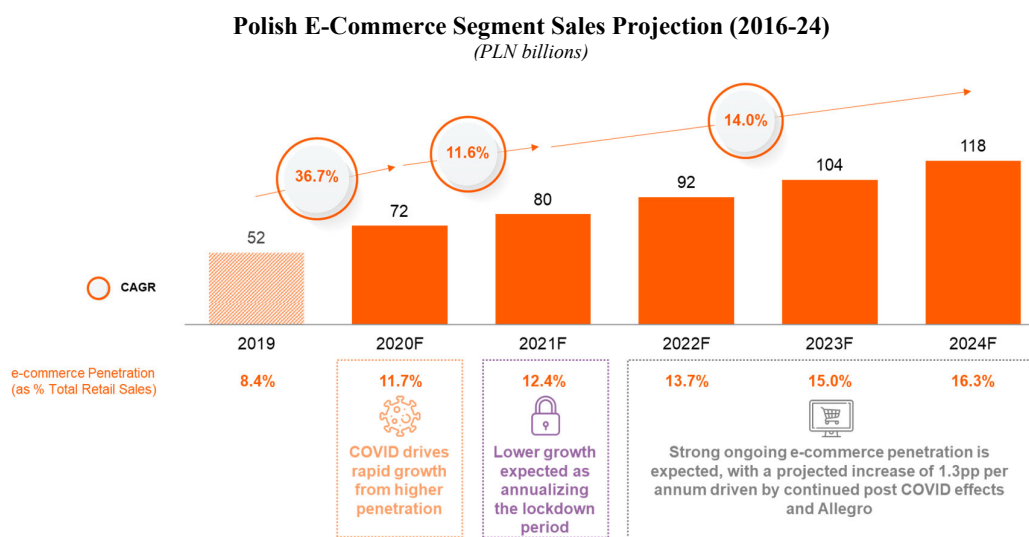
Excluding the effect of COVID-19, the Polish e-commerce segment was projected to grow by approximately 18% and e-commerce penetration to approximately 10% (Source: OC&C). In either case, however, the Group believes that growth experienced in the Polish e-commerce segment in 2020 will lead to an acceleration of the number of buyers subscribing for SMART!.

The Group believes that positive online shopping experiences during the COVID-19 period will create buyer stickiness that is expected to continue in the post-COVID-19 period, driving strong growth through 2020. According to a consumer survey conducted by OC&C in June 2020, consumers who switched to online shopping as a result of the lockdown and social-distancing measures put in place to contain the COVID-19 pandemic have reportedly had a favorable experience and would continue to shop online after such restrictions are eased, which suggests that some stickiness is likely post-COVID-19:

- 64% of consumers found the overall online experience better than buying in-store (a further 27% were neutral);
- 71% stated they would buy the same product online again, even if stores fully reopened (a further 22% were neutral);
- 71% stated the product was priced more reasonably online than it would have been in-store (a further 20% were neutral); and
- 83% had a positive delivery experience (a further 14% were neutral).

### Polish E-Commerce Segment Outlook

According to OC&C, the Polish e-commerce segment is expected to continue to experience strong growth in the coming years. E-commerce penetration in Poland is projected to grow to approximately 12% in 2021 (Source: OC&C), driven by a sustained consumer shift to e-commerce and the acceleration effect of SMART!, and up to 16% in 2024 (Source: OC&C). This projected growth rate is in line with the historical growth rate of the e-commerce penetration in comparable markets (including, for example, the United States) (Source: OC&C).



Sources: OC&C; Company Information

The Group believes that the actual market growth could exceed these projections. In the United States, for example, a strong player with a clear leadership position facilitated rapid growth in the broader U.S. e-commerce segment. The Group believes that it has the potential to produce a similar result in Poland.

### Total Addressable Market

The Group's core addressable market is the Polish retail market. However, its broader addressable market also includes a digital advertising segment (approximately PLN 5 billion addressable market in Poland in 2019) and financial services (approximately PLN 300 billion addressable market in Poland in 2019). Together with the Polish retail market, this constitutes a total addressable market of approximately PLN 930 billion in 2019 (Source: OC&C).



Digital advertising spending generated close to PLN 5 billion in Poland in 2019 and has been growing at a CAGR of 11% from 2016 through 2019 (*Source: IAB Polska/PwC AdEx*). Digital advertising represents a significant part of the total Polish advertising market which is worth approximately PLN 12 billion (*Source: Magna Global*).

The Group believes that FinTech in Poland also presents an opportunity for the Group. Based on the analysis of the Polish credit market (excluding mortgages and education) conducted by OC&C, the Group estimates its total addressable FinTech market in Poland to be approximately PLN 300 billion in 2019 (as compared to a total Polish financial services market of approximately PLN 425 billion), comprising approximately PLN 167 billion in consumer credit and approximately PLN 134 billion in corporate operating credit.

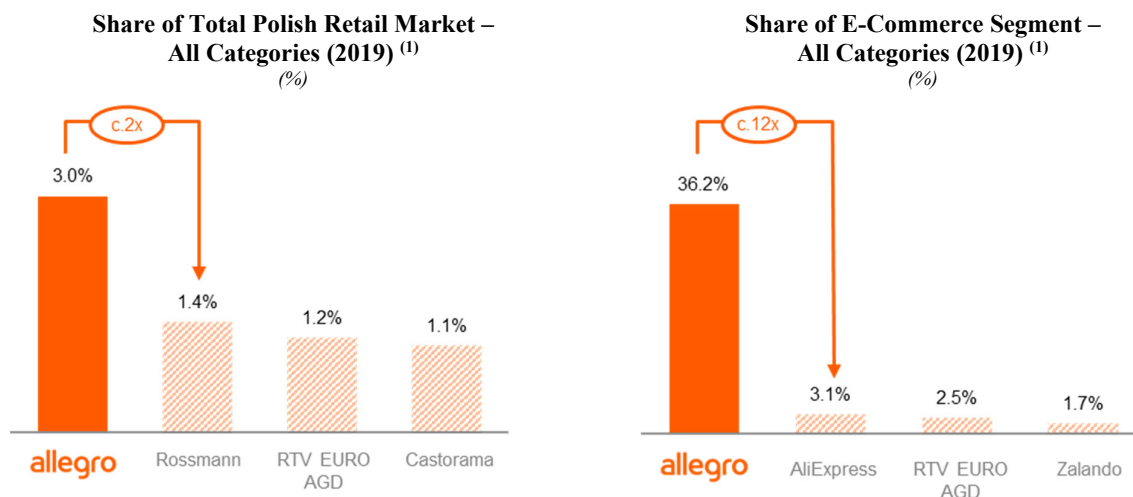
The Group believes Polish consumers and merchants are readily adopting financial services, based on an OC&C market study showing that approximately 70% of the Polish population uses mobile banking services several times a month in 2019 and mobile phone loan payment penetration in Poland was 36% in 2019.

Strong adoption of financial services in Poland further stimulates the interest of consumers in the Group's financial services products, with approximately 58% showing interest in loan and credit card products, and 46% showing interest in insurance products in 2019 (*Source: OC&C*). The Group's merchants are also keen to utilize its financial solutions, with internal research showing that 85% of merchants expressed an interest in loan products and 46% expressed an interest in invoice factoring services that would allow them to offer extended payment terms to buyers.

## Competitive Landscape

### Retail

In 2019, excluding sales of second-hand items on the Group's e-commerce marketplace, the Group represented approximately 3% of overall Polish retail and was the largest non-grocery retailer in Poland, with a market share approximately twice as large as the next largest player (*Source: OC&C*). During this period, the Group also enjoyed leading positions in electronics (approximately 11% share of total Polish retail sales), home and garden (approximately 9%), sports and leisure (approximately 9%) and kids (approximately 8%), and strong positioning across all key categories (*Source: OC&C*).



(1) Calculated using the Group's GMV for the year ended December 31, 2019, excluding second-hand items, which represented approximately 15% of the Group's GMV.

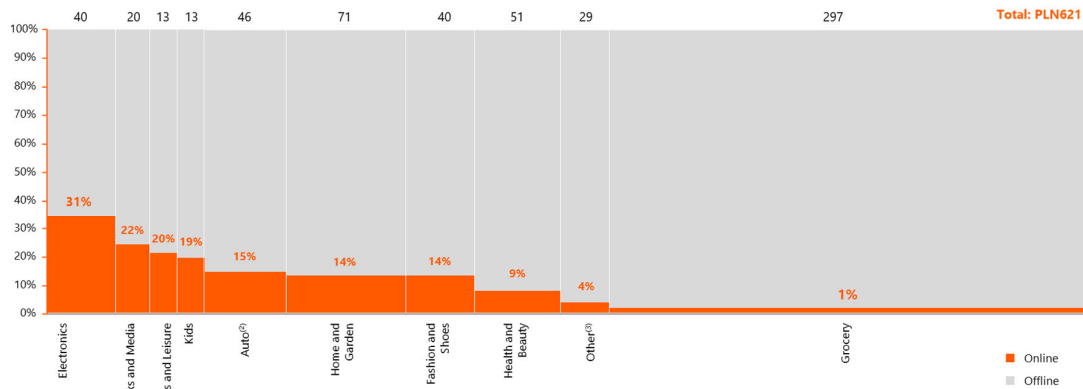
*Source: OC&C*

According to 37% of respondents in a study conducted by OC&C in June 2020, Allegro.pl is the primary consumer touchpoint when buying an item online across categories, a portion that is approximately twice as large as that of the largest search engine in Poland (*Source: OC&C*). The Group was also the e-commerce segment leader in Poland in 2019, with twelve times the gross merchandise value compared to the closest online retailer, AliExpress (*Source: OC&C*).

The Group faces competition from both online and offline retailers, including international and Polish retailers. Across most product categories, the Group's key competitors are incumbent offline retailers who in some instances have expanded

their offerings to address online demand. These retailers are typically well-established players and enjoy high brand awareness and a large customer base but have been slow to adapt from a brick-and-mortar business to an offering that meets the needs of an online consumer (e.g., Biedronka and Zabka). In addition, there are a number of online retailers operating in Poland that have either a narrow vertical focus (e.g., eobuwie.pl for shoes and Opono for car tires) or who lack a strong local presence (e.g., Amazon and AliExpress), which has limited their ability to gain market share over time. For example, Amazon's Polish shoppers currently need to shop using a Polish language translation available on the Amazon.de German portal. As a result, the Group enjoys a strong market position relative to the next largest competitor across all categories, both online and overall.

**Allegro Share of Total Retail Sales by Category (2019)**  
(PLN billions)



Notes:

(1) Includes sales tax. Excludes fuel, services, subscriptions, travel, tickets and prescription medicine

(2) Car accessories and aftermarket parts only, excludes vehicles

(3) Includes arts and collectibles, stationery and cards, jewelry and watches, luggage and leather goods, music instruments and other niche products.

Source: OC&C

The Group believes that it has certain advantages over a potential competitor wishing to enter or scale an e-commerce business, including:

- its 20-year history in Poland building a platform that has defined market dynamics and shaped consumer behavior to embrace the group's business model;
- its scale, leading brand strength and status as the "go-to" destination for product searches and value shopping in Poland;
- its wide offering across multiple categories providing buyers with a broad shopping experience, including a large local selection that would take time for any of the Group's existing competitors to replicate;
- competitive prices, especially as Poland typically has lower price points relative to other European countries;
- its SMART! loyalty program, which is one of the most price competitive loyalty programs in Europe, and its asset light model, which could help the Group sustain the competitiveness of its SMART! offering if one or more of its competitors launches their own loyalty offering; and
- excellent operational infrastructure and strong execution as demonstrated by its financial results and buyer and merchant NPSs.

While the market and the Group's capabilities will continue to evolve, the Group believes that it is well-positioned to maintain and grow its position as a leading retailer in Poland and compete with both online and offline retailers.

## **Digital Advertising**

The digital advertising segment in Poland has grown at a CAGR of 11% from PLN 3.6 billion in 2016 to PLN 4.9 billion in 2019 (*Source: IAB Polska/PwC AdEx*). The Group believes that it can continue to outperform the broader digital advertising segment and there remains significant opportunity for further growth. In particular, the Group believes that there are opportunities to increase its advertising revenue per unique visitor, which was less than one-third that of the leading local player in 2019, and to increase advertising revenue as a percentage of total GMV, which was less than a quarter of Amazon based on eMarketer estimates for 2019. The Group also believes that its positioning within the retail market will allow it to continue to build one of the leading advertising businesses in Poland for brands and merchants.

## **Price Comparison**

The Group operates the largest price comparison website in Poland, Ceneo.pl, which had an average of 21 million monthly users for the year ended December 31, 2019 (*Source: Google Analytics*). According to SimilarWeb, whose data collection approach relies more heavily on publicly available data in order to allow for comparison among websites, and which recorded approximately 600 million visits for Ceneo.pl in 2019, Ceneo.pl is the leading price comparison website in Europe with more visits than Idealo (Germany) and Skroutz (Greece), which had approximately 515 million and approximately 365 million site visits, respectively, in 2019. The Group believes that its market leadership is underpinned by significant network synergies driven by its large scale in which high-quality content drives stronger conversion, resulting in more monetized merchants and greater lead generation, which in turn produces more data that allows it to improve reviews and user experience. In 2020, the Group is targeting 1 billion visits on Ceneo.pl to lead to 360 million shop visits.

## BUSINESS

### Overview

Allegro is the go-to commerce platform for Polish consumers and has delivered strong revenue growth, profitability and cash flow at scale. The Group operates the leading online marketplace in Poland, Allegro.pl, and the leading price comparison platform in Poland, Ceneo.pl (*Source: OC&C*).

Allegro.pl is the most recognized e-commerce brand in Poland (*Source: Gemius*). As of June 30, 2020, the Group's e-commerce marketplace had approximately 12.3 million Active Buyers who connected with approximately 117,000 merchants, which resulted in an average of 32 million monthly transactions in the twelve months ended June 30, 2020. Allegro.pl attracts visits from an average of 20 million internet users per month, which is equivalent to 63% of Polish residents ages 16 and above, and 76% of all internet users in Poland. Allegro.pl is one of the world's top ten e-commerce websites and among the top 100 websites in the world by visits per month (*Source: SimilarWeb*). Merchants on the Group's e-commerce marketplace sell across a variety of categories including automotive; home and garden; books, media, collectibles and art; fashion and shoes; electronics; kids; health and beauty; sports and leisure; and supermarket. Merchants primarily sell new products to buyers on the Group's e-commerce marketplace in the business-to-consumer business model ("**B2C**"). Consumer-to-consumer trade ("**C2C**") represented 3.5% of the Group's net revenue for the twelve months ended June 30, 2020.

Ceneo.pl is the leading multi-category price comparison site in Poland. Ceneo.pl is an established brand that attracted an average of 21 million monthly users in 2019 (*Source: Google Analytics*). As of June 30, 2020, 18,000 online retail stores were registered on Ceneo.pl and information on 23 million product offers was available to consumers using the price comparison service.

The Group also operates eBilet, which is the leading event ticket sales site in Poland, facilitating sales of a broad range of entertainment, cultural, family and sports events, with approximately 2.3 million tickets sold in the year ended December 31, 2019. The Group acquired 80% of eBilet in April 2019 and entered into an agreement in September 2020 to purchase the remaining 20%.

The Group's e-commerce marketplace generates revenue primarily through facilitating 3P transactions between buyers and merchants and charging merchants commissions and other related fees. The Group provides a range of supporting services to merchants to grow their sales using the platform, such as tools to monitor sales performance and manage offer competitiveness; integration with a range of payment providers; standardized delivery solutions and free-delivery programs; sales incentives for quality performance; marketing campaign support; and merchant finance solutions. In addition, the Group earns advertising revenue by providing various types of advertising opportunities to brands and merchants on the platform. The Group also has its own limited-scale, 1P retail operations that generate revenue by selling products directly to buyers on the e-commerce marketplace. The Group's 1P retail business is intended to be a supplement to the 3P business, representing 0.6% of the Group's gross merchandise value ("**GMV**") for both the year ended December 31, 2019 and the six months ended June 30, 2020.

The Group has the number one position in e-commerce in Poland and is the largest national non-food retailer by GMV (*Source: OC&C*). The Group's GMV of PLN 28,445.9 million (USD 7,568.4 million) for the twelve months ended June 30, 2020 was more than twelve times larger than its nearest online competitor in Poland. The Group's e-commerce marketplace grew at a 20% CAGR from GMV of PLN 15,966.7 million (USD 4,248.2 million) for the year ended December 31, 2017 to PLN 22,801.0 million (USD 6,066.5 million) for the year ended December 31, 2019.

For the year ended December 31, 2019, the Group recorded net revenue of PLN 2,592.3 million (USD 689.7 million) and Adjusted EBITDA of PLN 1,338.1 million (USD 356.0 million), which represented increases of 31.1% and 20.0%, respectively, over the year ended December 31, 2018. For the six months ended June 30, 2020, the Group recorded revenue of PLN 1,770.1 million (USD 471.0 million) and Adjusted EBITDA of PLN 808.0 million (USD 215.0 million), which represented increases of 51.8% and 28.0%, respectively, as compared to the six months ended June 30, 2019.

### Competitive Strengths

The Group believes its success is attributable to the following key strengths:

***Allegro is the go-to commerce platform in a large, resilient and under-penetrated retail market.***

The Group is the leading e-commerce brand in Poland and is the preferred online shopping destination for Polish consumers. The Group's large, highly-engaged buyer base generated GMV of PLN 22,801.0 million for the year ended December 31, 2019, and PLN 28,445.9 million for the twelve months ended June 30, 2020, making the Group the largest

e-commerce retailer in Poland. In 2019, the largest e-commerce retailers in Poland were the Group with approximately twelve times the GMV (excluding second-hand items, which contributed approximately 15% of the Group's GMV for 2019) of its closest competitor, AliExpress. RTV Euro AGD, Zalando and Amazon each had a smaller share of the e-commerce segment in Poland. In addition, the Group's GMV grew by 25.4% in 2019 compared to growth of approximately 16% for the rest of the e-commerce segment in Poland (*Source: OC&C*).

The Group's e-commerce segment leadership is built on its position as the "go-to" commerce platform for Polish consumers. The Group continuously seeks to strengthen its position through its focus on improving the key retail basics of selection, price and convenience. The Group believes that retail basics are the main reason why Polish consumers love to shop on the Group's e-commerce marketplace. The Group believes that it delivers a 1P experience with a 3P model and wins buyers' trust because it has the largest selection of products available in the retail market across all product categories, covering global and local brands; offers the lowest prices in the retail market; and provides shopping convenience through multiple levers across the steps of the buying experience (including, among other things, its desktop and mobile app user experience, delivery and returns experience, payment and consumer finance solutions and customer service). On average, the Group ranks better than any other retailer at the top five purchasing criteria for online shoppers – quality of products; value for money; trustworthiness of the website and sellers; reliability of delivery; and range of products (*Source: OC&C*).

Polish consumers clearly associate the Allegro brand with online shopping, resulting in a significant percentage of Polish consumers starting their search for products on Allegro.pl rather than on any other website. In June 2020, Allegro.pl was cited by 43% of Polish consumers as their initial product search destination, which was more than twice as many Polish consumers who cited Google (17%), which was the nearest competitor. The Group attributes this to the strong value proposition Allegro offers to its base of buyers and merchants. Although other well-known global brands such as Alibaba, Amazon and Zalando also sell in, and into, Poland, they have not achieved the same levels of relevance and GMV as the Group.

As the e-commerce segment leader in Poland, the Group believes that it is well positioned to continue to drive and benefit from the shift from offline to online shopping, which continues to be underpenetrated relative to many other countries globally. E-commerce represented 8% of the retail market in Poland in 2019, up from less than 6% three years earlier (*Source: OC&C*). This compares to e-commerce penetration of 18% in the United Kingdom and 27% in China for 2019. In addition, the e-commerce segment is growing in Poland at a faster rate than in many other countries, with a 2016–2019 CAGR of 19%, compared to 11% in the United Kingdom and 9% in Germany (*Source: OC&C*).

Although the Group attracts a large number of Polish consumers to its e-commerce marketplace, excluding sales of second-hand items on the Group's e-commerce marketplace, the Group's GMV accounted for only 3% of the total Polish retail market by value in 2019, which had an estimated size of PLN 621 billion (*Source: OC&C*). The Group believes that access to such a large number of consumers each month, combined with the relatively low spend of shoppers on Allegro.pl, provides it with a significant opportunity to further increase wallet share.

***The Group's superior value proposition benefits from the flywheel effect that is underpinned by an unparalleled focus on retail basics.***

The Allegro platform creates powerful network effects that benefit both buyers on the demand side as well as merchants on the supply side, which the Group refers to as the "flywheel." As more merchants join the platform, the breadth of the products offered increases and price competitiveness improves, which in turn leads to increases in the number of buyers browsing and purchasing on the Group's e-commerce marketplace. Conversely, as more buyers browse for and buy products, merchants become increasingly attracted to the Group's e-commerce marketplace.

The flywheel effect is powered by the Group's relentless focus on improving and actively stimulating key retail basics – namely, breadth of product assortment, price competitiveness and superior shopping and delivery experience. It is accelerated by platform innovations that make it easier to shop online and drive improved sales conversion, such as the utilization of machine-learning based recommendations and personalizations; the development of mobile entry points to the platform; the use of mass-scale testing on consumer usage preferences; improvements to the speed of product delivery and access to convenient delivery innovations; the development of on- and off-platform marketing tools; the addition of new seamless payment options; and providing consumer finance products.



Source: Company Information as of June 30, 2020

The Group believes that the flywheel has resulted in the largest and most loyal online buyer base in Poland, which should continue to generate increasing sales per buyer. As of June 30, 2020, the Group had approximately 12.3 million Active Buyers on its e-commerce marketplace, representing an annual increase of 13% from June 30, 2019. Active Buyers grew from 10.4 million as of December 31, 2018 to 11.4 million as of December 31, 2019, a 9% increase. This increasing number of Active Buyers have also been increasing their spending on the Group's e-commerce marketplace, reaching PLN 2,295 GMV per Active Buyer for the twelve months ended June 30, 2020, an increase of 24% as compared to GMV per Active Buyer of PLN 1,856 for the twelve months ended June 30, 2019. GMV per Active Buyer grew by 14% from PLN 1,741 for the year ended December 31, 2018 to PLN 1,985 for the year ended December 31, 2019. The Group has high buyer satisfaction, demonstrated by its best-in-class global buyer Net Promoter Score ("NPS") of +72 in June 2020, which outpaced the Satmetrix 2020 online shopping benchmark NPS of +40, and strong buyer loyalty, with the Group's research indicating that more than eight out of ten buyers would recommend Allegro to their family members and friends.

The Group believes that its focus on retail basics allows it to provide a 1P-type of user experience through the superior 3P marketplace model. This means that the user experience on the Group's e-commerce marketplace replicates that of a retailer that owns inventory, coordinates logistics and sells merchandise individually, but with the selection and pricing benefits of a marketplace that no individual retailer is able to match at scale. The Group is focused on delivering this experience primarily through an "asset-light" model that is achieved through investments in technology and solutions supporting 3P merchants, rather than through investing in the "asset-heavy" inventory and infrastructure parts of the e-commerce value chain.

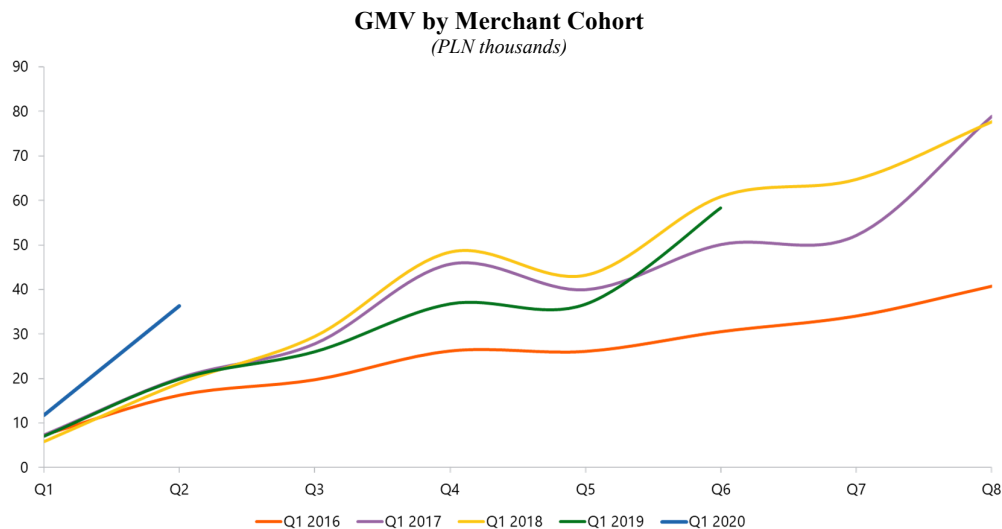
Polish consumers can shop on the Group's e-commerce marketplace for almost all products across all categories. Unlike other global platforms available in Poland, buyers on the Group's e-commerce marketplace have access to a large selection of brands, including not only global brands, such as Bosch, Adidas and Samsung, but also unique local brands, such as Cobi, Kruger&Matz and Wittchen, and long tail brands, such as Baseus, Lemfo and Green Cell. The Group uses proprietary selection monitoring processes to track approximately 135,000 of the most popular consumer products, which it refers to as the "top selection index." As of June 30, 2020, 93.5% of products included in the top selection index were available on the Group's e-commerce marketplace. There has been continuous growth on the supply side, with the number of active offers growing from 72.0 million as of December 31, 2017 to 92.3 million as of December 31, 2018 and 134.7 million as of December 31, 2019. As of June 30, 2020, the number of active offers was 164.2 million, reflecting a 47% increase from the number of active offers as of June 30, 2019.

In addition, the Group seeks to ensure competitive prices in order to increase sales volumes and build buyer trust that the lowest available prices are available on the Group's e-commerce marketplace. In particular, the Group measures prices on the most popular set of products in each product category using information from proprietary selection and price monitoring processes. Of these monitored top selection products, the Group's e-commerce marketplace offered the best price for over 80% in June 2020. The Group maintains price leadership position in nearly all key categories, even when compared to product category specialist retailers. Prices are further stimulated by more than 700 annual marketing campaigns that encourage merchants to offer deals and capture seasonal peaks to generate GMV.

On the supply side, the Group is the leading online gateway for merchants in Poland and the number one route for merchants to approximately 12.3 million Active Buyers (as of June 30, 2020). The Group serves a large proportion of the total merchant base in Poland thanks to its unique value proposition that includes: access to a large buyer base; the SMART! loyalty program; ease-of-use; compelling economics; a comprehensive range of merchant tools and value-added services (including marketing tools and support, free classroom and webinar trainings, courses through Allegro Academy (a digital entrepreneurship education program launched in 2020) and trade analytics tools to monitor sales performance and manage offer competitiveness); access to a range of payment providers; unique delivery solutions; incentives for quality performance; and merchant finance. The Group's merchant base ranges from large brands, such as P&G and Reckitt Benckiser, to retailers, such as MediaMarkt and Carrefour, to SMEs. The Group believes that this wide variety of merchants allows it to offer the broadest assortment of products at attractive prices, without dependence on any individual merchants. The Group has significantly professionalized its merchant approach over the past three years, developing a dedicated account management team of 50 product category specialists for the largest 2,000 merchants and focusing on the improvement and automation of key merchant processes. This in turn has driven:

- significant growth in the number of merchants from fewer than 100,000 as of December 31, 2018 to approximately 117,000 as of June 30, 2020, with merchants being increasingly engaged with the platform;
- a superior offering of monthly active offers that grew by 47% year-over-year to reach 164.2 million as of June 30, 2020, with strong growth across all product categories;
- adherence to higher standards in the SMART! loyalty program, with the share of SMART! offers by merchants increasing from approximately 40% in the second half of 2018 (when the program launched) to approximately 60% in the first of 2020; and
- professionalization of the merchant base with approximately 55% of GMV for the twelve months ended June 30, 2020 being generated by approximately 2,800 brands and retailers, with the remainder generated by approximately 6,100 other large merchants (23%), approximately 105,800 SMEs (16%), approximately 1.1 million C2C sellers (5%) and approximately 2,400 international merchants (1%).

Merchants have grown their business consistently with Allegro, as demonstrated by the chart below, which shows GMV growth over a two-year period by merchant cohort for merchants that first began selling in the first quarter of each of the past five years.



Source: Company Information

The Group's merchant transactional NPS improved to +31 as of June 2020 (up from -14 in 2017 and +6 in 2018).

***Continuous platform innovation, including a focus on delivery and the SMART! loyalty program, driving an improving user experience for buyers and merchants.***

The Group has a culture of innovation with an aim to improve the buyer and merchant experience on the platform to drive sustained growth, with the delivery experience and the SMART! loyalty program being key areas of focus for the Group in recent years.

The SMART! loyalty program, launched in August 2018 and aims to offer a great value for money proposition. It is a PLN 49 per year (or PLN 8.99 per month) subscription program that includes free delivery and free returns as the program foundation, and is enhanced with commercial add-ons like daily SMART! deals, dedicated SMART! Week shopping events, exclusive pre-sales of top entertainment events, access to exclusive product premiers and other benefits. SMART! has proven successful at addressing a crucial historic impediment for e-commerce growth, namely the impact of the cost of delivery on the price competitiveness of goods purchased online as compared to products purchased offline. In addition, because SMART! is a subscription program, it naturally addresses the more highly engaged proportion of the Group's buyer base, impacting further the way they choose to engage in online shopping and solidifying the Group's position as the place where these buyers start their shopping journey.

The introduction of the SMART! program has also proven to be a great success for the Group in improving the buyer experience. The SMART! subscriber base has grown rapidly from 684,000 as of December 31, 2018 to 1.5 million as of December 31, 2019, before reaching 2.1 million active paying subscribers, representing approximately 17% of the Group's Active Buyers as of June 30, 2020. SMART! subscribers are highly engaged, with 1.4x more site visits and 2.5x more orders than Active Buyers that were not SMART! subscribers in June 2020. These buyers are also more responsive to the Group's communication and commercial campaigns. On average for cohorts that became SMART! subscribers between September 2018 and March 2020, the Group has observed an approximately 40% uplift in consumer spending during the month when buyers first become SMART! subscribers compared to their monthly average spending in the three months before becoming SMART! subscribers. The level of the GMV per Active Buyer uplift for these cohorts then drops slightly after the first two months of the SMART! subscription before steadily rising monthly to an approximately 55% GMV per Active Buyer uplift after the first twelve months.

The success of SMART! has also led to a significant increase in merchant engagement and quality improvements on the supply side as merchants needed to meet various requirements to qualify for SMART!, such as maintaining an average sales rating of at least 98%. The number of SMART! merchants with sales increased from 14,000 in August 2018 when the program was launched to 58,000 in June 2020. SMART! offers in June 2020 represented over 60% of all active offers on the Group's e-commerce marketplace, up from just over 40% in September 2018. SMART! merchants experienced 5x higher GMV growth in the twelve months ended June 30, 2020 than merchants without SMART! offers. As a result, SMART! is improving merchant quality and accelerating the flywheel and the Group believes that there remains significant opportunity for further growth.

Delivery experience has also been a key area of innovation with the Group successfully transitioning in less than three years to a managed and integrated 3P delivery network that also leverages the Group's 3P asset-light model. The Group's 3P delivery network delivers products quickly, reliably and cheaply. In June 2020, 92% of products purchased on the Group's e-commerce marketplace were covered by a delivery promise indicating what day the product would be delivered that was 90-95% accurate. The Group believes its delivery experience is market-leading in Poland, with approximately 30% of the products sold on the platform being delivered to buyers the next working day and approximately 75% of orders delivered within two working days, along with access to a growing nationwide network of out-of-home pick-up/drop-off locations and lockers.

The Group's delivery experience is differentiated from other Polish offerings for both buyers and merchants. To manage the 3P fulfillment and delivery network, the Group has developed "HUB," which is a unique, machine-learning powered, proprietary software platform that integrates the Allegro platform, a range of logistics providers and the approximately 117,000 merchants on the Group's e-commerce marketplace as of June 30, 2020. "HUB" allows a simple and intuitive delivery promise and full package tracking to be provided to buyers, while for the Group, its merchants and carriers, "HUB" provides a tool to manage end-to-end delivery performance, status communication and settlements. Merchants are able to take advantage of the smart logistic network that is simple to use and provides a range of delivery options, while benefiting from more competitive delivery costs through the Group's umbrella agreements with key logistics players, including, among others, InPost, DPD, UPS and the Polish state postal service (*Poczta Polska*). In June 2020, more than 70% of delivery volumes were processed through the Group's contracts and tools. This resulted in an improvement in NPS to +51 for Allegro delivery, ahead of all other players in Poland, whereas SMART! deliveries scored an NPS of +84.

The Group's 3P delivery network proved resilient to the distortions in the e-commerce value chain that resulted from the COVID-19 pandemic lockdowns. The distribution network worked with only minor delivery time extensions in select



categories in the three months of the lockdown in Poland, despite a massive uplift in volumes processed, and returned to pre-COVID-19 performance levels by June 2020.

***Allegro provides a unique combination of growth, profitability and cash conversion at scale.***

The Group has an attractive financial profile supported by a combination of strong top-line growth, profitability and high cash conversion at scale. The Group's business model has proven its resilience to economic cycles, including during the recent COVID-19 pandemic. Targeted investments in strategic initiatives such as SMART!, the focus on retail basics and improvements to user experience on the platform have accelerated the flywheel. These initiatives have resulted in accelerating GMV growth over time. GMV grew at 13.9% and 25.4% for the years ended December 31, 2018 and December 31, 2019, respectively. This acceleration was also evident at the start of 2020, prior to the impact of COVID-19, with GMV growing ahead of 2019 growth in both January and February 2020. The strong growth in GMV coupled with moderate increases in the Group's Take Rate, as well as high growth in the adjacent revenue streams of advertising revenue, price comparison revenue and other revenue, have further driven net revenue growth at a rate in line with or faster than its GMV growth. For the year ended December 31, 2018, GMV grew at 13.9%, while net revenue grew 13.5% (based on Cumulative 2017 net revenue). For the year ended December 31, 2019, GMV grew at 25.4%, while net revenue grew 31.1%.

The Group has also achieved high profitability and cash conversion levels, driven by its asset-light 3P business model. As a result, from 2017 to 2019, the Group maintained Adjusted EBITDA/net revenue consistently above 50%, demonstrating the scalability of the Group's platform and its efficient operations, and Adjusted EBITDA/GMV of approximately 6%, with Adjusted EBITDA growing at a CAGR of 18.5% over the period. The Group generated Adjusted EBITDA for the six months ended June 30, 2020 of PLN 808.0 million (USD 215.0 million), representing Adjusted EBITDA/net revenue of 45.6%. Due to the Group's limited capital expenditure needs as a result of its fully invested and asset-light business model, the Group has also benefited from high cash flow generation while also managing to reduce net leverage, with net leverage decreasing from 5.1x as of June 30, 2019 to 3.7x as of June 30, 2020. The Group expects net leverage following the Offering and the refinancing of its existing indebtedness described under "*Business—Material Contracts—Financing Agreements—New Facilities*," to be below 3.0x for the year ending December 31, 2020.

***The Group's distinctive buyer- and merchant-centric culture is nurtured by its highly experienced management team.***

The Group is led by a highly experienced and entrepreneurial management team with complementary skill sets and proven track records of driving innovation. The management team is fully focused on measuring and improving KPIs and has a clear understanding of how to manage those KPIs to positively impact the flywheel. The Chairman, CEO and the rest of the executive leadership team bring extensive experience at leading e-commerce, technology, consulting and/or financial institutions. The 86 individuals in the broader leadership team as of the date of this Prospectus have an average of 15.2 years of business experience and an average of 5.2 years at Allegro. Combining global expertise and local knowledge has enabled the team to build what the Group is today – the number one e-commerce site in Poland, as recognized not only by buyers and merchants, but also by its employees.

The Group's management team has built a creative workplace for its employees, fostering a diverse, collegial and entrepreneurial culture underpinned by teamwork, commitment, continuous professional development and the maximization of value for all stakeholders. As a result of the continuous innovation, testing, checking, improving and raising the bar in recruiting, Allegro is a demanding organization with a high level of caring, and the Group believes that this results in high employee engagement and top talent acquisition. In a survey conducted in April 2020, approximately 93% of the Group's employees said they would recommend Allegro as a great place to work, approximately 91% said they consider it an inclusive workplace and approximately 90% said they believe it has open communications. Most importantly, the Group has achieved a 78% engagement index in 2020, which is higher than the 73% average in the new technology industry for companies with over 1,000 employees globally (*Source: CAMP*). Allegro has access to a rich market for technology talent in Poland and it has assembled the largest tech development team in Poland, with more than 2,200 employees working from five tech hubs across the country, of which more than 850 are engineers.

**Strategy**

Allegro's strategy is to offer buyers and merchants continuously improving, unparalleled value. The Group will seek to achieve this through a combination of a focus on retail basics relating to its platform in Poland, supported by complementary strategic initiatives and potentially supplemented by international expansion.

### ***Enhanced Buyer and Merchant Experience***

The Group continues to develop and invest in the buyer and merchant experience. In particular, the Group is focusing on a number of initiatives, including:

- further automating and optimizing key merchant processes, as well as developing and enhancing merchant tools and value-added services;
- advancing the Group's search, discovery and sales conversion;
- improving engagement with the Group's mobile web and app users;
- expanding product assortment breadth with a focus on bringing more Polish and international merchants onto the platform;
- improving price competitiveness by reducing the number of products where the Allegro platform does not offer the lowest price either offline or online; and
- enhancing SMART! and improving delivery experience for buyers.

### ***Further Expansion of SMART! and Delivery Services***

The SMART! loyalty program has achieved significant success with 2.1 million active paying subscribers as of June 30, 2020. However, with only one in six households in Poland and only 17% of Active Buyers having a SMART! subscription as of June 30, 2020, there is significant room for further growth. The Group intends to continue to develop and enhance the SMART! offering by further improving delivery speed and experience parameters, supplementing SMART! with a consumer finance FinTech offering and adding off-platform services to increase SMART! user engagement.

The Group aims to continue to build on its successes in delivery experience, by increasing the proportion of one/two-day delivery share with a particular focus on next day delivery, further growing the network of out-of-home lockers and pick-up/drop-off points, expanding into innovative delivery services including scaling up of same day deliveries and the introduction of "ultra-fast" or "instant" deliveries. These initiatives are being undertaken with the Group's continued focus on its 3P merchant-fulfilled model that has proven to be an effective, asset-light approach, and will be supported by the launch of Allegro Fulfillment. Allegro Fulfillment will be used as a supplementary tool in select cases, such as for international sellers and other select merchants, in an effort to improve delivery time and ensure delivery promise accuracy. The Group intends to use its existing Warsaw-Błonie warehouse for the launch of Allegro Fulfillment and, subject to positive results, make staged investments in Allegro Fulfillment over two years through the expansion of its existing delivery center that is currently used for 1P retail sales, the development of new micro delivery centers and the establishment of a new central delivery center. Through these investments, Allegro Fulfillment aims to drive a significant increase in GMV with more next day delivery options, more domestic sellers included and faster deliveries, and to grow net revenue as a result of revenue generated from fees charged to merchants for fulfillment services as well as delivery cost savings due to transport optimization and increased package consolidation. The Group expects that Allegro Fulfillment will lead to a significantly increased direct contribution to net revenue by the fifth year after its launch. The Group anticipates that capital expenditures for Allegro Fulfillment will peak within two years and that limited further on-going capital expenditures will be required.

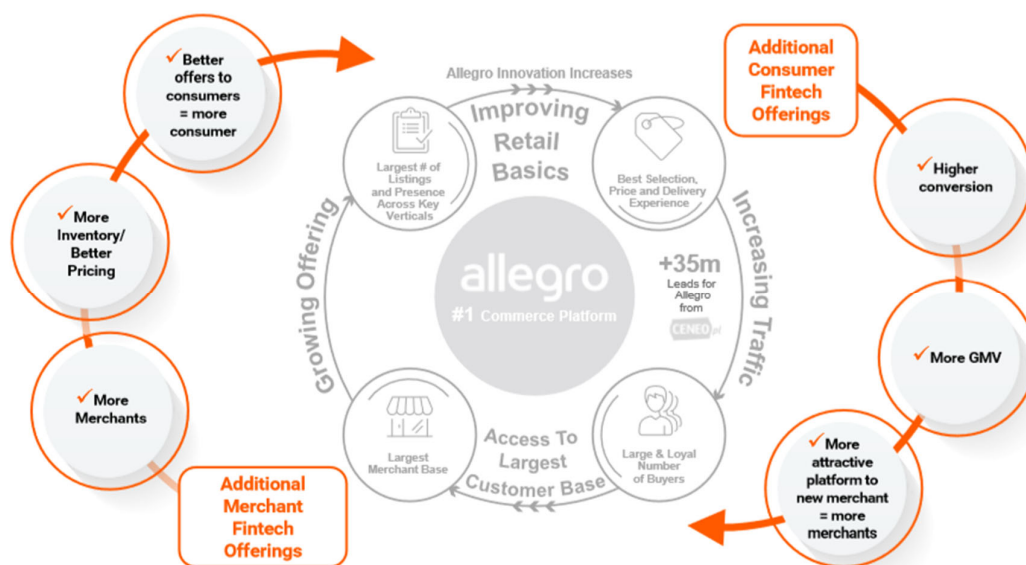
### ***Further Expansion of Advertising and Price Comparison***

Advertising and price comparison are highly profitable, complementary and fast-growing parts of the Group's business. The Group has significant reach with 382 million average visits per month during the six months ended June 30, 2020, and this has underpinned strong growth in the Group's advertising revenue, which grew by 61.3% for the six months ended June 30, 2020 over the six months ended June 30, 2019. The Group believes that there is significant potential to increase advertising revenue through further monetization of that broad reach, improvements in ad technology and favorable online advertising market trends. Unlike traditional display advertisers, the Group believes that it is well positioned to capture a large share in digital advertising via scalable, automated and AI-driven advertising solutions leveraging the Group's traffic and data. Some of the Group's key Allegro Ads initiatives include sponsored offers (to increase penetration of the service among merchants on the Group's e-commerce marketplace); internal digital display (to drive GMV on the platform); data-driven campaigns or "DMP" (development of data-driven tool enabling highly targeted CPM campaigns); external network ads (further scalability of the Group's integration with Google and Facebook Ads to drive traffic to the Group's e-commerce marketplace) and other content-based solutions (to create branded content as a self-service).

Ceneo is the top price comparison platform in Poland and among the most successful comparison sites in Europe in terms of site visits, with 29.1% revenue growth for the six months ended June 30, 2020 over the six months ended June 30, 2019. The Group benefits from Ceneo as a result not only of the increased traffic that is directed to the Group's e-commerce marketplace, but also from insights that can be used to improve retail basics and an expanded advertising reach.

### Raising Ambition in FinTech

Over the years, the Group has built a successful financial services business using a third-party model offering a range of buyer and merchant products through partnerships and other forms of collaboration with leading financial players, including BNP Paribas, mBank, PayPo, PayU, Przelewy24 and PZU. The Group has achieved moderate penetration with minimal investment to date. The Group believes that there is significant upside potential in integrating the Group's financial services with its e-commerce marketplace, which is expected to drive both buyer and merchant engagement, improve conversion rates and further accelerate the flywheel. The Group believes there is significant potential in integrating its financial services with its core platform to better address the market opportunity in Poland, which is estimated to be approximately PLN 300 billion of advances across consumer credit and corporate operating credit (Source: OC&C).



Based on its analysis of the market opportunity, the Group acquired the FinTech company FinAi in January 2020, which brought a team of experts with core FinTech capabilities, including market, machine-learning, artificial intelligence and credit scoring expertise, as well as risk management, regulatory and legal knowledge. The Group expects such competencies and capabilities to be important enablers for further growth of its financial services offering.

The Group recently launched Allegro Pay, Allegro's own FinTech offering, with beta-testing expected to continue until the end of 2020. Allegro Pay is expected to provide a simple user experience for buyers (less than one minute to sign-up, one tap to pay and less than 15 seconds to buy) driving conversion, data-driven credit decisions, and has been built on top of the existing Allegro platform. In addition to Allegro Pay, the Group has a clear product roadmap ahead with a focus on consumer products in the near term with the potential for the offering to be expanded to include merchant financing, B2B payments and financing, and insurance offerings over time.

### Broadening Platform and Geographic Expansion

The Group believes that there are various opportunities to strengthen its current business footprint into certain related opportunities which include B2B as well as adjacent verticals in which Allegro is not currently active or runs subscale operations, or through expanding value chain solutions such as logistics or financial services supporting buyers and merchants. The Group will also continue to consider, and may complement its organic initiatives with, opportunistic acquisitions. The Group has an execution track record in M&A, including recent acquisitions of eBilet and FinAi.

In addition, the Group has the ambition to grow outside of Poland in the medium term. International expansion could bring benefits to both Polish buyers and merchants, as well as to international ones. The Group believes that the introduction of a shared and more diverse buyer and merchant pool would further increase the product assortment breadth on the Group's e-commerce marketplace and the price competitiveness of products available to buyers both locally and internationally, and also allow for a seamless access to multiple geographies from a Polish and non-Polish merchant perspective.

## History

Allegro was founded in 1999 in Poznań, Poland, where its head office remains today. Created as an online consumer-to-consumer ("C2C") auction platform, Allegro had reached one million listed offers on its platform by 2001 and had one million Active Buyers by 2003.

In 2006, the Group acquired Poland's top price comparison website, Ceneo.pl ("**Ceneo**"), and by 2008 business-to-consumer ("**B2C**") offers overtook C2C offers to become the primary focus of the Group's e-commerce marketplace. In 2010, the Group launched its iOS and Android applications, which were the first online shopping applications in Poland. In 2013, Allegro reached PLN 10 billion in GMV and launched its dedicated "Brand Zone," providing manufacturers and authorized sellers of well-known Polish and international brands a dedicated section of the Group's e-commerce marketplace to promote offers.

In January 2017, a consortium of private equity funds—Cinven, Permira and Mid Europa Partners—acquired the Group, and they have used their investment and their long-standing expertise in technology to accelerate the development of the platform. In particular, the Group's new ownership helped the business attract key talent to bolster its management team, including a new Chairman, CEO, CFO, CCO, new executive heads of Delivery and Business Development, Customer Service, Payments, the General Counsel and, most recently, a Chief Data Officer. This expanded management team has implemented key commercial and operational changes, including strengthening the buyer engagement and merchant breadth on the Group's e-commerce marketplace, developing a best-in-class mobile application, and investing in improved logistics solutions and pricing tools. Such investments have led to significant GMV growth as well as increased advertising revenue. Under the new management team the Group, among other initiatives, launched SMART!, its subscription based loyalty program, transformed delivery from merchant-managed to Allegro-managed and integrated 3P delivery network, and completed two acquisitions: eBilet, the Polish leader in online entertainment ticket sales, and FinAi, a FinTech company.

The Group saw an acceleration of GMV growth during the lockdown resulting from COVID-19 between March and June 2020. At the same time, Allegro provided support to its community, including its buyers, merchants and the broader Polish society, during the COVID-19 pandemic by providing all of its users with a free SMART! subscription to buyers for a period of three months, providing three months with no sales commissions for new merchants, extending provision payment time for small entrepreneurs to four times longer than normal, and offering loans of up to PLN 4,500 for sole proprietors. This, along with other CSR initiatives, amounted to an approximately PLN 375 million contribution to Allegro's community in response to the crisis.

## Operations

Allegro is the leading Polish commerce platform and enables the Group's e-commerce marketplace, advertising, price comparison and retail offerings. The Group generates revenue through (i) its marketplace businesses, including the Allegro.pl and eBilet.pl websites, as well as related advertising offering and IP retail business supporting the Group's e-commerce marketplace; (ii) its leading Ceneo.pl price comparison website; and (iii) other revenue primarily related to its hosting services.

### *Allegro.pl – the Group's E-Commerce Marketplace*

Allegro is the leading online managed marketplace in Poland that links buyers with products offered by merchants. Approximately 389.2 million transactions were completed on the Group's e-commerce marketplace in the twelve months ended June 30, 2020. The Allegro.pl marketplace is the first and largest application built on the Group's platform and the Group's marketplace revenue generated 80.8% of the Group's net revenue for the twelve months ended June 30, 2020.

Allegro.pl is the website of choice in Poland for consumer goods, with consumers more than twice as likely to begin searching for products on the Allegro website or app than search for the item on the Google search engine (*Source: OC&C*). During the twelve months ended June 30, 2020, 73% of traffic to Allegro was direct and free rather than being acquired through search engines, referrals, social networks or other avenues, whereas 27% of Allegro traffic had a paid acquisition cost. Paid traffic contributed PLN 7.7 billion to GMV for the twelve months ended June 30, 2020 as compared to PLN 5.3 billion, PLN 2.9 billion and PLN 1.3 billion for the years 2019, 2018 and 2017, respectively.

The Allegro online marketplace features nine key categories, each of which has a dedicated category team in the Group's commerce department responsible for its development. The key categories are automotive; home and garden; books, media, collectibles and art; fashion and shoes; electronics; kids; health and beauty; sports and leisure; and supermarket.

For the twelve months ended June 30, 2020, home and garden was the largest category by GMV, with GMV of PLN 8,782.9 million, or 30.9%, of Allegro's total GMV for the period. The second and third largest categories, respectively,

for the twelve months ended June 30, 2020, were electronics with GMV of PLN 6,318.8 million, or 22.2%, of Allegro's total GMV, and automotive with PLN 3,461.5 million, or 12.2% of Allegro's total GMV. Supermarket, which grew its GMV by 116.0%, and health and beauty, which grew its GMV by 90.6%, in each case for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, represent the fastest growth categories. As of June 30, 2020, the Group's e-commerce marketplace offered merchandise at a lower price than its competitors in Poland on more than 80% of the products identified in the "top selection index."

The Group has developed tools to actively manage prices to ensure they are competitive. Through the Group's automated tools, the Group monitors approximately 135,000 top-selling SKUs to identify any top products where the price is not competitive. When the Group has identified an uncompetitively priced product, it notifies the merchant and provides insights and nudges to allow the merchant the opportunity to potentially lower the price. If the merchant is unable to sell at the new price, the Group considers either investing some of its Take Rate to lower the item's price or considers selling a lower-priced product itself through the Group's 1P retail offering. As of June 2020, approximately 1,300-1,500 large merchants were actively participating in the Group's sourcing campaigns to be notified when their prices were higher than the competition and there were approximately 3,000-5,000 products where merchants were incentivized to lower prices.

To generate GMV, build attractive price perception, encourage merchants to offer deals and to capture seasonal peaks, the Group offers a selection of marketing campaigns throughout the year, for example, the spring campaign from February to June, SMART! Week in September, the Christmas campaign and monthly mega deals, as well as Black Week, which in 2019 generated a 47% increase in total GMV to PLN 848 million as compared to the average GMV for the preceding six weeks and also led to a 20% average discount as compared to average product price for the preceding 30 days. Black Week 2019 involved the participation of 2,400 merchants, sold on average 2.2 million products daily and 99% of the Black Week price discount were merchant-financed.

The Allegro marketplace provides buyers with advanced search functionality, safe payment transfer and financing solutions, a buyer protection program and a managed delivery experience, while providing merchants with data and seller tools and the ability to promote and advertise offers. Additional payment offerings, such as one-click payments, Apple Pay, Google Pay and BLIK have resulted in significantly improved payment conversion, which increased by 7.6% from 88.7% in June 2017 to 96.3% in June 2020. This has coincided with a shift away from traditional cash payments at delivery to more modern, electronic payment methods. From July 2018 to June 2020, cash on delivery declined from representing 31% of payments to 17%, while payments with payment cards and BLIK increased from 11% to 17% and 8% to 22%, respectively.

#### *B2C Transactions*

GMV is primarily generated on the Group's e-commerce marketplace from B2C transactions where approximately 117,000 merchants connected with approximately 12.3 million Active Buyers. Allegro also provides a "Brand Zone" offering for merchants on its B2C marketplace, which allows merchants to create customized spaces displaying their own products and featuring their individual logo. In 2019, the Group bolstered its B2C offering through the acquisition of eBilet, a leader in online entertainment ticket sales. For more on eBilet, see "*eBilet*" below.

#### *B2B Transactions*

Allegro also generates GMV from B2B transactions on its marketplace. In 2019, the Group's B2B business generated GMV year-on-year growth of 26% and represented PLN 3.9 billion as compared to the Polish B2B segment which registered a GMV of approximately PLN 1,500 billion and registered 6% year-on-year growth (*Source*: Polish Statistics Office (GUS)). Since 2018, the Group's B2B business has represented approximately 17% of the Group's GMV, growing from PLN 3.1 billion for 2018 to PLN 3.9 billion for 2019 and before reaching PLN 4.9 billion for the twelve months ended June 30, 2020. For its business buyers, Allegro offers a personalized B2B user experience with volume discounts, extended payment terms, a new delivery experience logistics offering to handle heavy and bulky deliveries, and a dedicated B2B team for sales and support as well as to help grow active offers and increase the Group's merchant base.

#### *C2C Transactions*

The Group has additional C2C offerings. Launched in 2019, Allegro Lokalnie is among the most recognized and most visited platforms in Poland for C2C e-commerce (*Source*: SimilarWeb). Allegro Lokalnie allows sellers to place a free classified advertisement, communicate and arrange an appointment with the buyer and sell their item at no charge. Alternatively, sellers can place Buy Now and Auctions offers, utilizing the capabilities of the platform to manage payment transfers from buyer to seller, and pay a commission to the Group when the sale takes place. Similarly, through the Ceneo Lokalnie platform sellers can place classified advertisements for free and use messages to discuss the purchase and arrange for collection.

## *Marketplace Features and Innovation*

### *Buyer Services on the Group's E-Commerce Marketplace*

Retail basics represent the foundation of the services that the Group seeks to provide to buyers and comprises three pillars: providing buyers with the best selection, price and convenience. The Group believes that retail basics are the main reason why Polish buyers prefer to shop on Allegro. Allegro appeals to buyers by having the largest selection available across all product categories, aiming to offer the lowest prices in the market and driving convenience through multiple levers across the different steps of the shopping experience.

Buyers find extensive selection on the Group's e-commerce marketplace. The number of monthly active offers has grown from 72.0 million as of December 31, 2017 to 164.2 million as of June 30, 2020, and the merchant base has grown from approximately 100,000 merchants as of December 31, 2017 to approximately 117,000 merchants as of June 30, 2020. Over the same time period, the number of Active Buyers on the Group's e-commerce marketplace has grown from 9.3 million as of December 31, 2017 to 10.4 million as of December 31, 2018, to 11.4 million as of December 31, 2019, before reaching approximately 12.3 million as of June 30, 2020. The number of transactions per year by Active Buyers has also increased: growing at a CAGR of 10.3% from an average of 21.6 transactions per year for the year ended December 31, 2017 to 26.2 for the year ended December 31, 2019, before reaching 31.7 transactions per year for the year ended June 30, 2020. Similarly, the GMV per Active Buyer has increased as well: from PLN 1,741 per Active Buyer for the year ended December 31, 2018 to PLN 1,985 per Active Buyer for the year ended December 31, 2019, an increase of 14.0%, before reaching PLN 2,295 per Active Buyer for the twelve months ended June 30, 2020.

Buyers have also come to trust that they can find the lowest consumer product prices in the Polish market on the Group's e-commerce marketplace. Over 80% of best-selling products on the platform are at the lowest available price in the Polish market and, since the SMART! subscription loyalty program was introduced in 2018, buyers have saved more than PLN 1.0 billion in delivery costs.

An improved user experience across devices has contributed to higher conversion rates and GMV and continuous investment in mobile makes the Allegro app a go-to shopping destination. Easy payment solutions have improved the checkout user experience and payment mix. Buyers on the Group's e-commerce marketplace have access to a wide array of flexible financing options currently delivered by third-party providers, including 0% installment loans and the Pay Later option, which grants 30 days of free credit to eligible buyers, with additional charges applicable after the expiry of the 30-day period. Approximately 30% of the products sold on the platform are delivered to buyers the next working day and approximately 75% of orders are delivered within two working days. Buyers also have access to approximately 25,000 pick-up locations across Poland locations such as InPost lockers, Żabka stores, Orlen gas stations and Ruch kiosks.

Buyers have become increasingly engaged, satisfied and loyal to the Group over time as it seeks to address all top buyer needs. Allegro buyers NPS has steadily increased from +37 in 2017 up to +72 in June 2020 and outpaced the Satmetrix 2020 online shopping NPS benchmark of +40. According to the Group's research, more than eight out of every ten buyers would recommend Allegro to their family members and friends.

### *Merchant Services on the Group's E-Commerce Marketplace*

Allegro is also the platform of choice in Poland for merchants as a result of the large buyer base that Allegro provides, the low cost and high ease of use of the platform and the platform support that is provided. Approximately 73% of online shoppers in Poland choose Allegro, with over 20 million internet users visiting the platform around 380 million times per month, providing sellers with the largest buyer base in Polish e-commerce (*Sources: Gemius; GUS*). Over time the quantity and quality of the Group's merchant base has increased and the GMV per merchant grew 20% for the year ended December 31, 2019 to PLN 219,000, from PLN 182,000 for the year ended December 31, 2018, before reaching PLN 241,000 for the twelve months ended June 30, 2020.

The Group's e-commerce marketplace also features no listing fees for sellers in most categories and the Group believes that the Take Rate on its e-commerce marketplace, which was 9.3% for the year ended December 31, 2019 and 9.1% for the six months ended June 30, 2020, is lower than competing online selling platforms, such as Empik and Amazon. The Group also provides marketing support, such as sales statistics, and provides its merchants with preferential terms for delivery from all seven of the major courier service providers in Poland (as well as access to a consumer segment whose members receive free delivery on many products purchased through the Group's e-commerce marketplace (i.e., SMART! subscribers)), all of which are Allegro delivery partners. Moreover, the Group provides merchants with statistical data that helps them improve their seller rating and thereby their offers' visibility to potential buyers as well as tools helping merchants to cost-effectively target their advertising on the Group's platform.

In addition, sellers on Allegro are provided with, among other things, data dashboards, search scoring algorithms and alternative methods for uploading offers. In the second half of 2020, the Group entered into a cooperation agreement with invoice factoring provider PragmaGo to offer instant payment services for merchants. The factoring service allows merchants to receive payment immediately after selling a product on the Group's platform, while the Group is able to provide buyers with a deferred payment option.

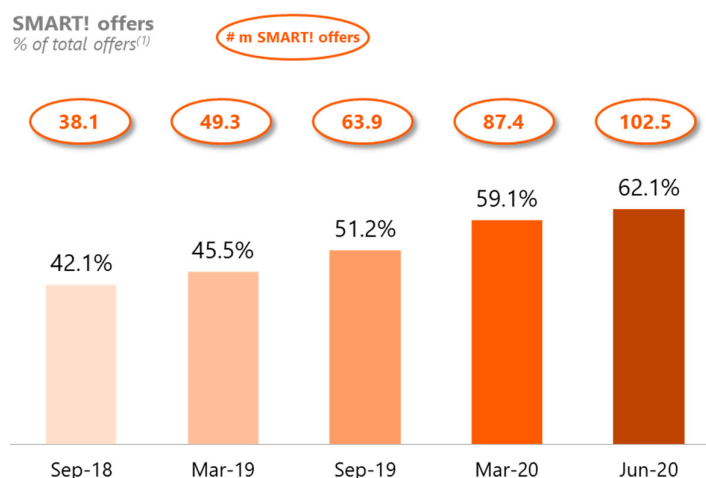
### SMART!

SMART! is a PLN 49 per year (or PLN 8.99 per month) loyalty subscription-based program launched in August 2018 that provides buyers of SMART!-eligible products an unlimited number of free-of-charge deliveries to a nationwide network in Poland of 24/7 parcel lockers and pick-up/drop-off points for purchases from an eligible merchant of at least PLN 40 and offers free courier delivery in Poland if the purchase is for a minimum of PLN 100. In such cases the Group covers the entire delivery cost or shares the cost with the SMART! merchants, with delivery completed on terms agreed directly by the Group on a wholesale basis with a range of carriers. Additional benefits for SMART! subscribers include free SMART! parcel returns; exclusive SMART! deals, offering products at discounted prices or with a priority access; and priority customer service.

SMART! has also further reinforced the Group's position as the partner of choice for merchants that are able to demonstrate certain characteristics of high-quality performance, including having at least five unique positive transaction ratings in the prior twelve months, maintaining average sales ratings of at least 98% and committing to certain best practices in relation to compliance with regulations, such as making timely payments and submitting logistic data on shipments. The percentage of active offers on the Group's e-commerce marketplace that are SMART!-eligible has increased to 62.1% as of June 30, 2020 from 51.2% as of December 31, 2019. This increase has corresponded with a continuing increase in the number of merchants and a strong improvement in merchant NPS from +6 as of December 31, 2018 to +31 as of June 30, 2020. Merchants selling products under the SMART! program tend to be more highly rated by buyers than non-SMART! merchants, as SMART! merchants received an average buyer rating of 99.6% as compared to 96.0% for non-SMART! merchants.

SMART! subscribers tend to be more highly engaged with Allegro than those buyers who do not choose SMART!. In June 2020, SMART! subscribers were 2.5x more likely to have made a purchase in a given week than non-SMART! buyers. In addition, in June 2020 SMART! subscribers made approximately 1.5x the number of visits to the Allegro platform as non-SMART! buyers. For the twelve months ended June 30, 2020, 90% of SMART! subscribers made at least one purchase per month and 53% made at least one purchase per week on average.

The SMART! subscriber base has grown rapidly since the introduction of the program. As of June 30, 2020 the Group had approximately 2.1 million active paying SMART! subscribers, reflecting an increase of approximately 555,000, or 36.7%, from the approximately 1.5 million SMART! subscribers as of December 31, 2019, which itself was an increase of approximately 900,000, or 202%, from the approximately 684,000 SMART! subscribers as of December 31, 2018. The Group estimates that the number of Polish households with a paid SMART! subscription has increased from approximately 5% as of December 31, 2018 to approximately 11% of Polish households as of December 31, 2019 and approximately 14% of Polish households as of June 30, 2020. SMART! offers represent an increasing percentage of the Group's total active offers, as the chart below demonstrates.



### *Delivery Experience*

In recent years, the delivery experience for buyers and merchants has improved through the Group's focus on providing a 1P-like delivery experience through the Group's 3P model. Historically, merchants on the Group's e-commerce marketplace arranged delivery services directly with carriers without any involvement of the Group in the process. Because the delivery contracts were not directly negotiated between the couriers and the Group, there was high variability in delivery times and a lack of competitiveness and standardization of delivery pricing. As recently as 2017, track and trace services were only provided for 17% of packages, speed of delivery was not a key metric measured by Allegro and pick-up and locker locations were limited to approximately 2,500 across Poland. In June 2020, 70% of delivery volumes were processed through the Group's managed 3P delivery network, an increase from approximately 10-15% in 2017.

In less than three years, the Group has transitioned to a managed 3P delivery network through the introduction of a proprietary, smart logistics "HUB" platform to centrally manage delivery for the Group. Allegro's HUB platform connects back-to-back with merchants and a range of leading logistic carriers, including, among others, InPost, DPD, UPS and the Polish state postal service (*Poczta Polska*), to manage all aspects of the delivery process and generates the level of integration in the Group needed for its high-quality delivery experience, which is built on speed, price and delivery convenience. The platform provides quick shipments, with approximately 30% of the products sold on the platform delivered the next working day and approximately 75% of orders delivered within two working days; low delivery costs, though the Group's SMART! program and standardized costs for non-SMART! orders. As of June 2020, approximately 53% of orders on the Group's e-commerce marketplace were delivered for free, an increase from approximately 12% in 2017.

As of June 30, 2020, 92% of the Group's active offers were covered by a delivery promise, 91% of all packages and 98% of packages in SMART! orders able to be tracked and traced. In addition, the density of the locker network and other pick-up points accessible to Allegro buyers had increased to 25,000 locations in Poland such as InPost lockers, Żabka stores, Orlen gas stations and Ruch kiosks. As of June 2020, the majority of all SMART! orders were delivered to lockers and other pick-up/drop-off points, which lowered delivery costs as compared to delivery to the buyer's door.

### *eBilet*

eBilet, which the Group acquired in April 2019, is a leader in online sales of concert tickets and tickets for other entertainment, cultural and sporting events in Poland. eBilet cooperates with major Polish and international event partners by offering retail and corporate sales, promotions and comprehensive event-related services, including on-site services such as cash desks. eBilet offers ticket sale systems and access control solutions for all cultural and sports events and delivers to its partners and event organizers complete technological solutions to edit and track sales trends on an ongoing basis.

eBilet.pl sold approximately 2.3 million event tickets in 2019, making it Poland's largest independent ticketing company. In 2020, eBilet's ticket sales business has been disrupted by the shutdown of the live entertainment events industry in response to the COVID-19 pandemic.

The eBilet marketplace business model is similar to that of Allegro's marketplace platform and therefore eBilet's revenue is included in the Group's marketplace revenue.

### *Advertising*

For the twelve months ended June 30, 2020, the Group generated advertising revenue of PLN 260.8 million, or 8.2%, of the Group's revenue.

### *Allegro Ads*

Allegro Ads provides merchants with self-service tools and data- and profile-based ad targeting. For the twelve months ended June 30, 2020 approximately 45,000 merchants, or 38.7% of active B2C merchants, used Allegro Ads. In addition, 1,488 brands advertised on the Allegro platform during the twelve months ended June 30, 2020, which gives the Group an opportunity to monetize brands. Allegro Ads offers three separate ad formats: (i) "sponsored offers," which allow merchants to position selected offers as one of the top two search results; (ii) "display," which displays a banner including a merchant's selected logo and text above search results; and (iii) external network ads, which displays offers for Allegro's marketplace on Facebook and Google's platforms. Sponsored offers, display ads and external network ads provided 78.5%, 18.8% and 2.7%, respectively, of gross advertising revenue (excluding Ceneo advertising revenue) for the year ended December 31, 2019.



The Group believes Allegro Ads provides merchants with an attractive return on their advertising investment. Campaigns based on shopper data and machine learning allow the Group to precisely target selected consumer segments resulting in superior returns for merchants, generating 12-14x GMV on each PLN 1 they invest.

### ***1P Retail***

To support the Group's e-commerce marketplace, Allegro operates a limited 1P retail business which serves two main functions: (i) supporting price competitiveness on the Group's e-commerce marketplace and (ii) closing selection and delivery gaps.

The Group's 1P retail business identifies certain products in which the price of certain high-demand items on the Group's e-commerce marketplace is more expensive than at other Polish retailers and purchases its own inventory (from its Błonie warehouse) to sell on the Group's e-commerce marketplace at a competitive price. The Group also uses its 1P retail offering in connection with special promotional events such as SMART! Week and Black Week to supply certain products at promotional prices to drive additional traffic to the Group's e-commerce marketplace. Rather than focusing on specific market segments and competing with particular merchants, the Group's 1P retail business is intended to market products across a broad range of categories to support the broader competitiveness of the Group's 3P marketplace.

### ***Price Comparison (Ceneo)***

Ceneo, which launched in 2005 and became a part of the Allegro Group in 2006, is the top price comparison platform in Poland and among the most successful comparison sites in Europe in terms of site visits (*Source*: SimilarWeb). Ceneo gathers product information from the Group's e-commerce marketplace and over 18,000 other registered online retail stores and shows buyers the price comparisons, product and merchant reviews and delivery options along with links to purchase the product either from the merchant's online store or, for certain products, directly from Ceneo by using the "Buy Now" option. Ceneo also provides consumers with its Trusted Stores Ranking based on millions of surveys completed by online buyers.

Online retailers list their products and prices on the Ceneo platform. Polish consumers come to Ceneo to check prices prior to making a purchase and Ceneo provides them with a listing of all available offers and prices for the product that they are searching for. When the consumer clicks on a specific offer on the listing, they are linked to the respective retailer's own website and Ceneo earns a click-through fee for providing the lead to the retailer regardless of whether the user chooses to make a purchase. Retailers are also able to bid to occupy higher positions on the listing reserved for promoted offers, providing an additional source of price comparison revenue.

Ceneo generates revenue primarily for providing the leads regardless of whether the buyer completes a purchase. In addition, Ceneo generates revenue by selling advertising space to merchants and brands, including providing them with the opportunity to bid for clicks by promoting their offer to be featured in a limited number of promoted offers shown at the top of the search result listing, and from fees for transactions that are completed.

Ceneo supplements the Group's e-commerce marketplace and also supports other online retailers who prefer to run their own independent online shopping sites, but still use Ceneo for marketing. The user review collection process provides valuable data and unique insight into actual sales conversions merchants achieve from click-through traffic. Finally, where merchants have opted-in, buyers have the option to complete the purchase directly on the Ceneo website, in which case Ceneo receives a commission. Ceneo also supports the Group's e-commerce marketplace through its ability to drive traffic. In 2019, Ceneo directed consumers to the Group's e-commerce marketplace approximately 35 million times, which resulted in additional GMV for the Group of approximately PLN 445 million.

Based on Google Analytics data, Ceneo's average number of monthly visits increased from 51 million for the year ended December 31, 2018 to 60 million for the year ended December 31, 2019, outperforming many international competitors and exceeding the number of visits to any other Polish price comparison website in each of 2018 and 2019 by approximately ten times.

High-quality content has led to strong conversion rates with an approximately 40% clickthrough rate in 2019 and 10,785 merchants were monetized in 2019.

Ceneo also operates an advertising business that complements its price comparison business and provides access to additional online retailers that are not present on the Allegro marketplace. For the year ended December 31, 2019, excluding intercompany transactions, Ceneo's advertising business generated PLN 45.5 million of revenue. Advertising revenue represented 21.1% of Ceneo's total revenue for the year ended December 31, 2019, an increase from 19.9% for the year ended December 31, 2018. Although these advertisements are connected to the Group's Ceneo price-comparison website,

Ceneo advertising revenue is recorded in the Group's Financial Statements as advertising revenue, rather than being recorded as price comparison revenue.

### **Other Business**

#### *Financial Services*

Allegro has historically relied on a 3P financial services model featuring a mix of banking and FinTech partners to provide buyers with payment solutions. Such partners include PayU and Przelewy24 (e-payments), BNP Paribas, PayPo and PayU (consumer credit), mBank (merchant credit) and PZU (product insurance). These solutions have included financial products such as 0% interest offers, installment payments and pay later options, and approximately 5% of buyers utilize these payment solutions. However, the Group believes that there is significant upside potential in integrating Allegro's financial services with its core platform which the Group expects to drive both consumer and merchant engagement, conversion rates and further accelerate the flywheel.

Other leading international marketplaces have demonstrated the importance of a FinTech offering and have shown that it is a natural extension of their platform. For Allegro in particular, with a total addressable FinTech market in Poland of approximately PLN 300 billion projected to grow 6% year-on-year (*Source: OC&C*), FinTech represents a significant opportunity. Moreover, historically the Group has not leveraged its unique resource of buyer and merchant data, which represents an important differentiator for the Group where it can leverage AI and big data to differentiate its offering.

The Group has launched a new consumer finance initiative, Allegro Pay, in order to provide new revenue streams from lending fees and interest, with beta-testing expected to continue until the end of 2020. Allegro Pay features targeted credit availability; market standard credit checks at loan originations; seamless user experiences; and a simple and intuitive check-out process. Allegro Pay is easy to set up and quick to use and offers buyers a pre-approved purchasing limit up to PLN 4,000 with the ability to buy now and pay either in 30 days with no interest or instead in up to 20 monthly installments. The Group believes that Allegro Pay's features and its simple set-up and use deliver a superior experience than local retail banks and other FinTech offerings.

In the second half of 2020, the Group entered into a cooperation agreement with invoice factoring provider PragmaGo to offer instant payment services for merchants. The factoring service allows merchants to receive payment immediately after selling a product on the Group's platform, while the Group is able to provide buyers with a deferred payment option.

#### *Data Processing, Hosting and Related Activities*

The Group also generates revenue from data processing, hosting and related activities; other information technology and computer service activities; computer facilities management activities; software-related activities and computer consultancy activities.

### **Technology Platform**

The Group is a technology business with a world-class technology development team (including AI/machine learning teams, product teams and design teams) with approximately 850 out of the Group's more than 2,200 employees being engineers based in five tech hubs across Poland. The Group hired more than 180 new engineers in 2019 and now has 90 full-stack agile technology teams with a user-centric development culture. Operational and executive excellence has been achieved thanks to a strong management team with many years of experience in the IT industry.

The Group's technology platform is designed using a domain-driven design paradigm that allows the whole platform to be split into logical components that reflect business processes. This design assures the lowest possible dependencies between domains to support the fast flow of business process development.

Internally, the Group uses microservice architecture that allows for very high autonomy between development teams and supports high ownership. Each team is the developer and owner (DevOps model) of particular microservices and is responsible for building and maintaining them. This organization supports the high quality and best maintainability of code. This approach allows the Group to create complex applications that run on both computer web browsers and mobile devices.

The main marketplace website has advanced front-end functionalities and language capabilities. The platform supports extending it via API (application programming interface) which allows users to use externally built tools or systems that support sale on the Group's platform. Most of the key business processes (offer listing and editing, sell reports, bidding and other) are reflected via API, and access to it is open, documented and supported by dedicated teams.

Integrated tools include the online payments systems Przelewy24 and PayU, and OpBox, which allows the Group to flexibly build a front end in the distributed architecture of microservices, as well as build and manage the structure and content (manually or automatically) of the website.

Back-end user support makes use of multiple administrative web apps, integrates cloud-based user relationship management and implements Salesforce for post-sales processes in addition to running several other systems.

The Group builds its own software with a development process that is empirical and based on testing. High availability, scalability and flexibility are priorities, with applications built around web services and cloud (private and public). The Group standardizes tools and uses open source software where possible, allowing for efficient, cost-effective and agile development.

The Group has a scalable and modular technology platform built in-house that is business-focused, easy to deploy and maintain. The microservice, container-based architecture enables the rapid, frequent and reliable delivery of large, complex applications, through both desktop internet browsers as well as mobile devices. In 2019 mobile devices were the most important source of traffic resulting in 65% of the traffic being generated either via mobile or the Allegro app.

The Group's platform utilizes two highly efficient and modern rented data centers, one in Poznań and the other in Skawina, near Kraków. Redundant infrastructure connected via multiple geographically dispersed links with its own networks (BGP ASN, IP address ranges). The data centers host 190 racks of equipment with nearly 6,000 devices connected. Despite the growing traffic, the number of devices is decreasing thanks to continuous replacement programs and increasing usage of the public cloud. The two data centers are connected by internally managed network connections via public providers (e.g., Orange Polska, Telia Carrier and Century Link), internet exchange points (e.g., Thinx, POZIX and EPIX) and direct peerings (e.g., Google and Netia). This highly dispersed setup through the most major uplinks to Polish internet users allows the Group to provide content with the highest speed thanks to being very close to end users.

An efficient multi-level caching strategy is in place and efficiency improvements are applied at nearly each level of the architecture. The system consists of dozens of web services in a JVM stack and is scaled in the private cloud via Marathon/Mesos solutions. The platform is being extended via the Kubernetes framework, which allows for seamless integration with the public cloud. The platform uses SQL (e.g., Oracle, PostgreSQL and MySQL) and NoSql (e.g., Cassandra and MongoDB) databases. Wherever possible, asynchronous processing takes place with in-house asynchronous message broker Hermes. The platform uses both private (OpenStack) and public cloud (e.g., GCP and Azure) and physical servers. The Group currently runs approximately 32 million searches per day, with 36 Gbps of total peak outgoing traffic.

The development system consists of an internal-built AppEngine, development stack that allows for self-service and automated preparation of the whole environment for development and also the necessary tools for monitoring, profiling or debugging. The system is supported by Atlassian tools (e.g., Jira, Stash, Bamboo and Artifactory) and by commercial tools that support monitoring, optimization and debugging (e.g., PagerDuty, NewRelic and SpeedCurve) extended by multiple internally developed tools.

The Group's technology platform is subject to continual improvement with averages of 110 production releases and 1,490 integration tests conducted each day. The product updates are based on A/B testing on the platform (with 30-50 experiments carried out in parallel) and are data- and machine learning-driven. The development of new and improved features begins by listening to the suggestions of the Group's community of buyers and sellers. The Group holds meetings periodically with its users to obtain feedback regarding its services and suggestions relating to possible additional features.

The Group has been recognized as having the best product search engine in Poland by Baymard Institute, an independent web usability research institute conducting large-scale research studies on all aspects of the e-commerce user experience.

The Group seeks to offer a high level of infrastructure and data security, based on a layered approach. Each security layer, including distributed denial-of-service attack protection, bot detection systems, web application firewalls and other tools protect the platform. The Group is committed to the security of consumers' experience on its marketplaces. The Group undertakes administrative and technical measures to protect its systems and the consumer data those systems process and store. The Group has developed policies and procedures designed to manage data security risks. The Group employs technical security defenses that are being periodically reviewed by internal and external auditors, penetration testers and security researchers. Additionally, the Group takes part in an open bug bounty program and uses third parties to assist in its security practices and prevent and detect fraud.

To provide the highest availability to the Group's users, the platform is subjected to continuous testing regarding resilience and availability. Starting from periodical tests of data center infrastructure through switching user traffic from one data center to the other and multiple local, process-based availability tests started by the owners of the particular process or SRE

(site reliability engineers) team. The SRE team is particularly focused on reliability and assuring related continuous improvement, but also handling and learning from incidents to improve future performance.

### **Sales and Marketing**

The Group has strong brands, including Allegro, Ceneo and eBilet, and continues to raise brand awareness among both buyers and merchants by enhancing and expanding its service offerings and fostering rapid adoption through increased brand affinity, public relations and strategic partnerships. The Group also leverages its direct sales force and account management teams to facilitate the acquisition and support of larger merchants. Direct marketing, especially online, has also been an effective merchant acquisition channel. This includes display advertising, search engine marketing, social media and direct mail campaigns.

### **Pension, Retirement and Similar Benefits**

The Group pays retirement and disability pension contributions to the Polish Social Insurance Institution (*Zakład Ubezpieczeń Społecznych*) determined by the gross salary for each employee. The Group is required to pay contributions as they fall due only for the period of the employee's employment. The Group has no legal or constructive obligation to pay future benefits. If the Group ceases to employ members of the State plan, it has no obligation to pay the benefits earned by its own employees in previous years. The Group's obligation under those plans for each period is determined by the amounts to be contributed for the year. Under IAS 19 – Employee Benefits, no actuarial assumptions are required to measure the obligation or the cost and there is no possibility of any actuarial gain or loss. Moreover, the obligations are measured on an undiscounted basis, except where they do not fall due wholly within a year after the end of the period in which employees render the related service.

The Group's employees or their designated beneficiaries are entitled to retirement and disability severance payments. Retirement and disability severance payments are one-off payments made upon retirement or early retirement due to disability. The present value of such obligations is calculated by an independent actuary at each reporting period end date. The resulting obligation is equal to discounted payments to be made in the future taking account of staff turnover and refers to the period remaining until the reporting period end date.

Employee capital plans (*Pracownicze Plany Kapitałowe*) ("**PPK**") were introduced by new legislation from January 1, 2019, pursuant to which employers are under the obligation to introduce employee capital plans in their organization. PPK constitute a new form of saving under the pension system. The basic contribution financed by the employee amounts to 2% of gross salary. In turn, the employer shall pay a contribution in the amount of 1.5% of the employee's obligatory contribution, extendable by up to 2.5% of the voluntary contribution calculated on the basis of the salary. Obligations only apply to those employees who did not opt out of PPK. The liability related to PPK as at December 31, 2019 equaled PLN 302,000 and is included in "trade and other liabilities" in the Annual Financial Statements.

For additional information, see Note 22 (*Liabilities to Employees*) to the Annual Financial Statements.

### **Legal Proceedings**

From time to time, the Group may be involved in various claims and legal proceedings relating to claims arising out of its operations. Current proceedings, including those during the twelve months preceding the date of this Prospectus, and proceedings that are pending or threatened of which the Issuer is aware that may have significant effects on the Group are described below.

The Group is aware of certain pending legal disputes between individuals associated with Bola Investment Limited ("**Bola**") and a third party individual relating to the ownership of a minority stake of shares in eBilet sp. z o.o., a Polish limited liability company (*spółka z ograniczoną odpowiedzialnością*) that was the former owner of eBilet Polska sp. z o.o. ("**eBilet Polska**"). eBilet Polska has been part of the Group since April 2019 (see "*Material Contracts—eBilet Polska Investment Agreement*" below). eBilet sp. z o.o. is not, and has never been, part of the Group. None of the Issuer, Allegro.pl, eBilet Polska or any other Group entity is, or has ever been, party to any disputes between the individuals associated with Bola and the third party individual. Based on information available to the Group as of the date of this Prospectus, the Group has no reason to believe that the outcome of the pending disputes known to the Group would have a material impact on the Group.

## ***Proceedings Before the UOKiK President***

### *Antitrust Proceedings Related to Alleged Abuse of a Dominant Position by Favoring Own Sales Activity on the Platform*

Pursuant to the Competition Act, on December 6, 2019, the UOKiK President commenced antitrust proceedings against Allegro.pl concerning the alleged abuse of a dominant position by Allegro.pl on the Polish market for online B2C intermediary sales services by favoring its own 1P retail sales activity on its platform, in particular the activity of the OSA, over the sales activities of 3P Sellers operating on the platform. The UOKiK President claims that Allegro.pl favored 1P retail sales by granting OSA access to information, functionalities and promotions unavailable to 3P Sellers. The proceedings were preceded by a preliminary investigation stage, which the UOKiK President commenced in June 2017.

Allegro.pl began 1P retail sales on its e-commerce marketplace in September 2015 following a testing period that ran from May through August 2015.

On January 31, 2020, in response to the initiation of the antitrust proceedings, Allegro.pl provided the UOKiK President with evidence and arguments indicating that it does not hold a dominant position and that it did not favor 1P retail sales for a number of reasons, in particular: (i) it did not favor OSA in search results; (ii) new functionalities on the platform (which were sometimes only available to OSA) were tested by OSA before either being made available to others (if the test results were positive) or being abandoned (if the results were not positive); and (iii) Allegro.pl promoted OSA to a limited extent, necessary to generate interest among buyers and/or to fill in the gaps on the platform. On April 16, 2020, Allegro.pl submitted additional economic analyses to the UOKiK President, including an economic report prepared by external antitrust economists that supports the above arguments. The economic report also points out that OSA has brought benefits for 3P Sellers and improved the platform's attractiveness and as a result has pro-competitive effects. The Group believes that Allegro.pl had ceased most of the actions criticized by the UOKiK President by the end of 2017, and all such actions had ceased by the end of 2019.

As of the date of this Prospectus, the antitrust proceedings are in the evidence-gathering stage and Allegro.pl is preparing answers to the request for information from the UOKiK President received on August 17, 2020. In this request, the UOKiK President requested documents from 2015 to 2017 relating to: questions and complaints sent by 3P Sellers regarding OSA; search algorithm and access to data collected by Allegro.pl; Allegro.pl's documents on various aspects of OSA's activity and Allegro.pl actions towards OSA; and sales targets of Allegro.pl's employees. The UOKiK President also requested information on supermarkets and hypermarkets that were active as sellers on the platform in 2019 and 2020. Allegro.pl is expecting further requests for information from the UOKiK President in the future. Such proceedings usually last between one and three years. Allegro.pl is cooperating fully with the UOKiK President, not only by answering questions, but also by proactively providing relevant evidence.

If the UOKiK President is satisfied with Allegro.pl's responses, the proceedings will end. If the UOKiK President decides to pursue the case, he must issue a "statement of objections" justifying the charges and Allegro.pl will then have the right to respond. If the UOKiK President decides that Allegro.pl holds a dominant position and has abused it, he will issue an infringement decision, with or without a fine. The UOKiK President may also order the effects of the infringement to be remedied.

In precedent cases establishing new theories of harm (into which Allegro.pl believes the "self-preferencing" alleged in these antitrust proceedings would fall), it is generally expected that the antitrust authority will not impose fines. If a fine is to be imposed, then in accordance with the Competition Act, it could be as high as 10% of the turnover of Allegro.pl in the financial year preceding the decision. Fines in the past cases involving abuse of a dominant position by major Polish companies with the highest turnover levels have generally ranged from 0.01% to 1.1% of the annual turnover of the company concerned.

The Group expects that if the UOKiK President were to issue a decision imposing the payment of a fine, such decision would not be immediately enforceable. A final decision by the UOKiK President would only become enforceable after two rounds of appeal proceedings before the relevant courts have been completed. In the past, similar proceedings generally took two to five years from the date of the decision. As of the date of this Prospectus, it is not possible to assess the probability of the UOKiK President ultimately deciding to impose a fine against Allegro.pl, the probability of such a fine being upheld against Allegro.pl by the relevant courts or the quantum of exposure, and therefore the Group has not created any provision.

### *Proceedings Against Allegro.pl to Investigate Whether Allegro.pl's Terms and Conditions Contain Abusive Clauses*

On September 15, 2020, the Group received a formal notification that, pursuant to the Competition Act, the UOKiK President commenced proceedings against Allegro.pl on September 9, 2020 to investigate whether clauses used by

Allegro.pl enabling it to change its terms and conditions (including in the general terms and conditions and in the SMART! terms and conditions) constitute abusive clauses with consumers. On September 15, 2020, Allegro.pl also received a request for information with respect to these proceedings. Allegro.pl is expecting further requests for information from the UOKiK President in the future.

If the UOKiK President recognizes any clauses as abusive, it would be expected to issue a decision prohibiting the use of such a clause in Allegro.pl's terms and conditions, with or without a fine. It might also request the Group to remedy the effects of the infringement. If a fine were to be imposed, then in accordance with the Competition Act, it could be as high as 10% of the turnover of Allegro.pl in the financial year preceding the decision for each of the clauses recognized as abusive. In past cases involving major Polish companies with the highest turnover levels that were found to use abusive clauses in their terms and conditions, fines have generally not exceeded 1% of the annual turnover of the company concerned for an abusive clause. If during the course of the investigation Allegro.pl offers adequate commitments to rectify the alleged infringement, in particular by amending the clauses under investigation, and/or to remedy the effects of the alleged infringement, the case may end with a commitment arrangement with the UOKiK President and no fine imposed.

The Group expects that if the UOKiK President were to issue a decision imposing a fine, such decision would not be immediately enforceable. A final decision by the UOKiK President would only become enforceable after two rounds of appeal proceedings before the relevant courts have been completed. In the past, similar proceedings against other Polish companies generally took two to five years from the date of the decision. As of the date of this Prospectus, it is not possible to assess the probability of the UOKiK President ultimately deciding to impose a fine against Allegro.pl, the probability of such a fine being upheld against Allegro.pl by the relevant courts or the quantum of exposure, and therefore the Group has not created any provision.

#### *Explanatory Proceedings Related to the Cooperation between Allegro.pl and Sellers*

On September 3, 2020, the UOKiK President stated in a press release that he initiated explanatory proceedings into Allegro.pl's rules of cooperation with sellers in order to determine whether Allegro.pl gains unjustified advantages at the expense of its clients. According to this press release, the UOKiK President will analyze in particular the conditions of charging and reimbursing fees and the rules for determining their amount. As part of the explanatory proceedings, the UOKiK President will also analyze the principles of functioning of the SMART! program. On September 14, 2020, the Group received a formal notification that, pursuant to the Competition Act, the UOKiK President has commenced explanatory proceedings into Allegro.pl's rules of cooperation with sellers. Allegro.pl is expecting to receive requests for information from the UOKiK President within these explanatory proceedings relating to its cooperation with clients in the future.

These explanatory proceedings are a preliminary step that does not have to lead to the initiation of formal proceedings against Allegro.pl. If the UOKiK President decides to pursue the matters covered by these explanatory proceedings, he must open antitrust proceedings against Allegro.pl. If the UOKiK President decides that Allegro.pl's behavior was illegal, he will issue an infringement decision, with or without a fine, and may also order the effects of the infringement to be remedied. If a fine were to be imposed, then in accordance with the Competition Act, it could be as high as 10% of Allegro.pl's turnover in the financial year preceding the infringement decision, for each infringement. If during the course of the investigation Allegro.pl offers adequate commitments to rectify the alleged infringement and/or to remedy its effects, the case may end with a commitment arrangement with the UOKiK President and no fine imposed.

#### *Explanatory Proceedings Related to the Cooperation Between Allegro.pl and Grupa OLX in the Field of Automotive Classifieds*

On October 17, 2019, the UOKiK President requested information from Allegro.pl on its past cooperation with Grupa OLX sp. z o.o. ("**Grupa OLX**"), the owner of Otomoto.pl, an automotive classifieds website, in particular after Allegro.pl and Grupa OLX ceased belonging to the same capital group.

On November 12, 2019, Allegro.pl provided the information requested and explained to the UOKiK President that there was no anticompetitive coordination or exchange of information between Allegro.pl and Grupa OLX with respect to automotive classifieds and that the cooperation between the parties ceased in 2018.

The UOKiK President closed these explanatory proceedings on May 7, 2020 and, as of the date of this Prospectus, no new explanatory proceedings or antitrust proceedings have been initiated as a result. However, the Group cannot rule out that the UOKiK President may examine the past cooperation between Allegro.pl and Grupa OLX in the field of automotive classifieds in the future.

### *Informal Information Requests from the UOKiK President*

In the past, the UOKiK President has informally asked the Group for information about its operations, and may issue similar requests in the future. Such requests may relate to the protection of competition and/or protection of consumers.

Recent UOKiK President's requests to Allegro.pl related to (i) the reasons for changes in Allegro.pl's terms and conditions, as well as the provision of information to customers about, and the automatic acceptance of, such changes; (ii) Allegro.pl's commission refund policy; and (iii) automatic renewals of featured offers in search results.

If the UOKiK President is not satisfied with the response to such informal requests for information, he can issue additional informal requests and/or initiate explanatory, antitrust or consumer protection proceedings.

*Appeal against the UOKiK President's decision relating to Allegro.pl's alleged failure to provide in its terms and conditions a detailed description of the rules applicable to the blocking of a buyer's account(s) when the seller applies for a refund of the commission due to the buyer's fault*

On February 9, 2016, the UOKiK President issued decision no. DDK 1/2016, stating that Allegro.pl infringed collective consumer interests by failing to provide in its terms and conditions a detailed description of the rules applicable to the blocking of a buyer's account(s) when the seller applies for a refund of the commission due to the buyer's fault. The UOKiK President, however, has not imposed any fine on Allegro.pl for this infringement.

Allegro.pl appealed against the decision of the UOKiK President to the Competition Court and subsequently to the Court of Appeal. The appeal is pending. Allegro.pl no longer blocks a buyer's account(s) when the seller applies for the return of the commission due to the buyer's fault.

### **Employees**

As of June 30, 2020, the Group employed more than 2,200 employees on both fixed term and indefinite contracts. This number has been growing annually by an average of 17% since 2017.

To deliver the ambitious business targets and scale up organization capabilities, the Group focuses on building the high-performance culture at scale driven by teams and individual contributors. The Group continuously raises the bar in recruiting and yearly performance review cycle. The core objective is to attract high potential people (both tech and non-tech) and giving them room to develop and grow.

Allegro believes in the power of diversity to establish a creative workplace. The Group has adopted a non-discrimination and anti-mobbing policy, provides training programs promoting diversity and holds regular open meeting where employees promote the stories of people who decide to change the industry for the better and give practical tips on how to do so. The Group seeks to treat all of its employees equally, regardless of gender, age, disability, health, nationality, ethnic origin, religion, denomination, non-denominational status, political belief, union membership, gender identity, family status or lifestyle, including when evaluating performance and making hiring and promotion decisions. The Group actively supports women choosing careers in the technology industry and for the past two years has partnered with the Perspektyw Education Foundation's Women in Tech Summit, during which female Allegro employees have shared their professional experiences and opportunities. As of December 31, 2019, women held 41.2% of managerial positions in the Group.

The table below presents the average number of employees (by headcount) of the Group for the six months ended June 30, 2020, and for the years ended December 31, 2017, 2018 and 2019.

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020 <i>(unaudited)</i>
Allegro .....	1,365	1,642	1,872	2,074
Ceneo .....	141	158	169	168
eBilet .....	-	-	51	51
Other .....	-	-	-	4
<b>Total .....</b>	<b>1,506</b>	<b>1,800</b>	<b>2,092</b>	<b>2,297</b>

### **Environment and Corporate Social Responsibility**

Allegro undertakes to promote CSR principles and best practices, publishes CSR reports summarizing the execution of its strategy and communicates its CSR activities, including numerous educational and charity works, to its internal

(employees) and external stakeholders (merchants, buyers, business partners and vendors, NGOs, etc.). Allegro's CSR strategy supports the implementation of the UN's Sustainable Development Goals.

Allegro's CSR strategy is overseen by the public affairs and sustainability manager. It focuses on improving the shopping experience for buyers, enhancing merchant experience ensuring Allegro is the place where they can grow their business. It is addressing development challenges through internal initiatives (e.g., Environmental Declaration obliges employees to care for the environment during their everyday activities) and better management of its own footprint. For example, the Group has implemented efficient environmental solutions in its offices in Poland and, as a result, the Group's total CO<sub>2</sub> emission decreased by 5% year-on-year in 2019.

It is also addressing these challenges through external education (e.g., the "Ride the Bike" program by Allegro All for Plant Foundation, which led to a CO<sub>2</sub> reduction of 49,000 tons between 2012 and 2019 and large-scale knowledge sharing, including 152 events led by the allegro.tech community and 74 open-source initiatives in 2019) as well as through charity work (e.g., Allegro partnerships with NGOs engaging buyers and merchants around charity auctions, employee volunteering and other charitable programs, which collected approximately PLN 15 million in 2019). The Group has cooperated with the Great Orchestra of Christmas Charity (*Wielka Orkiestra Świątecznej Pomocy*), Poland's largest charity organization, for 20 years and approximately half of the Group's employees are involved with Noble Gift (*Szlachetna Paczka*), one of the largest and most recognizable social schemes in Poland.

In addition, the Group has made a significant contribution of approximately PLN 375 million to fight COVID-19 as of June 30, 2020, which has included direct support to 40 hospitals, 42 employee initiatives, a PLN 3.0 million donation to purchase two COVID laboratories and 24 respirators, the Group's free SMART! initiative and its merchant support program.

### **Real Property and Leases**

The Group's real estate interests are held on a leasehold basis. Allegro has lease agreements for its headquarters in Poznań and additional properties in Błonie, Kraków, Toruń, Warsaw and Wrocław.

The Group's leasehold interests are not subject to any encumbrances granted in favor of third parties, other than customary rights in favor of the property owner.

### **Intellectual Property**

The Group's intellectual property, including copyrights and trademarks, is an important component of its business. The Group has registered trademarks in Poland and various international jurisdictions for "Allegro.pl," "Ceneo.pl" and "eBilet.pl," among other brands. The Group's intellectual property portfolio also includes numerous domain names for websites that it uses in its business.

The Group controls access to, use of and distribution of its intellectual property through license agreements, confidentiality procedures, non-disclosure agreements with third parties and its employment and contractor agreements. The Group relies on contractual provisions with suppliers and sellers to protect its proprietary technology and creative assets. The Group uses a third-party enforcement tool to monitor online image copyright infringement across domains, social media and mobile applications for "Allegro." The Group also uses a trademark watch service for the "Allegro," "Ceneo" and "eBilet" trademarks, which notifies the Group of potentially conflicting trademark applications, and the Group has registered "Allegro," with a global domain name watch service and "Allegro" and "Ceneo" with internal domain name search to alert the Group to third-party domain name registrations that could potentially be infringing or cybersquatting.

### **Material Contracts**

The following contracts have been entered into by a member of the Group within the two years immediately preceding the date of this Prospectus and are, or may be, material to a member of the Group; or contain provisions under which a member of the Group has an obligation or entitlement that is, or may be, material to a member of the Group as of the date of this Prospectus.

#### ***Underwriting Agreement***

For information on the Underwriting Agreement, see "*Underwriting, Stabilization and Lock-Up.*"



## Financing Agreements

### Existing Senior Facilities and Existing Second Lien Facility

On December 20, 2016 certain Group entities entered into: (i) an English law governed senior term and revolving facilities agreement with, among others, ING Bank N.V., London Branch, as facility agent, and ING Bank Śląski S.A., as security agent (as amended and restated on May 17, 2019, the "**Existing Senior Facilities Agreement**"); (ii) an English law governed second lien facility agreement with, among others, ING Bank N.V., London Branch, as facility agent, and ING Bank Śląski S.A., as security agent (as amended and restated on May 17, 2019, the "**Existing Second Lien Facility Agreement**"); and (iii) an English law governed intercreditor agreement with, among others, ING Bank N.V. London Branch, as original senior agent and original second lien agent, and ING Bank Śląski, as security agent (as amended and restated on May 17, 2019, the "**Existing Intercreditor Agreement**").

#### The Existing Senior Facilities Agreement

The facilities under the Existing Senior Facilities Agreement comprise (i) a PLN 1,363.5 million term facility A, which is repayable in semi-annual installments with termination date for that facility falling 72 months after the Acquisition closing date (such Acquisition closing date being January 18, 2017) ("**Existing Senior Facility A**"), (ii) a PLN 3,990.0 million term facility B, which is repayable in one bullet repayment on the termination date falling 84 months after the Acquisition closing date ("**Existing Senior Facility B**" and, together with Existing Senior Facility A, the "**Existing Senior Term Facilities**") and (iii) a PLN 340.0 million revolving credit facility with termination date for that facility falling 72 months after the Acquisition closing date (the "**Existing RCF**" and, together with the Existing Senior Term Facilities, the "**Existing Senior Facilities**").

The original purpose of the Existing Senior Term Facilities was to finance the Acquisition and payment of related fees, costs and expenses and refinancing of certain existing indebtedness. The amendment and restatement of the Existing Senior Facilities Agreement on May 17, 2019 provided, among other things, for an increase of the principal amount of the Existing Senior Term Facilities. The purpose of the upsize was the payment of one or more distributions to any direct or indirect shareholders of Adinan Bondco S.à r.l. (the "**Parent**"), the investors or any of their affiliates together with any related fees, costs and expenses.

The purpose of the Existing RCF was to finance general corporate purposes of certain Group entities (including, without limitation, capital expenditure, permitted acquisitions and/or interest payable under the agreement governing the Acquisition, funding original issue discount and replacing existing letters of credit (or similar instruments)).

The Existing Senior Facilities initially bore interest at a rate per annum equal to WIBOR (or EURIBOR or LIBOR, as applicable) (in each case subject to zero floor) and an initial margin of: (i) in relation to Existing Senior Facility A, 3.25% per annum, (ii) in relation to Existing Senior Facility B, 3.75% per annum and (iii) in relation to the Existing RCF, 3.25% per annum, provided that if certain conditions set out in the Existing Senior Facilities Agreement are satisfied, the margin will be determined by reference to a Senior Secured Net Leverage (as defined therein) as follows:

Senior Secured Net Leverage	Existing RCF Margin / Existing Senior Facility A Margin	Existing Senior Facility B Margin
	(% per annum)	(% per annum)
Greater than 4.25:1 .....	3.25	3.75
Less than or equal to 4.25:1 but greater than 3.75:1 .....	3.00	3.50
Less than or equal to 3.75:1 but greater than 3.25:1 .....	2.75	3.25
Less than or equal to 3.25:1 .....	2.50	3.00

Default interest on overdue amounts is set at 1% higher than that which would have applied otherwise.

#### Existing Second Lien Facility Agreement

The Existing Second Lien Facility Agreement comprises a PLN 1,300.0 million second lien term facility that is repayable in one bullet repayment on the termination date falling 90 months after the Acquisition closing date (such Acquisition closing date being January 18, 2017) (the "**Existing Second Lien Facility**" and, together with the Existing Senior Term Facilities, the "**Existing Term Facilities**"; and the Existing Second Lien Facility together with the Existing Senior Facilities, the "**Existing Facilities**").

The purpose of the Existing Second Lien Facility was to finance the Acquisition and the payment of any related fees, costs and expenses.

The Existing Second Lien Facility bears interest at a rate per annum equal to WIBOR (subject to 0.5% floor) and a margin of 7.00% per annum. Default interest on overdue amounts is set at 1% higher than that which would have applied otherwise.

Any voluntary prepayment of the Existing Second Lien Facility prior to the sixth anniversary of the Acquisition closing date (such Acquisition closing date being January 18, 2017) is subject to payment of a soft call fee in the amounts set out in the Existing Second Lien Facility Agreement. In particular, any voluntary prepayment of the Existing Second Lien Facility made after the second anniversary of the Acquisition closing date but prior to the third anniversary of the Acquisition closing date is subject to payment of a premium equal to 3.00% of the prepaid amount and any voluntary prepayment of the Existing Second Lien Facility made after the third anniversary of the Acquisition closing date but prior to the fourth anniversary of the Acquisition closing date is subject to payment of a premium equal to 2.00% of the prepaid amount and any voluntary prepayment of the Existing Second Lien Facility made after the fourth anniversary of the Acquisition closing date but prior to the sixth anniversary of the Acquisition closing date is subject to payment of a premium equal to 1.00% of the prepaid amount.

#### *Incremental Facilities*

Both the Existing Senior Facilities Agreement and the Existing Second Lien Facility Agreement enable the Parent to add one or more additional facilities (i.e., an incremental facility) under the Existing Senior Facilities Agreement and/or the Existing Second Lien Facility Agreement at any time without the consent of any Finance Party (as defined therein) provided that certain conditions specified in the Existing Senior Facilities Agreement and/or the Existing Second Lien Facility Agreement (as applicable) are satisfied.

#### *Mandatory Prepayment Events*

Both the Existing Senior Facilities Agreement and the Existing Second Lien Facility Agreement require mandatory prepayment in certain circumstances, including prepayment upon the Change of Control (as defined therein), the occurrence of a sale of all or substantially all of the assets of the Group, prepayment from disposal, Acquisition proceeds and insurance proceeds (subject to certain conditions and exceptions), prepayment from excess cash flow (subject to certain conditions and exceptions) as well as prepayment upon the occurrence of an IPO (as defined therein) which does not result in a Change of Control (as defined therein) (subject to certain conditions and exceptions).

In the case of the occurrence of a Change of Control (as defined therein) or a sale (in a single transaction or a series of related transactions) of all or substantially all of the assets of the Group (as defined therein), the Parent shall notify the relevant facility agent about the occurrence of such an event and the relevant facility agent shall promptly notify the relevant lenders of the receipt of such notice. If a lender so requires and notifies the relevant facility agent within 15 business days of the Parent notifying the relevant facility agent of such an event, the facility agent will, by giving five business days' notice to the Parent, cancel the commitments of that lender and all outstanding loans and letters of credit, together with accrued interest and all other amounts accrued under the Finance Documents (as defined therein), shall become immediately due and payable at the end of such notice period.

Upon the occurrence of an IPO (as defined therein) not resulting in a Change of Control (as defined therein), the Parent shall ensure that outstanding loans are prepaid at the times and in the order of application set out in the Existing Senior Facilities Agreement and/or the Existing Second Lien Facility Agreement (as applicable) in an amount equal to: (i) 50% or lesser percentage of the IPO Proceeds (as defined therein) until such point as Senior Secured Net Leverage (as defined therein) for the Relevant Period (as defined therein) ending on the Quarter Date (as defined therein) immediately preceding the IPO (*pro forma* for the IPO Proceeds and such prepayment) does not exceed 3.50:1; and (ii) thereafter, 25% or lesser percentage of the balance of the IPO Proceeds until such point as Senior Secured Net Leverage for the Relevant Period ending on the Quarter Date immediately preceding the IPO (*pro forma* for the IPO Proceeds and such prepayment) does not exceed 2.75:1. A borrower shall not be required to apply any amount of the IPO Proceeds in prepayment of the utilizations if, for the Relevant Period ending on the Quarter Date immediately preceding the IPO, Senior Secured Net Leverage (*pro forma* for the IPO Proceeds) is less than or equal to 2.75:1.

#### *Security*

The facilities under the Existing Senior Facilities Agreement and the Existing Second Lien Facility Agreement are secured by a common security package established in favor of ING Bank Śląski S.A. acting as the Security Agent under the Existing Intercreditor Agreement consisting of security interests customary for this type of transaction and including, amongst others, pledges over the shares in each borrower and guarantor, assignments of certain intra group loan receivables, pledges over certain material bank accounts, pledges over certain material assets (including a power of attorney over material internet domains) and pledges over certain material trademarks.

### *New Facilities*

On September 16, 2020, Adinan Midco S.à r.l. (the "**Credit Facility Borrower**") entered into a commitment letter with, *inter alia*, Bank Handlowy w Warszawie S.A., Bank of America Merrill Lynch International Designated Activity Company, Bank Polska Kasa Opieki Spółka Akcyjna, Barclays Bank Ireland PLC, Industrial and Commercial Bank of China (Europe) S.A. Oddział w Polsce, Credit Agricole Corporate and Investment Bank, Credit Agricole Bank Polska S.A., Erste Group Bank AG, Goldman Sachs Bank USA, Morgan Stanley Bank International Limited, PKO Bank Polski S.A., Powszechny Zakład Ubezpieczeń S.A., Powszechny Zakład Ubezpieczeń na Życie S.A., PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, Raiffeisen Bank International AG and Santander Bank Polska S.A., as mandated lead arrangers (the "**Mandated Lead Arrangers**"), providing commitments for (i) a PLN 5,500.0 million senior secured term loan facility ("**New Senior Facility B**") and (ii) a PLN 500.0 million (equivalent) multi-currency revolving credit facility (the "**New RCF**" and together with New Senior Facility B, the "**New Facilities**"). The terms of the New Facilities as described herein are subject to negotiation, documentation and execution of the New Facilities Agreement (as such term is defined below).

### *New Facilities Agreement*

On or around the completion of the Offering, the Credit Facility Borrower intends to enter into the New Facilities by executing an English law governed senior facilities agreement with, *inter alia*, a facility agent and security agent named therein, the Mandated Lead Arrangers, and the other financial institutions party thereto (the "**New Facilities Agreement**").

The termination date for New Senior Facility B will be five years from the date of first utilization. New Senior Facility B is to be repayable by a bullet repayment on the termination date. The termination date for the New RCF will be five years from the date of first utilization, subject to a potential (uncommitted) extension of the New RCF of up to two years after the original termination date. Commitments under the New RCF will be available to take the form of cash loans, ancillary facilities and letters of credit.

Pursuant to the New Facilities Agreement, the Credit Facility Borrower shall be permitted to use the borrowings under New Senior Facility B to finance directly or indirectly (a) the refinancing, redemption, discharge and/or acquisition of existing indebtedness of the Credit Facility Borrower and its subsidiaries and (as contemplated by the Structure Memorandum (as such term is to be defined therein)) certain of its holding companies (including the Existing Senior Facilities Agreement, the Existing Second Lien Facility Agreement, shareholder loans, preference shares and hedging) and to pay breakage costs, make-whole, prepayment premium and/or close-out costs and any other fees, costs and expenses related to such refinancing, redemption, discharge and/or acquisition finance, (b) the payment of fees, commissions, costs, expenses and stamp, registration and other taxes arising or incurred in connection with the Offering and any related transaction, operational restructuring or permitted re-organizations of the Credit Facility Borrower and its subsidiaries and (as contemplated by the Structure Memorandum (as such term is to be defined therein)) certain of its holding companies and working capital related adjustments (however structured) relating to or arising in connection with the Offering and (c) fees, commissions, costs and expenses arising or incurred in connection therewith.

The New Facilities Agreement will permit the Credit Facility Borrower to use amounts borrowed under the New RCF towards (directly or indirectly) financing or refinancing the general corporate and/or working capital purposes of the Credit Facility Borrower and its subsidiaries including, without limitation (a) for any acquisition, investment, joint venture, operational restructuring, reorganizations, capital expenditure, payment of any stamp, registration and other taxes arising or incurred in connection with the Offering, and/or payment of any fees, costs and expenses arising or incurred in connection therewith and (b) the rolling over, financing, refinancing or backstopping of any existing ancillary facilities, letters of credit or bank guarantees or providing cash collateral or other credit support for any existing ancillary facilities, letters of credit or bank guarantees and financing costs relating to such cash collateral, other credit support or the existing ancillary facilities, letters of credit or bank guarantees.

It is intended that the full amount of borrowings available under New Senior Facility B will be drawn and, together with the net proceeds from the Offering of the New Sale Shares, will be applied to the repayment and discharge in full of all indebtedness outstanding under the Existing Term Facilities. In connection with the repayment of the Existing Facilities, the Group will pay an early repayment fee of PLN 26.0 million and will write off deferred borrowing costs of PLN 147.2 million associated with the Existing Facilities. The Group will pay arrangement fees of PLN 60.0 million in connection with the New Facilities Agreement. See "*Reasons for the Offering and Use of Proceeds*" and "*Capitalization and Indebtedness*."

The New Facilities will initially bear interest at a rate per annum equal to WIBOR (or EURIBOR or LIBOR, as applicable) (in each case subject to zero floor) and an initial margin of: (i) in relation to New Senior Facility B, of 2.25% per annum and (ii) in relation to the New RCF, of 1.80% per annum, provided that if certain conditions set out in the New Facilities

Agreement are satisfied the margin will be determined by reference to a Senior Secured Net Leverage (as such term is to be defined therein) as follows (there being no limits on the number of steps by which the margin may reduce or increase):

<u>Senior Secured Net Leverage</u>	<u>New Senior Facility B Margin</u>	<u>New RCF Margin</u>
	(% per annum)	(% per annum)
Greater than 3.50:1 .....	2.50%	2.05%
Less than or equal to 3.50:1 but greater than 3.00:1 .....	2.25%	1.80%
Less than or equal to 3.00:1 but greater than 2.50:1 .....	2.00%	1.55%
Less than or equal to 2.50:1 but greater than 2.00:1 .....	1.75%	1.30%
Less than or equal to 2.00:1 but greater than 1.50:1 .....	1.50%	1.05%
Less than or equal to 1.50:1 .....	1.25%	0.80%

Default interest on overdue amounts would be set at 1% higher than that which would have applied otherwise.

The following fees will be applicable under the New RCF: (i) a commitment fee on the unused portion of the New RCF equal to 30% of the margin under the New RCF as in effect from time to time; (ii) a utilization fee on the principal amount of all loans under the New RCF, being 0.00% per annum (if the principal amount of all loans outstanding under the New RCF is less than or equal to 33.33% of the total New RCF commitments at such time), 0.20% per annum (if the principal amount of all loans outstanding under the New RCF is greater than 33.33% but less than or equal to 66.66% of the total New RCF commitments at such time) and 0.40% per annum (if the principal amount of all loans outstanding under the New RCF is greater than 66.66% of the total New RCF commitments at such time); and (iii) certain other customary fees and expenses.

The Credit Facility Borrower may, upon not less than three business days' prior notice to the facility agent (subject to certain exceptions), cancel and/or voluntarily prepay outstanding loans without penalty or premium (but including any break fees) under the New Facilities Agreement.

With respect to the New Facilities, the Credit Facility Borrower will also be required by a financial covenant to maintain a maximum total net leverage ratio not in excess of 5.00:1.00 (stepping down to 4.50:1.00 after 30 months have elapsed after the closing date), to be tested twice annually (at the end of each financial half-year period and at the end of each financial year), subject to equity cure provisions and a financial covenant acquisition adjustment. A financial covenant acquisition adjustment would allow the Credit Facility Borrower (subject to certain conditions and on no more than two occasions prior to the original termination date in respect of the New Senior Facility B) the option to elect to increase by 0.25:1.00 the total net leverage level which would otherwise apply under the financial covenant.

#### *Incremental Facilities*

Subject to certain conditions, the New Facilities Agreement will permit the Credit Facility Borrower (subject to the receipt of commitments) to increase New Senior Facility B and/or the New RCF and/or add one or more additional facilities (i.e., an incremental facility) under the New Facilities Agreement at any time without the consent of any Finance Party (as such term is to be defined therein) in an aggregate amount (in respect of both term loans and revolving loans) equal to (i) an unlimited amount so long as, in respect of the incurrence of incremental facilities ranking *pari passu* with the New Facilities, on a *pro forma* basis Senior Secured Net Leverage (as such term is to be defined in the New Facilities Agreement) would not exceed 3.50:1 (or, if being incurred in connection with a permitted acquisition or similar investment, would not exceed the Senior Secured Net Leverage immediately prior to giving effect to such permitted acquisition or similar investment) plus (ii) all prepayments and debt buybacks of any incremental facility (to the extent accompanied, in the case of any revolving facility, by a permanent reduction in the commitments with respect thereto), plus (iii) the greater of PLN 825.0 million and 50% of EBITDA (as such term is to be defined in the New Facilities Agreement) on a last twelve months basis (which amount in clause (iii) will be available at all times (to the extent not used) and not subject to a ratio test).

#### *Mandatory Prepayment – Change of Control*

The New Facilities Agreement shall provide for mandatory prepayment in the event of a Change of Control (as such term is to be defined therein). There shall be no other circumstances (other than a Change of Control) that shall require a mandatory prepayment under the New Facilities Agreement.

In the case of the occurrence of a Change of Control, the Credit Facility Borrower shall promptly notify the facility agent of such occurrence of such an event, upon which each lender under the New Facilities Agreement shall have 15 business days to exercise an individual right (i) on five business days' notice to the Credit Facility Borrower, to cancel all its undrawn commitments; and (ii) on 60 days' notice to the Credit Facility Borrower, to require that all its outstanding participations in utilizations are repaid with accrued interest and any other amounts accrued to that lender under the Finance Documents (as such term is to be defined therein).

## *Security*

The New Facilities under the New Facilities Agreement are to be secured by a security package established in favor of the Security Agent (as such term is to be defined therein) under the New Intercreditor Agreement, consisting of security interests customary for this type of transactions and to be limited to (i) a Luxembourg law governed share pledge over the shares in the Credit Facility Borrower, (ii) a Polish law financial and registered share pledge over the shares in each of Allegro.pl and Ceneo.pl and (iii) a Polish law registered pledge to be granted by Allegro.pl and Ceneo.pl over key trademarks owned by Allegro.pl or Ceneo.pl, together with a Polish law power of attorney in respect of the Allegro and Ceneo key web domain.

## *New Intercreditor Agreement*

In order to establish the relative rights of the Credit Facility Borrower's creditors under its financing arrangements, the Credit Facility Borrower and certain other subsidiaries as original debtors, together with any other entity which accedes as a debtor (together, the "**Debtors**") will, among others, enter into an English law governed intercreditor agreement to be dated on or around the date of the New Facilities Agreement (the "**New Intercreditor Agreement**") with, among others, a senior agent and a security agent named therein. The New Intercreditor Agreement will set out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of certain indebtedness of the Debtors, when enforcement action can be taken in respect of that indebtedness and the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

## *PayU Relationship Agreements*

Certain Group entities are parties to a series of agreements with PayU S.A. ("**PayU**") for payment services. The agreements include the Payment Services Agreement dated March 27, 2013 between Allegro and PayU, as amended; the Framework Agreement for the Use of the PayU System dated August 23, 2013 between Allegro and PayU, as amended; the Cooperation Agreement dated November 12, 2013 between Allegro and PayU, as amended; the Payment Services Agreement dated July 1, 2014 between Ceneo and PayU; and the Framework Agreement for the Use of the System 13213 (*Platności za Usługi z Ceneo*) dated July 1, 2014 between Ceneo and PayU.

Under these agreements PayU provides various payment services to the Group's users and the Group provides certain marketing services to PayU. The parties have agreed not to terminate the agreements with an effective date earlier than April 1, 2022, subject to certain restricted early termination events.

If the Group decides to launch a new payment method to be used for transactions via the Group's online e-commerce marketplace or electronic store or to offer other financial or FinTech services during the term of the agreements with PayU, PayU will have a right of the first offer and will receive information on the lowest proposed rates received from other offers collected (but not the identity of the third-party offeror). Both the Group and PayU will share, upon the request of the other party, certain data (excluding personal data) required for the sole purpose of improvement and development of its services.

Furthermore, the Group has agreed with PayU that until September 5, 2021, at least 80% of the total value of payments made using a payment method offered by PayU as of September 5, 2016 for sale transactions via the Group's e-commerce marketplace or electronic store must be directed to and processed by PayU (the "**MVO**"). If the MVO has not been met in a given quarter, the Group, at PayU's election, must either (i) take steps to ensure that MVO will be met for the next calculation period or (ii) pay PayU the amount in cash equal to the fees PayU would have earned had the Group complied with the MVO in the relevant quarter.

## *eBilet Polska Investment Agreement*

On October 31, 2018, Allegro.pl sp. z o.o. ("**Allegro.pl**") entered into a preliminary share purchase agreement, pursuant to which Allegro.pl agreed to acquire from Bola 80% of the share capital of eBilet Polska. The acquisition of the 80% stake in eBilet Polska was concluded on April 19, 2019 for PLN 95.9 million.

On April 19, 2019, Allegro.pl and Bola, along with certain individuals associated with Bola, entered into an investment agreement (the "**eBilet Polska Investment Agreement**") to determine the mutual rights and obligations among themselves as eBilet Polska shareholders, in particular regarding corporate governance, management of eBilet Polska and restrictions related to the sale of shares in eBilet Polska. On September 15, 2020, Allegro.pl entered into an agreement with the other parties to the eBilet Polska Investment Agreement to acquire the remaining 20% of the shares in the share capital of eBilet Polska, with the share purchase expected to be completed before the end of the year ending December 31, 2020.

### ***InPost Framework Agreement***

On September 12, 2020 Allegro.pl and InPost sp. z o.o. ("**InPost**"), entered into a framework agreement (the "**Framework Agreement**") that replaces previously existing agreements regarding cooperation between Allegro.pl and InPost for delivery to lockers and regulates all aspects of cooperation in respect of delivery services rendered by InPost.

The Framework Agreement has an initial seven-year term commencing on November 1, 2020. Allegro.pl and InPost have agreed to discuss in good faith new terms of cooperation that, if agreed, would enter into force after the expiry of the initial seven-year period. The Framework Agreement includes certain non-solicitation undertakings.

Save for extraordinary circumstances increasing the costs of InPost's operations (in which case the parties have agreed to discuss the fees in good faith), InPost's fees set out in the Framework Agreement, subject to rebates set out therein, will be fixed for the first two years of the Framework Agreement and subsequently will be adjusted in accordance with a formula set out in the Framework Agreement.

The Framework Agreement provides for a minimum volume obligation of Allegro.pl in respect of SMART! parcels for a period of 4.5 years. The volume obligation for this period is set at a level below the total number of SMART! shipments to lockers and is determined in accordance with a formula set out in the Framework Agreement. In turn, InPost has committed to maintaining certain capacity and service levels for the term of the Framework Agreement.

The Framework Agreement also regulates cooperation on the development and testing of certain potential new InPost services, including same day and instant deliveries, as well as delivery services during weekends.

The parties agreed to provide mutual marketing services during the term of the Framework Agreement, including the continuing display of the Allegro brand on InPost lockers.

### ***Right of First Refusal over Shares in InPost***

On September 12, 2020, Allegro.pl and AI PRIME & CY S.C.A. (a parent entity of InPost) ("**AI Prime**") entered into an agreement under which if AI Prime either (i) intends to dispose of shares or all, or substantially all, of the assets of an entity that directly or indirectly holds the assets that are used for operations of the InPost group in Poland to select global strategic competitors of Allegro.pl or (ii) receives an unsolicited bid for such shares or assets from select global strategic competitors of Allegro.pl, Allegro.pl will have a right of first refusal in respect of such transaction. The agreement provides for contractual penalties in case of breach by either party.

The right of first refusal will terminate if (i) Allegro.pl is invited to a competitive sale process but offers a lower purchase price than offered by another bidder and that other bidder completes the transaction or (ii) AI Prime or its parent holding company is listed on any stock exchange.

### **Insurance**

The Group maintains insurance coverage that it believes is in line with the standards adopted by e-commerce companies in Poland, which includes: insurance protection against material damage to its business assets and against loss of profits due to business interruption, insurance protection against acts of terror, insurance protection against civil liability for personal damage and/or damage to property arising in connection with the conducted business or property, vehicle insurance, civil liability insurance for the members of the Group's Management and the Issuer's Board and group life and accident insurance for employees.

## REGULATORY OVERVIEW

### *Introduction*

The Group's operations are subject to numerous laws, rules and regulations resulting from both EU and domestic laws in Poland.

The regulatory requirements applicable to the Group's business activities are subject to change, as they are continuously adapted at the national, European and international level. If the Group fails to comply with any of these laws and regulations, the Group may be subject to civil liability, administrative orders, fines, or even criminal sanctions. Such failure may also have an adverse impact on the Group's reputation.

Below the Group has outlined selected information on certain aspects of the regulatory and legal environment that are applicable to its key business activities. Such information is not intended to provide a comprehensive or complete description of the regulatory and legal requirements in the relevant jurisdiction.

### **Revisions of the E-Commerce Directive and the Upcoming Digital Services Act Package**

The European Commission has announced that a proposed revision to Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (the "**E-Commerce Directive**") is expected in the fourth quarter of 2020.

According to the European Commission, the so-called Digital Services Act package should modernize the current legal framework for digital services by means of two main pillars, as it would introduce:

- clear rules framing the responsibilities of digital services to address the risks faced by their users and to protect their rights. The legal obligations would ensure a modern system of cooperation for the supervision of platforms and guarantee effective enforcement; and
- ex ante rules covering large online platforms acting as gatekeepers, which now set the rules of the game for their users and their competitors. The initiative should ensure that those platforms behave fairly and can be challenged by new entrants and existing competitors, so that consumers have the widest choice and the Single Market remains competitive and open to innovations.

Public consultations to support the work in analyzing and collecting evidence for scoping the specific issues that may require an EU-level intervention are underway until September 8, 2020.

The revisions of the E-Commerce Directive and the upcoming Digital Services Act package may impact the legal framework related to the liability of the Group regarding content uploaded by its users, regulatory oversight and acceptability of certain business practices that certain online platforms (scope is yet to be clarified) may undertake.

### **Online Intermediation Services Including Marketplaces**

On July 12, 2020, a new Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services ("**Regulation 2019/1150**") entered into force. The Regulation 2019/1150 sets out a new regulatory framework for businesses like the Group, and the Group has adjusted its terms and conditions and internal procedures to achieve compliance.

The Regulation 2019/1150 applies to various online platforms use of information and communication technologies to facilitate interactions (including commercial transactions) between users, collection and use of data about these interactions, and network effects which make use of the most frequently used platforms most valuable to users such as:

- online e-commerce marketplaces;
- online social media and creative content outlets;
- application distribution platforms;
- price comparison websites;
- collaborative economy marketplaces, to the extent these host business users; and

- online general search engines.

### *Terms and Conditions*

Providers of online platforms must:

- ensure that their terms and conditions are drafted in plain and intelligible language and are easily available for business users;
- spell out upfront the possible grounds for restricting, suspending or terminating their services;
- notify their business users, on a durable medium, at least 15 days in advance of any modifications of their terms and conditions unless they are subject to a specific legal obligation or to address unforeseen and imminent cybersecurity risks — non-respect of this obligation would mean that any modifications are null and void;
- act in good faith and based on fair dealing, by refraining from implementing retro-active changes to terms and conditions, by providing a termination right to their business users and by describing whether they maintain any access to the data of their business users post-termination of their contract;
- explain whether they reserve any rights in respect of the intellectual property of their business users or in terms of the platforms' ability to market the goods or services of their business users outside the relevant platform;
- provide business users, on a durable medium, with a detailed statement of reasons for a restriction, suspension or termination of their services — in the case of overall termination, such a statement shall be provided 30 days in advance unless they are not able to respect the notice period due to a legal or regulatory obligation, they exercise a right of termination for an imperative reason or can demonstrate that the business user concerned has repeatedly infringed the applicable terms and conditions; and
- ensure that the identity of its business users is clearly visible.

Terms and conditions must include:

- the main parameters determining ranking and the relative importance thereof relative to all other parameters — this description shall include any possibility to influence ranking against direct or indirect remuneration (in addition to online platforms, online search engines must also set out the main parameters determining ranking);
- if applicable, a description of any ancillary goods or services that are offered through the online platform as a complement to the goods or services of its business users;
- a description of any differentiated treatment given to goods and services they offer themselves (or by business users they control), compared to the treatment they give to goods and services offered by other business users (this obligation equally applies to online search engines);
- a description of the technical and contractual access (or absence thereof) of business users to personal or other data that business users or consumers provide to online intermediation services or that are generated through the provision of those services;
- if applicable, the legal, economic or commercial consideration for any restriction of the ability of business users to offer their goods or services under different terms through other channels; and
- information regarding the access and functioning of online platforms' internal complaint-handling system as well as one or more mediators to whom business users can turn to attempt to solve any disputes with the relevant provider of the online platform.

### *Complaints, Mediation and Redress*

Online platform providers employing more than 50 persons or achieving more than EUR 10.0 million (PLN 44.6 million) in annual turnover must establish and operate an internal system for handling complaints from business users about non-compliance with a legal obligation laid down in the regulation, or any technological issues, measures taken or behavior by providers that could affect business users. Complaints must be processed swiftly and effectively, and the outcome communicated individually, in plain and intelligible language.



To inform oversight, including by the Observatory on the Online Platform Economy, online platform providers have to publish statistics on the effectiveness of their internal complaint-handling systems.

To further facilitate quick and effective dispute settlement, online platform providers must identify one or more mediators to whom business users can turn to attempt to solve any disputes with the relevant provider of the online platform.

### *Enforcement*

Representative organizations and certain public bodies have a self-standing right to take action before national courts and to counter any non-compliance with the regulation by providers of online intermediation services and search engines.

EU countries will in addition provide effective public enforcement mechanisms.

### **Possible New EU Legal Framework for AI**

The European Commission perceives artificial intelligence AI as an area of strategic importance and a key driver of economic development. There are ongoing discussions on the European approach to AI which may result in new EU-wide regulations being proposed and adopted which is tentatively expected in the first quarter of 2021. These regulations may increase compliance requirements with respect to the algorithmic decision-making and the development of machine learning-based solutions.

### **Data Privacy**

#### *General Regulations*

As part of its regular operations, the Group processes significant quantities of personal data. Therefore, the Group has implemented robust privacy policies and IT solutions to ensure compliant processing of personal data.

The General Data Protection Regulation ("**GDPR**") that entered into force in May 2018 sets out the general framework for the European data privacy regime. Under the GDPR, the definition of personal data includes information such as name, identification number, email address, location data, online identifiers such as Internet protocol addresses and cookie identifiers, or any other type of information that can identify a living individual.

The GDPR sets out, among others, the following key principles and obligations that apply to the Group and its operations:

- Lawfulness: any use/processing of personal data requires a specific legal basis. Use of personal data is permissible, for example: to the extent this is required to perform a contract; if the individual has given its consent; or if the organization has a legitimate interest.
- Fairness and proportionality: processing of personal data must be fair, proportionate and compatible with the purpose for which the data were collected.
- Transparency: individuals must be informed about the processing of their personal data.
- Security: adequate technical and organizational measures need to be implemented to ensure the security of personal data.
- Storage limitation: personal data may not be retained for longer than necessary and should be deleted after such period.
- Data subject rights: individuals have several rights under the GDPR such as a:
  - right to access (obtain a copy of their personal data);
  - right to rectify any incorrect personal data;
  - right to request erasure of any personal data when no longer needed;
  - right to data portability (receive the personal data in a structured format so it can be used by another service provider); and
  - right to object to the use of personal data on in particular situations.

- Use of third-party service providers: in the event the personal data is processed by a service provider (data processor) on behalf of a data controller, this processing needs to be governed by a contract between the data controller and the data processor. Such contract must include certain mandatory clauses, such as for example on the subject-matter and duration of the processing; the right to audit, not engaging other third-party providers without consent, etc.
- Personal data breaches: depending on the breach, the competent supervisory authority and/or the data subject may need to be informed of a personal data breach within 72 hours after becoming aware of such breach.
- Record keeping: organizations must maintain a record containing a description of all their data processing activities.
- The transfer of personal data to entities outside the EEA is subject to specific requirements.

Fines for breach of the GDPR may be significant, depending on circumstances of an individual breach. In the worst case scenario they can go as high as 4% of the turnover of the Group. Moreover, the supervisory authority may restrict further use of data in question, which could potentially impact the Group's operations. At the local level the GDPR is supplemented by the Polish Data Privacy Act of 10 May 2018 and various other pieces of local legislation.

The following items illustrate selected areas of data privacy protection which are of particular relevance in the e-commerce sector:

- **E-mail advertising:** Subject to certain exceptions, e-mail advertisements (e.g., newsletters, product recommendations or sales announcements) may only be sent to addressees who have given their explicit prior consent. The EU rules governing email marketing are set forth in the GDPR and, operating as a *lex specialis* in relation to the GDPR, in the so-called e-Privacy Directive (Directive 2002/58/EC as amended). The general rule under the e-Privacy Directive, is that the use of email for direct marketing purposes is only permitted in respect of subscribers or users (of the public electronic communications services concerned) who have given their prior consent (opt-in). The notion of "consent" is governed by the GDPR, which means that:
  - the consent to the processing of personal data for direct marketing purposes must be freely given, specific, informed and unambiguous, and given by a statement or by a clear affirmative action on the part of the data subject;
  - the Group will need to be able to demonstrate that consent was given in accordance with the GDPR requirements; and
  - the data subject must be able to withdraw the consent at any time, as easily as the manner in which consent was given.

This entails that the data subject needs to be informed specifically that his or her personal data (email address) will be used for direct marketing purposes in relation to the Group's services and activities, and must actively accept such processing of his or her personal data. Capturing consent through the acceptance of general terms and conditions, for instance, is not acceptable, and neither is the use of a pre-ticked box signifying agreement to the use of personal data for direct marketing.

While slightly different rules (e.g., so-called "double-opt-in" in Germany) may apply in some other EU jurisdictions, similarly as in the majority of EU countries, the Polish Act of 18 July 2002 on Electronically Supplied Services followed the "opt-in" rule. Contrary to a vast majority of EU jurisdictions there are no softer rules (the so-called "soft-opt in") for existing business users.

- **Web analysis:** Web analysis technologies such as cookies or tracking tools (e.g., Google Analytics) enable the operator of a website to personalize its offers and marketing to better match the users' interests. Even though most web analysis tools anonymize or pseudomize collected data and do not allow for a subsequent allocation of data to individual data subjects, the use of such tools may still be subject to data privacy laws. For example, the use of cookies is regulated by the Directive on Privacy and Electronic Communications which provides for an opt-in regime pursuant to which the use of cookies requires an informed consent of the website user. Under the Polish Telecommunications Act of 16 July 2004, the use of cookies is allowed under following conditions:
  - the user should be informed (in advance, directly and in an unambiguous way) about
    - the purpose of storing and the manner of gaining access to the stored information, and

- the possibility of user configuring the browser or service settings to set rules regarding the use of the information about the user;

The user, having obtained such information, consents to the use of his or her data. The Telecommunications Act allows for the consent to be granted indirectly (by making a choice in a browser's settings/changing the browser's settings); and

- the stored information or the gaining of access to this information do not cause changes in the settings of the user's computer device or software.
- Worth noting that EU rules regarding the use of cookies as specified in the e-Privacy Directive are currently under review. Given the trend to further strengthen privacy of users the risk of further restrictions exists.

## **Cybersecurity**

In the European Union, the cybersecurity regime has been harmonized under the EU Directive 2016/1148/EU of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union (the "**NIS Directive**") which entered into force on August 8, 2016. The NIS Directive requires "essential service operators" within critical infrastructure sectors, such as the energy, transport or banking sector, as well as "digital service providers" (e.g., online marketplaces), to carefully review existing network security mechanisms, to implement "state-of-the-art" security measures which shall ensure a level of security for their infrastructure appropriate to the risk of the respective entity as well as to establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the European Union.

The NIS Directive is further supplemented by the Commission Implementing Regulation (EU) 2018/151 of 30 January 2018 laying down rules for application of Directive (EU) 2016/1148 of the European Parliament and of the Council as regards further specification of the elements to be taken into account by digital service providers for managing the risks posed to the security of network and information systems and of the parameters for determining whether an incident has a substantial impact.

The NIS Directive has been implemented in Poland by the Act of 5 July 2018 on the National Cybersecurity System, which sets out detailed obligations within the framework of the NIS Directive and provides for penalties for breaches that may be imposed by the Polish Minister of Digitalization.

While fines for individual breaches that may be imposed would normally not exceed PLN 20,000 per breach, in the unlikely event the Group is found in notorious breach that could result in:

- direct and serious cybersecurity threat to defense, state security, public order and safety or human life or health; or
- threat of causing serious proprietary damage or substantial disturbance in performance of essential services,

fines may even be up to PLN 1.0 million.

## **Protection of Competition and Consumers**

Due to the nature of the Group's business, the Group is subject to various regulations on competition and consumer protection.

### ***Protection of Competition***

Competition restricting practices (anti-competitive agreements and abuse of dominance) are prohibited under the Competition Act and the TFEU. The protection of competition is monitored at the European level by the European Commission and at the domestic level by the UOKiK President. The UOKiK President also has the right to apply EU competition law directly (Article 101 and 102 TFEU) if the infringement affects trade between EU member states.

Article 6 of the Competition Act prohibits agreements/concerted practices between undertakings (or associations of undertakings) that have as their object or effect the elimination, restriction or other infringement of competition. An exemplary statutory list of dominant position abuses includes, in particular:

- directly or indirectly fix purchase or selling prices or any other trading conditions;

- limit or control production, sale, as well as technical development or investments;
- share markets for the sale of goods or sources of supply;
- apply dissimilar or onerous contract terms to similar transactions with third parties, thereby placing them at a competitive disadvantage;
- make the conclusion of contracts subject to the acceptance or fulfillment by the other party of other obligations that by their nature or according to the customary usage have no connection with the subject of such contracts;
- restrict access to the market to undertakings not covered by the agreement, or eliminate them from the market; and
- fix the terms and conditions of bids by undertakings entering a tender, or by those undertakings and a tender organizer, including, in particular, the scope of works or price (bid rigging).

Article 9 of the Competition Act prohibits abuse of a dominant position within a relevant market. A dominant position is held by an undertaking if it enables it to prevent effective competition in the relevant market and to act independently of competitors, contracting parties and consumers to a significant degree. In Poland there is a presumption of a dominant position if an undertaking has a market share exceeding 40% (the party can rebut this presumption). An exemplary statutory list of such infringements includes, in particular:

- directly or indirectly imposing unfair prices, including unreasonably high or abnormally low prices, long payment terms, or other unfair trading conditions for the purchase or sale of goods;
- limiting production, market sale, or technical development to the prejudice of customers or consumers;
- applying dissimilar or onerous contract terms to similar transactions with third parties, thereby placing them at a competitive disadvantage;
- making the conclusion of contracts subject to the acceptance or fulfillment by the other party of other obligations that, by their nature or according to the customary usage, have no connection with the subject of such contracts;
- preventing the development of the conditions necessary for the competition to emerge or develop;
- imposing onerous contract terms that result in unjustified benefits gained by the undertaking; and
- sharing of markets according to the criteria of territory, product range, or entity.

### ***Protection of Consumers***

Under the Competition Act, the UOKiK President, acting in public interest, is responsible for implementing the consumer protection policy. The UOKiK President conducts proceedings concerning (i) practices infringing collective consumer interests and (ii) abusive clauses in standard agreements with consumers. The Group must also comply with various consumer protection laws regulated at the EU level.

Article 24 of Competition Act prohibits practices infringing collective consumer interests (i.e., practices that are unlawful activities (in violation of the law or good practice) of an entrepreneur resulting in harm to the interests of an unspecified number of consumers). An exemplary statutory list of such infringements includes, in particular:

- a breach of the obligation to provide reliable, correct, and complete information to consumers;
- unfair market practices or acts of unfair competition; and
- proposing financial services to consumers where such services do not correspond to the needs established with regard to those consumers' characteristics or proposing such services in a manner inconsistent with the nature of the services in question (the so-called misspelling).

The UOKiK President also conducts proceedings intended to determine whether standard form contracts with consumers contain any abusive clauses and whether a prohibition on the use of such clauses should be imposed (Article 23a of the Competition Act).

### ***Potential Sanctions for Breach of Competition or Consumer Laws***

The UOKiK President may issue a decision and impose a fine of up to 10% of the individual company's turnover generated in the year preceding the imposition of the fine for, *inter alia*, (i) breach of Polish (or EU) competition law, (ii) recognizing the practice as infringing collective consumer interests or (iii) recognizing the provisions of a standard form contract as abusive. The UOKiK President may also (i) enforce abandonment of the practice/abusive clause and/or (ii) order the company to remedy the effects of an infringement. Additionally, if a company fails to comply with the UOKiK President's decision, the UOKiK President may impose a fine of up to EUR 10,000 (approximately PLN 44,574) per each day of such delay.

The UOKiK President may also impose a fine on individuals (management) of up to PLN 2.0 million (approximately EUR 0.4 million), if it is found they contributed deliberately to the violation of laws on anticompetitive agreements (except for bid-rigging, which is a criminal offence), collective consumer interests or to the use of abusive contractual clauses (up to even PLN 5.0 million (approximately EUR 1.1 million) in consumer cases in the financial sector). This sanction cannot be imposed on individuals in case of abuse of dominance.

An agreement/provision that amounts to an infringement is invalid in its entirety or in relevant part.

In specific circumstances, the Competition Act provides for a possibility of concluding the proceedings by means of a commitment decision. The company may propose a commitment implementation that will allow it to eliminate the practice or its effects and the UOKiK President, recognizing that the proposed commitment will enable it to achieve these objectives, may impose, by way of an administrative decision, an obligation to implement this commitment. At the same time, the company avoids fines being imposed for the infringement.

The UOKiK President may, in all proceedings, impose on a company a fine of up to EUR 50.0 million (approximately PLN 222.9 million) for any failure to provide information, for providing false or misleading information or for a lack of cooperation during any inspection or search conducted by the UOKiK President in connection with the proceedings.

Additionally, the EC has the power to impose fines of up to 10% of the turnover of the company concerned in the last financial year for breach of EU competition rules. This 10% limit may be also based on the turnover of the group to which the company concerned belongs.

The Group may be subject to civil claims for damages in relation to the alleged or actual infringement of competition or consumer law. A damages action can be triggered by a stand-alone action or by an action that follows a public enforcement decision such as a decision of the UOKiK President or the EC. To ensure effective enforcement of such claims, a private enforcement legal framework has been under development in recent years throughout the European Union to, among other things, introduce a directive harmonizing rules on numerous issues arising in competition damages claims and introduce collective redress mechanisms. This framework seeks to strengthen the position of private claimants seeking damages by removing substantive and procedural obstacles for claimants to prove an infringement and establish damages. See "*Risk Factors—The Group might be subject to fines and follow-on claims for damages in relation to alleged or actual anticompetitive behavior or practices negatively impacting consumers and cannot guarantee that the UOKiK President or the EC will not deem certain operations the Group conducts to violate EU and/or Polish competition and consumer protection laws*" and "*Business—Legal Proceedings—Proceedings before the UOKiK President*" and "*Business—Legal Proceedings—Proceedings before the UOKiK President*."

### **General EU Consumer Protection Rules**

Online retailers who offer their goods and services to consumers must comply with various consumer protection laws. Throughout the European Union, consumer protection is extensively regulated on the basis of, among other legislation, the following EU directives:

- Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts;
- Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees;
- E-Commerce Directive 2000/31/EC;
- Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on Privacy and Electronic Communications);

- Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market (Unfair Commercial Practices Directive);
- Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights (the "**Directive on Consumer Rights**") which replaced the Directive 97/7/EC of the European Parliament and of the Council of 20 May 1997 on the protection of consumers in respect of distance contracts with effect as of June 13, 2014; and
- Directive (EU) 2019/2161 of the European Parliament and the Council of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European Parliament and of the Council as regards the better enforcement and modernization of Union consumer protection rules. Local legislation implementing that directive shall be adopted and published by November 28, 2021 and enter into force from May 28, 2022.

The aforementioned EU directives on consumer protection and the national laws which implement or complement these directives impose extensive duties and responsibilities on online retailers, including the following:

- Online purchases constitute "distance contracts" that are subject to specific consumer protection. Pursuant to the Directive on Consumer Rights, with effect from June 13, 2014, consumers have the statutory right to withdraw from a distance contract within 14 days after receipt of goods (or within a period of twelve months and 14 days after receipt of goods if the consumer has not been properly informed about its statutory right of withdrawal). Withdrawal must be exercised by distinct declaration towards the seller (e.g., in writing, by e-mail or phone). The return of the goods without further comment does not constitute a valid declaration of withdrawal any longer. If the statutory right of withdrawal is exercised, within 14 days, the purchaser must return the goods and the seller must reimburse the purchase price including shipping costs (if any) except that the seller must not reimburse the supplementary costs, if the consumer has expressly opted for a type of delivery other than the least expensive type of standard delivery offered by the seller (e.g., express delivery). The purchaser, on the other hand, has to bear the costs for the return of goods unless the seller has failed to inform the purchaser accordingly or the seller has expressly agreed to assume these costs. The purchaser also has to compensate the seller for any loss in value of the returned goods, if such loss is due to the purchaser handling the goods in a way that was not required to examine the condition, features and functionalities of the goods and the seller has informed the purchaser about its statutory right of withdrawal.
- Online retailers must comply with extensive and formalized information requirements. They have to provide their (potential) customers with detailed and accurate information, *inter alia*, on the offered goods, on the way a binding contract can be concluded, on price and payment details, on their return policy, on the statutory right to withdraw from a contract (irrespective of any more beneficial return policy that may be afforded by the online retailers, on their general terms of sale and on statutory warranties). EU directives and national laws set out detailed criteria on when, where and by which means this information has to be provided. Online retailers have to implement these requirements in the design and structure of their online shops, in their ordering and payment processes and in their delivery systems. Due to changes in legislation, online retailers have to adapt their shop design on an ongoing basis. For example, as a result of the Directive on Consumer Rights, they had to implement a "button solution" pursuant to which a binding purchase can only be completed by clicking on a button that is explicitly labeled "buy now" (or similar) and which can be found in the immediate proximity of a summary of certain key information relating to the purchase. Failure to comply with these information requirements may give rise to civil liability, administrative orders (including injunctive relief) or fines and may in some cases result in an extension of warranty periods or even in the invalidity of the affected customer contracts.
- Advertising, including promotional games, newsletters and personalized product recommendations, is heavily regulated, in particular if distributed through e-mail. An advertisement must not be misleading, constitute an unreasonable nuisance or make use of harassment, coercion or undue influence. These criteria leave wide room for interpretation and the assessment of courts and other competent bodies is often hard to foresee.

The abovementioned directives have been implemented pursuant to the Polish Civil Code of 23 April 1964, the Polish Act on Consumer Rights of 30 May 2014 and other legislation. Consumer-related legislation has historically been subject to frequent amendment and these regulations may be revised in the coming years.

### **Product Safety**

Retailers who place products on the market in the European Union have to ensure that the products are safe. This is also the purpose of the Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general

product safety (the "**Directive on Product Safety**") according to which manufacturers must put on the market products which comply with the general safety requirement. In addition, they must provide consumers with the necessary information in order to assess a product's inherent threat, particularly when this is not directly obvious and they must take the necessary measures to avoid such threats (e.g., withdraw products from the market, inform customers, recall products which have already been supplied to customers, etc.). In this context it is important to know that under the Directive on Product Safety – just like under most other European and/or national legislation on product safety – an importer (i.e., in most cases also a retailer) of a product that was produced in a country outside of the European Union qualifies as the manufacturer of the product.

According to the Directive on Product Safety distributors are obliged to supply products that comply with the general safety requirement, to monitor the safety of products on the market and to provide the necessary documents ensuring that the products can be traced. If the manufacturers or the distributors discover that a product is dangerous, they must notify the competent authority and, if necessary, cooperate with them.

In Poland, the Directive on Product Safety has been implemented through Act of 12 December 2003 on general products safety and amendments of the Polish Civil Code of 23 April 1964. Further details are determined in various acts and governmental regulations on the safety of specific products/product groups.

It is worth noting that the European Commission announced the revision of the Directive on Product Safety is planned for the second quarter of 2021. Given the important role that online marketplaces play in the distribution of goods additional obligations and possibly liability can be introduced.

### **Postal Services**

As part of development of the Group's services, on April 16, 2020, Allegro.pl sp. z o.o was registered in the register maintained by the UKE as a postal operator.

Provision of postal services is governed by:

- Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service, which has been implemented in Poland under the Postal Act of 23 November 2012; and
- the Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services.

In the Group's capacity as postal operator, the Group will be subject to various ongoing regulatory and reporting duties and will be subject to ongoing supervision by the President of the UKE. The Group may also be subject to certain specific duties related to state security, national defense and public order and safety matters (including crime prevention) and will need to cooperate on that with various Polish state security agencies.

Whenever the Polish public postal operator (*Poczta Polska*) incurs losses on its universal postal service, it may request that the President of the UKE orders that such losses shall be compensated by those of the remaining postal operators whose revenue from universal postal service or equivalent services (excluding courier services) in a given financial year exceeds PLN 1.0 million. Such operators would then participate in such losses on a *pro rata* basis in accordance with a formula set out in the Postal Act and each operator's share cannot exceed 2% of the amount by which its revenue generated by such services exceeds PLN 1.0 million.

If the Group is found in breach of its various regulatory duties, the Group may be exposed to a fine of up to 2% of part of Allegro.pl's turnover generated from postal activities (or EUR 500,000 (PLN 2.2 million) if the Group's breach occurs within first twelve months of rendering postal services).

Furthermore, breach of certain reporting duties under the Regulation (EU) 2018/644 may result in fines up to 2% of Allegro.pl's total turnover.

The Postal Services Directive will be evaluated in the fourth quarter of 2020 to reflect changes on the postal services market including the rapid growth of the e-commerce sector.

## Marketing and Use of Explosives Precursors

Under the new Regulation (EU) 2019/1148 of 20 June 2019 on the marketing and use of explosives precursors, amending Regulation (EC) No 1907/2006 and repealing Regulation (EU) No 98/2013, which would enter into force in February 2021, online marketplaces such as us will need to:

- ensure that users selling regulated explosive precursors know their obligations (Art 7.3);
- take measures to help users comply with verification obligations (Art 8.4); and
- have in place measures to detect suspicious transactions and report attempted or suspicious transactions within 24 hours (Art 9.2 & 9.4).

## Payment Services and AML Requirements

As is the case for many other e-commerce businesses, the Group's operations are heavily dependent on the provision of payment services. While payment services have historically been provided by third-party payment services providers, the Group launched its own payment services in the second half of 2020, making applicable payment services regulations directly applicable to the Group. Allegro Finance sp. z o.o. has applied for a license to become a "small payment institution" ("SPI") and a subsequent application for a "national payment institution" ("NPI") license in Poland may also be considered. The SPI and NPI licenses are described below.

Payment services in Poland are regulated and in general, companies undertaking such activities require authorization from the PFSA, in which the PFSA specifies the payment services that the payment institution is authorized to provide.

At the national level, the payment services are primarily regulated by the Act on Payment Services of 19 August 2011 (Journal of Laws of 2020 item. 794, as amended) (the "APS"). APS contains provisions which are national implementation of the Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (PSD2).

The payments services and issuance of electronic money is supervised by the PFSA to the extent and subject to the conditions stipulated in the Act on financial market supervision of 21 July 2006 (Journal of Laws 2020, item. 180, as amended). In the same time, the President of the NBP supervises the payment systems within the meaning of Article 1.1 of the Act of 24 August 2001 on settlement finality in payment and securities settlement systems and the rules of oversight of these systems (Journal of Laws of 2019, item 212, as amended), the payment schemes within the meaning of the APS, as well as participates in the PFSA's supervision of: (i) national payment institutions which provide the acquiring service; (ii) entities which operate securities settlement systems; and (iii) entities which operate securities clearing systems.

Under the APS, the provision of payment services is a licensable activity (unless one of the exemptions provided for in the APS applies). Only entities listed in Article 4.2 of the APS, in the specific conditions set out in the APS, may become payment services providers. Payment services may be provided by a payment institution. The term "payment institution" covers NPIs in Poland and institutions licensed in other EU Member States to provide payment services ("**EU payment institutions**"). In order to begin providing payment services in Poland as an NPI, an authorization from the PFSA is required. In case of acquiring services, the President of the National Bank of Poland must issue an opinion before the relevant authorization is granted (opinion is issued upon the PFSA's request). The authorization (and the opinion) can be obtained based on an application filed with the PFSA by the legal entity with a registered office in Poland that intends to provide payment services in Poland. In the authorization, the scope of payment services that may be provided by an NPI is specified. The PFSA may withdraw the authorization at any time in the circumstances described in the APS (however, other supervisory measures are also available to the PFSA, including power to: request to dismiss or to suspend the managing person responsible for irregularities, limit the scope of NPI's activity, impose a fine on the managing person or on the NPI itself). The authorization expires if an NPI has not started payment services activity within twelve months from the day authorization has been granted, as well as in case an NPI does not provide payment services over a period of six consecutive months or more. Expiry must be expressly stated in the PFSA's decision.

Certain requirements laid down in the APS must be satisfied by an entity that intends to provide payment services in Poland. If an NPI wants to provide most of the payment services (listed in Articles 3.1–3.5 of the APS), it must have share capital of at least EUR 125,000 or its equivalent in zloty. Contributions to cover the share capital may not originate from a credit facility or loan or be in any way encumbered or originate from illegal or undisclosed sources. The NPI must also hold the required amount of own funds (the minimum requirement for own funds specified in the APS). Depending on the scope of



services, the NPI is obliged to have relevant instruments for the purpose of securing claims arising from the activities conducted by the NPI (e.g., bank guarantee, third-party liability insurance, insurance guarantee).

The NPI is supervised by the PFSA, which results in reporting and other obligations under the APS for the NPI. Among other things, the NPI is obliged to submit its audited annual financial statements (and if consolidated - also the consolidated annual financial statements) and interim financial statements to the PFSA in the time limit laid down in the APS.

Direct or indirect disposals of shares in an NPI is subject to the limitations set out in the APS. PFSA has to be notified of the intention to acquire or take up, directly or indirectly, shares of an NPI in a number sufficient to reach or exceed 20%, 30% or 50%, respectively, of the total number of votes at the decision-making body or a share in the share capital, or if, by virtue of the acquisition, such an NPI would become a subsidiary or co-subsidiary of that entity. Similar obligation is imposed on a potential seller, in case it intends to dispose, directly or indirectly, of a qualifying holding in the NPI.

In case of an SPI, the account information service provider (conducting solely account information service, the "AISP") and the payment services office, the license from the PFSA is not required, however with the exception of AISP, such entities can perform its activities only in Poland and after being entered in the register kept by the PFSA. The activity of SPI, AISP and payment services offices is a "regulated activity" within the meaning of the Act on Entrepreneur law of 6 March 2018 (consolidated text, Journal of Laws 2019, item. 1292, as amended), which basically means that they may only be taken up following entry in the register and submission of a statement on fulfillment of requirements for such business laid down in the relevant legal act (in this case APS).

In case of SPIs, some limitations as to maximum amount of funds per user and types of payment services that the SPI is allowed to conduct apply, furthermore, the average of the total amount of payment transactions for the previous twelve months made by the SPI, including through agents, cannot exceed the amount equivalent to EUR 1.5 million per month. The SPI is also supervised by the PFSA, and certain reporting and other obligations under the APS may apply.

The NPI, the SPI, the payment services offices and branches of the EU payment institutions are among other entities considered "obliged entities" (institutions) within the meaning of the Act of 1 March 2018 on Counteracting Money Laundering and Terrorist Financing (consolidated text - Journal of Laws 2020, item. 971, as amended) and therefore obligations related to AML/CFT are directly applicable to them (e.g., obligation to conduct financial security measures, including customer due diligence; appointing senior management responsible for the fulfillment of the obligations set out in the Act; and designating AML Compliance officer).

It is also worth mentioning, that the PFSA may issue the recommendations on good practices for the prudent and stable management of NPIs in order to protect the interests of users or holders of electronic money.

Breach of various duties under the APS may result in significant fines, including criminal liability.

### ***Outsourcing Services***

In order to facilitate cooperation between banks and payment services providers and users of the Group's e-commerce marketplace, the Group is providing certain services to banks and payment services, which constitutes qualified outsourcing regulated under, respectively, the Polish Banking Act of 29 August 1997 (consolidated text - Journal of Laws 2019, item 1357, as amended) and the APS.

In that capacity, the Group's activities may fall under supervision of the PFSA.

### ***Packaging Waste***

In relation to the Group's activities, in particular retail activities, the Group is subject to various reporting, recycling and other obligations under Polish Act on Waste of 14 December 2012 (consolidated text - Journal of Laws 2020, item 797, as amended) and the Polish Act of 13 June 2013 on dealing with packaging and packaging waste (consolidated text - Journal of Laws 2020, item 1114, as amended). These acts implement, among others, the European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste.

The European Commission will reflect on the modernization of the Directive as part of the European Green Deal, which aims at making the EU climate neutral in 2050. Reaching this target will require action by all sectors of the economy, including investing in environmentally friendly technologies supporting industry to innovate. This may imply further obligations on retailers and possibly on other entities.

## ***Interim FDI Regime***

### *General*

The below amendments to the Polish the Act on the Control of Certain Investments of 24 July 2015 entered into force on July 24, 2020 and will remain binding for two years from that date.

The revised interim foreign investment regime (the "**FDI Regime**") was introduced in response to the negative effects that COVID-19 pandemic may have on valuations of Polish businesses. Any transaction that falls within the scope of the FDI Regime will have to be notified to the UOKiK President, who has the right to object to the contemplated transaction.

The FDI Regime will apply to all WSE-listed companies that have their registered offices in the territory of Poland and whose revenue from the sale of goods or services in Poland in any two financial years preceding the notification was at least EUR 10.0 million (PLN 44.6 million). As the Issuer is incorporated in Luxembourg, therefore, a number of restrictions under the FDI Regime will not apply to trading in the Issuer's shares.

However, the FDI Regime may apply to some of the Group's Polish operating companies due to their software-related activities. In such case, indirect acquisition of a dominant position over such Polish operating companies (including by way of acquiring a dominant position over the Issuer) by a Foreign Investor (as defined below) will be a transaction that has to be notified under the FDI Regime.

### *Foreign Investor*

The FDI Regime will recognize as a "**Foreign Investor**":

- in the case of natural persons, those who are not citizens of an EU/EEA/OECD country; and
- in the case of other entities, those that do not have their registered seat in an EU/EEA/OECD country or have not had their registered seat in EU/EEA/OECD country for two years or more.

In the case of indirect investments (e.g., through subsidiaries or special purpose vehicles), the entity (or person) at the top of the Foreign Investor's group structure is considered pursuant to the above criteria. Similarly, if the investment is made by portfolio managers or other agents, the client is taken into account.

### *Notification*

The notification should be filed before the signing of a preliminary agreement obliging an investor to make the acquisition or, in the case of the acquisition of a WSE-listed company by way of a public tender offer, before the tender offer is announced.

Once the notification has been filed, the Foreign Investor may sign the preliminary agreement or announce the tender offer, which will be conditional on receipt of clearance from the President of UOKiK.

### *Timetable*

After the notification, the UOKiK President has 30 business days to either (i) approve the transaction or (ii) initiate control proceedings. The control proceedings may last up to 120 calendar days (the clock stops whenever UOKiK requests additional information, so in practice the actual timing may be even significantly longer).

### *Reasons for Objections*

The President of UOKiK may object to a transaction if:

- the investor does not complete the notification fully or fails to provide the additional information/documents/explanations requested by the President of UOKiK; or
- the transaction leads to at least a potential threat to public order, public safety or public health;
- it is not possible to determine whether the investor has its registered seat (or citizenship) in an EU/EEA/OECD member state; or
- the transaction could have a negative impact on projects or programs which are of EU interest.

### *Consequences of Non-Compliance*

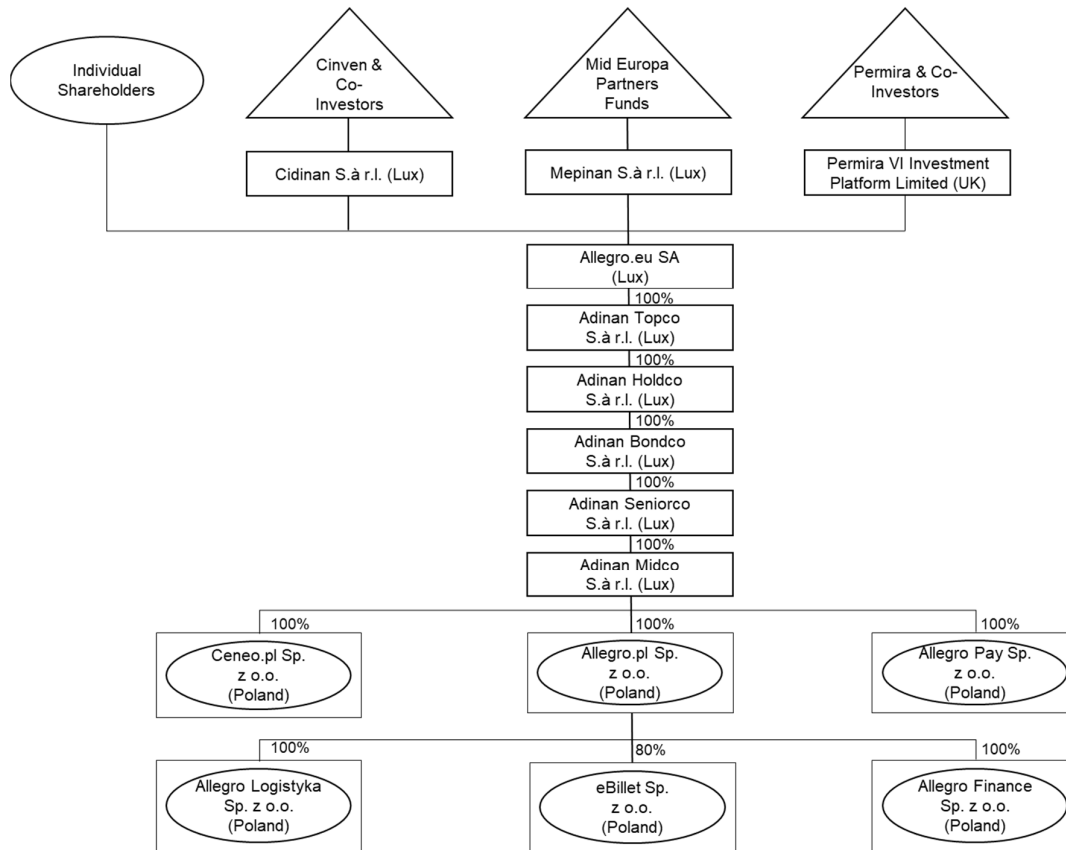
Any transaction made in breach of the FDI Regime (without notification or without approval) will be null and void and the investor will be unable to exercise its rights (including any voting rights) under the shares acquired. In case of taking control over a parent company of a Polish protected entity; only the latter sanction will apply.

Investment made without approval is a criminal offence subject to a penalty of imprisonment from six months to five years and a fine of up to PLN 50.0 million (approximately EUR 11.2 million).

Moreover, anyone managing the subsidiary or exercising voting rights on behalf of a Foreign Investor, who fails to notify the President of UOKiK of the foreign investment of a certain kind (such as a cross-border merger outside of Poland) is liable to a fine of up to PLN 5.0 million (approximately EUR 1.1 million), a term of imprisonment of six months to five years or both of these sanctions jointly.

## GENERAL INFORMATION ON THE GROUP

The chart below presents the structure of the Group, plus its direct shareholders, including the Selling Shareholders, as of the date of this Prospectus. For the shareholding structure following the Listing Date see "*The Selling Shareholders—Shareholding Structure Following the Offering*" and "*Dilution*."



### Information on the Issuer

The Issuer was incorporated as a private limited liability company (*société à responsabilité limitée*) in Luxembourg on May 5, 2017, and was converted to a public limited liability company (*société anonyme*) on August 27, 2020. The Issuer changed its name from Adinan Super Topco S.à r.l. to Allegro.eu on August 27, 2020. The Issuer is registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B214830, currently having its registered office at 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg. The telephone number of the Issuer's registered office is currently +352 2452 7240. On or around the Listing Date, the Issuer will change its registered office and principal place of business to 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg and its telephone number from that date will be +352 26 49 58 6500.

The issued share capital of the Issuer is currently EUR 103,302,805.38 represented by 5,000,000 subscriber ordinary shares; 434,804,791 A1 shares; 434,804,789 A2 shares; 23,514,029 B1 shares; 23,514,024 B2 shares; 5 C1 shares; 23,923,440 C2 shares; 4,692,359,731 D3 preference shares and 4,692,359,729 D4 preference shares with a nominal value of EUR 0.01 each. With effect as of the Pricing Date, the issued share capital of the Issuer will be converted to Polish zloty and the subscriber ordinary shares, A1 shares, A2 shares, B1 shares, B2 shares, C1 shares, C2 shares, D3 preference shares and D4 preference shares will be converted into a single class of ordinary shares having a nominal value of PLN 0.01 each. Following this restructuring, the issued share capital of the Issuer will, with effect as of the Pricing Date, be PLN 10,000,000 made up of 1,000,000,000 ordinary shares.

## Information on the Significant Indirect Subsidiaries of the Issuer

The significant indirect subsidiaries of the Issuer have the following corporate information:

- Allegro.pl sp. z o.o. is a company with limited liability incorporated under the laws of Poland. The issued share capital of Allegro amounts to PLN 33,016,950 divided into 660,339 shares with a par value of PLN 50 each. The registered office of Allegro.pl is in Poznań at ul. Grunwaldzka 182, 60-166 Poznań, Republic of Poland. Allegro.pl is registered with the register of entrepreneurs of the National Court Register kept by the District Court Poznań – Nowe Miasto i Wilda in Poznań, VIII Commercial Department of the National Court Register, under the number 0000635012. Allegro.pl's business purpose is to operate an online marketplace in Poland allowing businesses and individuals to sell their products to consumers. Allegro.pl is an indirect subsidiary of the Issuer and is indirectly wholly owned by the Issuer.
- Ceneo.pl sp. z o.o. is a company with limited liability incorporated under the laws of Poland. The issue share capital of Ceneo.pl amounts to PLN 5.0 million divided into 100,000 shares with a par value of PLN 50 each. The registered office of Ceneo.pl is in Poznań at ul. Grunwaldzka 182, 60-166 Poznań, Republic of Poland. Ceneo.pl is registered with the register of entrepreneurs of the National Court Register kept by the District Court Poznań – Nowe Miasto i Wilda in Poznań, VIII Commercial Department of the National Court Register, under the number 0000634928. Ceneo.pl's business purpose is to operate an e-commerce website in Poland allowing users to find a product available in different stores and compare its price, but also to do shopping in many stores using the virtual basket. Ceneo.pl is an indirect subsidiary of the Issuer and is indirectly wholly owned by the Issuer.

## Information on Holdings

There are no undertakings in which the Issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

## Reorganization

With effect as of the Pricing Date, the share capital of the Issuer shall be converted from various classes of shares into a single class of ordinary shares. This share capital reorganization shall be effected by way of an extraordinary general shareholders' meeting of the Issuer held before a Luxembourg notary approving: (i) the suppression of the nominal value of the shares, (ii) the conversion of the existing 5,000,000 subscriber ordinary shares; 434,804,791 A1 shares; 434,804,789 A2 shares; 23,514,029 B1 shares; 23,514,024 B2 shares; 5 C1 shares; 23,923,440 C2 shares; 4,692,359,731 D3 preference shares and 4,692,359,729 D4 preference shares into a single class of ordinary shares on the basis of conversion ratios calculated according to the economic rights associated with each of the existing classes of shares and (iii) the conversion of the share capital from euro to zloty and the establishment of the nominal value of the shares as being PLN 0.01 such that the share capital of the Issuer is fixed at PLN 10,000,000 made up of 1,000,000,000 ordinary shares. In the context of the Offering, the Issuer will proceed with a new issuance of ordinary shares also having a nominal value of PLN 0.01 and having the same rights attached thereto as the existing ordinary shares following the share capital reorganization.

On or around the Listing Date, the Issuer and its subsidiaries organized in Luxembourg, namely Adinan Topco S.à r.l., Adinan Holdco S.à r.l., Adinan Bondco S.à r.l., Adinan Seniorco S.à r.l. and Adinan Midco S.à r.l., will change their registered offices and principal places of business to 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg, and Adinan Topco S.à r.l., Adinan Holdco S.à r.l., Adinan Bondco S.à r.l., Adinan Seniorco S.à r.l. and Adinan Midco S.à r.l. will make certain changes to their respective boards of managers.

In due course following the Offering, it is expected that an internal restructuring will be implemented in order to simplify the holding structure of the Group and enhance efficiency with the Group. It is contemplated that either by way of mergers or simplified liquidations of Adinan Topco S.à r.l., Adinan Holdco S.à r.l., Adinan Bondco S.à r.l., Adinan Seniorco S.à r.l., the Group will be reorganized such that the Issuer and Adinan Midco S.à r.l. will remain as the Group companies organized in Luxembourg.

## MANAGEMENT

### The Issuer's Directors

The registered office of the Issuer and the business address for each of the Directors is currently 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg. On and after the Listing Date, the registered office of the Issuer and the business address for each of the Directors will be 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg.

The table below sets out the name, age, position, year of appointment and the year in which the current term expires for each of the directors of the Issuer.

Name	Age	Year appointed for the current term to the Issuer's Board	Year term expires	Representing
Darren Huston.....	54	2020	2026	Non-Executive Chairman
François Nuyts.....	47	2020	2026	Executive Director
Jonathan Eastick.....	53	2020	2026	Executive Director
David Barker.....	52	2020	2026	Cinven
Richard Sanders.....	48	2020	2026	Permira
Paweł Padusiński.....	42	2020	2026	Mid Europa Partners
Nancy Cruickshank.....	49	2020	2026	Independent Non-Executive Director
Carla Smits-Nusteling.....	54	2020	2026	Independent Non-Executive Director
Danielle Arendt-Michels.....	59	2020	2026 <sup>(1)</sup>	Cinven
Gautier Laurent.....	37	2020	2026 <sup>(1)</sup>	Cinven
Séverine Michel.....	43	2020	2026 <sup>(1)</sup>	Permira
Cédric Pedoni.....	45	2020	2026 <sup>(1)</sup>	Permira
Gilles Willy Duroy.....	37	2020	2026 <sup>(1)</sup>	Mid Europa Partners

<sup>(1)</sup> Danielle Arendt, Gautier Laurent, Séverine Michel, Cédric Pedoni and Gilles Willy Duroy (the "**Resigning Directors**") will resign from the Issuer's Board in connection with the Offering between the date of this Prospectus and the Listing Date and therefore will no longer be Directors as of the Listing Date.

#### *Darren Huston*

Darren Huston is the Chairman of the Issuer. Mr. Huston joined the Group as Executive Chairman in January 2017 and was appointed as a member of the Issuer's Board on May 12, 2017 and upon the conversion of the Issuer to a public limited liability company (*société anonyme*) was appointed as a Director of the Issuer as of August 27, 2020. The renewal of his term of appointment as a member of the Issuer's Board will take place prior to the Listing Date, with effect as of September 1, 2020. Previously, Mr. Huston was CEO of Booking.com and Group CEO of the Priceline Group and he has also held various roles with Microsoft (including as CEO of Microsoft Japan), Starbucks and McKinsey & Company. Mr. Huston is also the CEO and Founder of BlackPines Capital Partners. Mr. Huston has over 25 years of managerial and leadership experience.

Mr. Huston holds an MBA degree from Harvard University and an MA in Economics from the University of British Columbia.

#### *François Nuyts*

François Nuyts is the CEO of the Group. Mr. Nuyts joined the Group as CEO in August 2018 and was appointed as a member of the Issuer's Board on September 1, 2020. Mr. Nuyts is also a member of the management board of Allegro and a member of the management board of Ceneo. Previously, Mr. Nuyts held various management roles with Amazon across Western Europe (England, France, Spain and Italy) where he was a part of its rapid expansion. Mr. Nuyts has over 20 years of experience in management and strategy consulting, including roles with Accenture and Kellogg's.

Mr. Nuyts holds an MBA degree from Babson College MA.

#### *Jonathan Eastick*

Jon Eastick is the CFO of the Group. Mr. Eastick joined the Group as CFO in February 2018 and was appointed as a member of the Issuer's Board on September 1, 2020. Mr. Eastick is also a member of the management board of Allegro and a member of the management board of Ceneo. Previously, he was a director at Ernst & Young. Mr. Eastick has over 25 years of experience in finance and management including, over 16 years of experience in CFO roles at Netia, Polska Telefonia Cyfrowa and Lucent Technologies Poland.

Mr. Eastick holds a Bachelor of Science in International Trade and Development Economics from London School of Economics and Political Science and is a British Chartered Accountant.

*David Barker*

David Barker led Cinven's investment in Allegro and has been a member of the boards of the Allegro and Ceneo operating companies since 2017. He was appointed a member of the Issuer's Board on September 1, 2020. Mr. Barker joined Cinven in 1996 and is a partner and a member of the Investment Committee at Cinven. He has been involved in many of Cinven's technology, media and telecom investments.

Mr. Barker holds a BA degree from Cambridge University.

*Richard Sanders*

Richard Sanders led Permira's investment in Allegro and has been a member of the boards of the Allegro and Ceneo operating companies since 2017. He was appointed a member of the Issuer's Board on September 1, 2020. Mr. Sanders joined Permira in 1999 and is a partner and a member of the Investment Committee. At Permira, Mr. Sanders is the Co-Head of Technology and has extensive experience in the sector.

Mr. Sanders holds an MA degree from Oxford University and an MBA degree from Stanford University.

*Paweł Padusiński*

Paweł Padusiński led Mid Europa Partners' investment in Allegro and has been a member of the boards of the Allegro and Ceneo operating companies since 2017. He was appointed a member of the Issuer's Board on September 1, 2020. Mr. Padusiński is a partner and the head of the Warsaw office at Mid Europa Partners where he has worked since 2005. Prior to joining Mid Europa Partners, Mr. Padusiński worked in the corporate finance department at PricewaterhouseCoopers LLP in Warsaw.

Mr. Padusiński holds an M.Sc. in Finance & Banking and Strategic Management from the Warsaw School of Economics.

*Nancy Cruickshank*

Nancy Cruickshank was appointed a member of the Issuer's Board on September 1, 2020. Ms. Cruickshank is currently SVP Chief Digital Officer at Carlsberg, having held a NED position with the company for 18 months prior to joining the executive team. Ms. Cruickshank is also on the board of Bango Plc, OnMobile Global Ltd. and Flutter Entertainment Plc. After a six-year term, Ms. Cruickshank will step down from the OnMobile board by the end of 2020 by mutual agreement with that board's chairman. Previously, she was CEO and Founder of MyShowcase, a fresh and contemporary beauty retailer enabled by smart technology. Ms. Cruickshank has worked in the digital industry for almost 20 years, including launching Conde Nast online in 1996, overseeing Telegraph Media Group's digital business and developing the fashion and beauty market leader, Handbag.com between 2001 and 2006, leading to a successful sale to Hearst Corporation in 2006.

Ms. Cruickshank holds a Bachelor of History from the University of Leeds.

*Carla Smits-Nusteling*

Carla Smits-Nusteling was appointed a member of the Issuer's Board on September 1, 2020. Ms. Smits-Nusteling is currently Chairwoman of the Board of Tele2 AB, Non-Executive Director and Audit Chair of Nokia Corporation, Non-Executive Director and Audit Chair of ASML and lay judge of the Enterprise Court of the Amsterdam Court of Appeal. Ms. Smits-Nusteling will step down from the ASML board on April 29, 2021 when her second term expires and on November 20, 2020, she will join the Board of Stichting Continuïteit Ahold Delhaize, a foundation organized under the laws of the Netherlands to safeguard the interests of Koninklijke Ahold Delhaize N.V. Previously, Ms. Smits-Nusteling was CFO and member of the Board of Management of Royal KPN N.V. and she held several finance and business related positions at Royal KPN N.V. and PostNL.

Ms. Smits-Nusteling holds a Master's degree in Business Economics from the Erasmus University of Rotterdam and an Executive Master of Finance and Control degree from the VU University of Amsterdam.

#### *Danielle Arendt-Michels*

Danielle Arendt-Michels was appointed a member of the Issuer's Board on May 5, 2017 as a class A manager and her mandate was converted into a class A directorship mandate on August 27, 2020 following the conversion of the Issuer into a public limited liability company (*société anonyme*). Ms. Arendt-Michels will resign as a Director in connection with the Offering.

#### *Gautier Laurent*

Gautier Laurent was appointed a member of the Issuer's Board on May 5, 2017 as a class A manager and his mandate was converted into a class A directorship mandate on August 27, 2020 following the conversion of the Issuer into a public limited liability company (*société anonyme*). Mr. Laurent will resign as a Director in connection with the Offering.

#### *Séverine Michel*

Séverine Michel was appointed a member of the Issuer's Board on May 5, 2017 as a class B manager and her mandate was converted into a class B directorship mandate on August 27, 2020 following the conversion of the Issuer into a public limited liability company (*société anonyme*). Ms. Michel will resign as a Director in connection with the Offering.

#### *Cédric Pedoni*

Cédric Pedoni was appointed a member of the Issuer's Board on May 5, 2017 as a class B manager and his mandate was converted into a class B directorship mandate on August 27, 2020 following the conversion of the Issuer into a public limited liability company (*société anonyme*). Mr. Pedoni will resign as a Director in connection with the Offering.

#### *Gilles Willy Duroy*

Gilles Willy Duroy was appointed a member of the Issuer's Board on October 17, 2019 as a class B manager and his mandate was converted into a class B directorship mandate on August 27, 2020 following the conversion of the Issuer into a public limited liability company (*société anonyme*). Mr. Duroy will resign as a Director in connection with the Offering.

### **Senior Managers**

In addition to the executive management on the Issuer's Board, the following Senior Managers are considered relevant to establishing that the Group has the appropriate expertise and expertise for the Management of the Business.

#### *Marcin Łachajczyk*

Marcin Łachajczyk is the General Manager of Ceneo. Mr. Łachajczyk joined Ceneo in January 2009 and was appointed its General Manager in January 2013. Mr. Łachajczyk has over 15 years of experience in business management and product development and has experience in developing business in international markets. He is an expert in the field of digital transformation and optimization of business processes in e-commerce and a specialist in data analysis and building strategies in e-commerce.

Mr. Łachajczyk holds an engineering degree from the Silesian University of Technology and a postgraduate degree in project management from WSB Universities. He has also completed an executive education program at Harvard Business School.

#### *Damian Zapłata*

Damian Zapłata is the Chief Commercial Officer of Allegro. Mr. Zapłata joined Allegro as Chief Commercial Officer in December 2017 and is also a member of the management board of Allegro. Previously, Mr. Zapłata has been a Partner at McKinsey & Company, a Managing Director in Loyalty Partners Polska (part of American Express Inc.) and General Manager and President of the Board of First Data Poland S.A.

Mr. Zapłata holds a Master's degree in Economics from European University Viadrina and an MBA from INSEAD.

#### *Piotr Szybiak*

Piotr Szybiak is the Chief Technology Officer of Allegro. Mr. Szybiak joined Allegro in 2001 and was appointed as Chief Technology Officer in 2015. Mr. Szybiak is also a member of the management board of Allegro. Mr. Szybiak has over 20 years of experience in IT management and software development.



Mr. Szybiak holds a Master's degree in Computer Science from Poznan University of Technology and an MBA from Poznań University of Economics and Business.

#### *Wojciech Bogdan*

Wojciech Bogdan is the Chief Data Officer of Allegro. Mr. Bogdan joined Allegro in May 2020 as Chief Data Officer and is also a member of the management board of Ceneo. Previously, Mr. Bogdan was a Partner at McKinsey & Company where he led the Retail and Consumer Practice in Central and Eastern Europe. He has over 20 years of business consulting experience in retail, consumer and telecommunication sector, as well as big data and AI application.

Mr. Bogdan holds a Master's degree in Economics from University of Gdańsk.

### **Positions Held by the Issuer's Board Members in other Companies and Partnerships**

#### ***Continuing Directors***

The table below presents information on other companies and partnerships in which, during the last five years, Directors who will be members of the Issuer's Board as of the Listing Date: (i) held positions in management or supervisory bodies; (ii) held shares (in the case of companies listed on the WSE or on any other regulated market in Poland or abroad, and in a number representing more than 1% of the votes at the general meeting of such company); or (iii) were partners.

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
Darren Huston	1.	Allegro.pl sp. z o.o.	Supervisory Board Member <sup>(1)</sup>	Yes
	2.	Ceneo.pl sp. z o.o.	Supervisory Board Member <sup>(2)</sup>	Yes
	3.	BlackPines Capital Partners	CEO	Yes
	4.	Operto Guest Technologies Inc.	Executive Chairman	Yes
	5.	The Knot Worldwide Inc.	Executive Chairman	Yes
	6.	The Priceline Group Inc.	CEO	No
	7.	Magento, Inc.	Chairman	No
	8.	BlackPines Global Advisors	CEO	No
François Nuyts	1.	Allegro.pl sp. z o.o.	CEO	Yes
	2.	Ceneo.pl sp. z o.o.	CEO	Yes
	3.	Fundacja Allegro All For Planet Foundation	CEO	Yes
	4.	Nuyts Archipelago SL	Director	Yes
	5.	Luda Partners SL	Director	Yes
	6.	Amazon EU S.à r.l.	Director	No
	7.	Houell Inmo Online Services SLU	Director	No
	8.	Amazon EU S.à r.l. Sucursal en España	Director	No
	9.	Amazon Spain Services SL	Director	No
Jonathan Eastick	1.	Allegro.pl sp. z o.o.	CFO	Yes
	2.	Ceneo.pl sp. z o.o.	CFO	Yes
	3.	Adinan Bondco S.à r.l.	Director	Yes
	4.	Allegro Pay sp. z o.o.	Supervisory Board Member	Yes
	5.	FinAi S.A.	Supervisory Board Member	No
David Barker	1.	Allegro.pl sp. z o.o.	Supervisory Board Member <sup>(1)</sup>	Yes
	2.	Ceneo.pl sp. z o.o.	Supervisory Board Member <sup>(2)</sup>	Yes
	3.	Cidinan S.à r.l.	Manager	Yes
	4.	Argon NPS Limited	Director	No
	5.	Cinven Foundation	Director	No
	6.	Cinven Partners LLP	Member	No
	7.	Isthmus Holdco (UK) Limited	Director	No
	8.	Redhalo Bidco (UK) Limited	Director	No
	9.	Redhalo Jersey Topco Limited	Director	No
	10.	Redhalo Midco (UK) Limited	Director	No

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	11.	Archangel AS	Director	No
	12.	Argon NPS (Holdings) Limited	Director	No
	13.	Argon NPS Limited	Director	No
	14.	Argon Topco Limited	Director	No
	15.	Chamuel Midco AS	Director	No
	16.	Chamuel Topco AS	Director	No
	17.	Company AE Ltd	Director	No
	18.	Garden Private Holdings Limited	Director	No
	19.	Host Europe Holdings Limited	Director	No
	20.	Metatron AS	Director	No
	21.	Northgate Public Services Limited (pka Midco)	Director	No
	22.	Redtop Acquisitions Limited	Director	No
	23.	Visma AS	Director	No
	24.	Visma Group Holding AS	Director	No
Richard Sanders	1.	Allegro.pl sp. z o.o.	Supervisory Board Member <sup>(1)</sup>	Yes
	2.	Ceneo.pl sp. z o.o.	Supervisory Board Member <sup>(2)</sup>	Yes
	3.	Ace Investments 1 Limited (Bermuda)	Director	Yes
	4.	Ace Investments 2 Limited (Bermuda)	Director	Yes
	5.	Ace Investments 3 Limited (Bermuda)	Director	Yes
	6.	Kingsbridge Limited (Bermuda)	Director	Yes
	7.	Triton Holdco Limited (Guernsey)	Director	Yes
	8.	Synamedia Holdings Limited	Director	Yes
	9.	Sixplatform VI Limited	Director	Yes
	10.	Permira Advisers LLP	Partner	Yes
	11.	Regit Eins GmbH	Director	No
Paweł Padusiński	1.	Allegro.pl sp. z o.o.	Supervisory Board Member <sup>(1)</sup>	Yes
	2.	Ceneo.pl sp. z o.o.	Supervisory Board Member <sup>(2)</sup>	Yes
	3.	Mid Europa Partners LLP	Partner	Yes
	4.	Mid Europa Partners sp. z o.o.	President of the Management Board	Yes
	5.	J. S. Hamilton Poland sp. z o.o.	Supervisory Board Member	Yes
	6.	Hortex sp. z o.o.	Supervisory Board Member	Yes
	7.	Polski Ogród sp. z o.o.	Supervisory Board Member	Yes
	8.	Żabka Polska S.A.	Supervisory Board Member	No
	9.	Virida Holding II S.A.	Director	No
	10.	Gerlach Investments S.à r.l	Director	No
	11.	Rysy Investments S.à r.l	Director	No
Nancy Cruickshank	1.	Carlsberg A/S	Chief Digital Officer / Director	Yes
	2.	Flutter Entertainment Plc	Director	Yes
	3.	Bango Plc	Director	Yes
	4.	OnMobile Global Ltd.	Director	Yes <sup>(3)</sup>
	5.	MyShowcase Ltd	Chief Executive Officer	No
Carla Smits-Nusteling	1.	Tele2 AB	Chairwoman of the Board	Yes
	2.	Nokia Corporation	Non-Executive Director	Yes
	3.	ASML Holding N.V.	Supervisory Board Member	Yes <sup>(4)</sup>

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	4.	Royal KPN N.V.	Chief Financial Officer / Management Board Member	No

<sup>(1)</sup> The Supervisory Board of Allegro.pl sp. z o.o. will be dissolved in connection with the Offering.

<sup>(2)</sup> The Supervisory Board of Ceneo.pl sp. z o.o. will be dissolved in connection with the Offering.

<sup>(3)</sup> Ms. Cruickshank will step down from the OnMobile Global Ltd. board by the end of 2020 by mutual agreement with that board's chairman.

<sup>(4)</sup> Ms. Smits-Nusteling will step down from the ASML Holding N.V. board on April 29, 2021 when her second term expires.

### **Resigning Directors**

The table below presents information on other companies and partnerships in which the Resigning Directors currently: (i) hold positions in management or supervisory bodies; (ii) hold shares (in the case of companies listed on the WSE or on any other regulated market in Poland or abroad, and in a number representing more than 1% of the votes at the general meeting of such company); or (iii) are partners. For a list of the names of all companies and partnerships where the Resigning Directors were previously members of the administrative, management or supervisory bodies in the previous five years, see "*Additional Information—Previous Positions Held by Resigning Directors.*"

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
Danielle Arendt-Michels	1.	Adiman GP S.à r.l.	Director	Yes
	2.	Adinan Bondco S.à r.l.	Director	Yes
	3.	Adinan Holdco S.à r.l.	Director	Yes
	4.	Adinan Midco S.à r.l.	Director	Yes
	5.	Adinan Seniorco S.à r.l.	Director	Yes
	6.	Adinan Topco S.à r.l.	Director	Yes
	7.	Amadecin S.à r.l.	Manager	Yes
	8.	Asconia S.à r.l.	Manager	Yes
	9.	Azelea S.à r.l.	Manager	Yes
	10.	Ciddan S.à r.l.	Director	Yes
	11.	Cidinan S.à r.l.	Director	Yes
	12.	Cinloire Luxembourg S.à r.l.	Manager	Yes
	13.	Cintra S.à r.l.	Manager	Yes
	14.	Cinven (Luxco 1) S.A.	Director	Yes
	15.	Cinven (Luxco 2) S.A.	Director	Yes
	16.	Cinven Lux GP (VI) S.à r.l.	Manager	Yes
	17.	Cinven Lux GP (VII) S.à r.l.	Manager	Yes
	18.	Cinven Lux GP SFF S.à r.l.	Manager	Yes
	19.	Cinven Luxembourg S.à r.l.	Director	Yes
	20.	Cinven Manco S.à r.l.	Manager	Yes
	21.	Cinvert S.à r.l.	Manager	Yes
	22.	Educin Holdco S.à r.l.	Manager	Yes
	23.	Educin Midco S.à r.l.	Manager	Yes
	24.	Elisandra Invest GP S.à r.l.	Director	Yes
	25.	Elisandra S.à r.l.	Director	Yes
	26.	Elisandra Topco S.à r.l.	Director	Yes
	27.	Ephios Luxembourg S.à r.l.	Director	Yes
	28.	Ephios PV GP S.à r.l.	Director	Yes
	29.	Figaro Captital & Co. S.à r.l.	Manager	Yes
	30.	Loire Finco Luxembourg S.à r.l.	Manager	Yes
	31.	Loire Topco S.à r.l.	Manager	Yes
	32.	Modacin Luxembourg S.à r.l.	Manager	Yes

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	33.	Nidda Midco S.à r.l	Director	Yes
	34.	Nidda Topco S.à r.l	Director	Yes
	35.	Nuage S.à r.l.	Director	Yes
	36.	Nube S.à r.l.	Director	Yes
	37.	Placin Midco S.à r.l.	Director	Yes
	38.	Placin S.à r.l.	Director	Yes
	39.	Placin Topco S.à r.l.	Director	Yes
	40.	Simovia S.à r.l	Director	Yes
	41.	Starcin GP Invest S.à r.l.	Director	Yes
	42.	Starcin Luxembourg S.à r.l.	Director	Yes
	43.	Starcin Midco S.à r.l.	Director	Yes
	44.	Starcin Topco S.à r.l.	Director	Yes
	45.	TI Développement S.A.	Manager	Yes
	46.	Vertical Topco II S.A.	Manager	Yes
	47.	Vertical GP S.à r.l.	Manager	Yes
	48.	Vertical Midco S.à r.l.	Manager	Yes
	49.	Vertical Topco I S.A.	Manager	Yes
	50.	Vertical Topco S.à r.l.	Manager	Yes
	51.	Zacapa Feeder S.à r.l.	Manager	Yes
	52.	Zacapa Holdco S.à r.l.	Manager	Yes
	53.	Zacapa S.à r.l.	Manager	Yes
	54.	Zacapa Topco Feeder S.à r.l.	Manager	Yes
	55.	Zacapa Topco S.à r.l.	Manager	Yes
Gautier Laurent	1.	Adinan Bondco S.à r.l.	Manager	Yes
	2.	Adiman GP S.à r.l.	Manager	Yes
	3.	Adinan Holdco S.à r.l.	Manager	Yes
	4.	Adinan Midco S.à r.l.	Manager	Yes
	5.	Adinan Seniorco S.à r.l.	Manager	Yes
	6.	Adinan Topco S.à r.l.	Manager	Yes
	7.	Asconia S.à r.l	Manager	Yes
	8.	Azelea S.à r.l.	Manager	Yes
	9.	Ciddan S.à r.l	Manager	Yes
	10.	Cidinan S.à r.l.	Manager	Yes
	11.	Cinloire Luxembourg S.à r.l.	Manager	Yes
	12.	Cintra S.à r.l.	Manager	Yes
	13.	Cinven (Luxco 1) S.A.	Director	Yes
	14.	Cinven (Luxco 2) S.A.	Director	Yes
	15.	Cinven Lux GP (VI) S.à r.l.	Manager	Yes
	16.	Cinven Lux GP (VII) S.à r.l.	Manager	Yes
	17.	Cinven Lux GP SFF S.à r.l.	Manager	Yes
	18.	Cinven Manco S.à r.l.	Manager	Yes
	19.	Cinven Spain, S.L.U.	Manager	Yes
	20.	Cinvert S.à r.l.	Manager	Yes
	21.	Educin Holdco S.à r.l.	Manager	Yes
	22.	Educin Midco S.à r.l	Manager	Yes
	23.	Elisandra Invest GP S.à r.l.	Manager	Yes
	24.	Elisandra S.à r.l.	Manager	Yes
	25.	Elisandra Topco S.à r.l.	Manager	Yes
	26.	Ephios Luxembourg S.à r.l	Manager	Yes
	27.	Ephios PV GP S.à r.l.	Manager	Yes
	28.	Figaro Captital & Co. S.à r.l.	Manager	Yes

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	29.	Loire Finco Luxembourg S.à r.l.	Manager	Yes
	30.	Loire Topco S.à r.l.	Manager	Yes
	31.	Modacin Luxembourg S.à r.l.	Manager	Yes
	32.	Nidda Midco S.à r.l.	Manager	Yes
	33.	Nidda Topco S.à r.l.	Manager	Yes
	34.	Nuage S.à r.l.	Manager	Yes
	35.	Nube S.à r.l.	Manager	Yes
	36.	Placin Midco S.à r.l.	Manager	Yes
	37.	Placin S.à r.l.	Manager	Yes
	38.	Placin Topco S.à r.l.	Manager	Yes
	39.	Proteger Holding S.à r.l.	Manager	Yes
	40.	Proteger Investments S.à r.l.	Manager	Yes
	41.	Proteger Luxembourg S.à r.l.	Manager	Yes
	42.	Starcin GP Invest S.à r.l.	Manager	Yes
	43.	Starcin Luxembourg S.à r.l.	Manager	Yes
	44.	Starcin Midco S.à r.l.	Manager	Yes
	45.	Starcin Topco S.à r.l.	Manager	Yes
	46.	Vertical Topco II S.A.	Manager	Yes
	47.	Vertical GP S.à r.l.	Manager	Yes
	48.	Vertical Midco S.à r.l.	Manager	Yes
	49.	Vertical Topco I S.A.	Manager	Yes
	50.	Vertical Topco S.à r.l.	Manager	Yes
	51.	Victoria DIY Interco S.à r.l.	Manager	Yes
	52.	Victoria Holding S.à r.l.	Manager	Yes
	53.	Zacapa Feeder S.à r.l.	Manager	Yes
	54.	Zacapa Holdco S.à r.l.	Manager	Yes
	55.	Zacapa S.à r.l.	Manager	Yes
	56.	Zacapa Topco Feeder S.à r.l.	Manager	Yes
Séverine Michel	1.	Adagilux S.à r.l.	Manager	Yes
	2.	Adiman GP S.à r.l.	Manager	Yes
	3.	Adinan Bondco S.à r.l.	Manager	Yes
	4.	Adinan Holdco S.à r.l.	Manager	Yes
	5.	Adinan Midco S.à r.l.	Manager	Yes
	6.	Adinan Seniorco S.à r.l.	Manager	Yes
	7.	Adinan Topco S.à r.l.	Manager	Yes
	8.	Artemilux Topco S.à r.l.	Manager	Yes
	9.	Athena Investments S.à r.l.	Manager	Yes
	10.	Axilogik SCSp	Manager: P6 GP S.à r.l.	Yes
	11.	Bluedrip Managers Limited	Director	Yes
	12.	BRL GP S.à r.l.	Manager	Yes
	13.	BRL Prime Holdco S.à r.l.	Manager	Yes
	14.	BRL Prime One SCSp	Manager: BRL GP S.à r.l.	Yes
	15.	Crevette Co-Invest SCSp	Manager: Permira LP Coinvest GP S.à r.l.	Yes
	16.	Elchfield DP SCSp	Manager: P6 GP S.à r.l.	Yes
	17.	Emerlux S.à r.l.	Manager	Yes
	18.	Emerlux 2 S.à r.l.	Manager	Yes
	19.	Everest Co-Invest SCSp	Manager: Permira LP Coinvest GP S.à r.l.	Yes
	20.	EvomLux S.à r.l.	Manager	Yes
	21.	Gaminghouse S.A. S.à r.l.	Director / Manager	Yes
	22.	Gaming Invest S.à r.l.	Manager	Yes
	23.	Garfunkelux S.à r.l.	Manager	Yes

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	24.	Garfunkelux Holdco 1 S.à r.l.	Manager	Yes
	25.	Garfunkelux Holdco 2 S.A.	Director	Yes
	26.	Garfunkelux Holdco 3 S.A.	Director	Yes
	27.	Garfunkelux Invest S.à r.l.	Manager	Yes
	28.	Garfunkelux Nominee S.à r.l.	Manager	Yes
	29.	Garfunkelux PBA S.à r.l.	Manager	Yes
	30.	Greeneden S.à r.l.	Manager	Yes
	31.	Greeneden Lux 2 S.à r.l.	Manager	Yes
	32.	Greeneden Lux 3 S.à r.l.	Manager	Yes
	33.	Greeneden Topco SCA	Manager: Greeneden S.à r.l.	Yes
	34.	IDO Lux SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	35.	IngreLux S.à r.l.	Manager	Yes
	36.	Ithacalux S.à r.l.	Manager	Yes
	37.	Ithacalux GP S.à r.l.	Manager	Yes
	38.	Ithacalux Topco SCA	Manager: Ithacalux GP S.à r.l.	Yes
	39.	KataLogg SCSp	Manager: Permira VII GP S.à r.l.	Yes
	40.	Kinailux S.à r.l.	Manager	Yes
	41.	Lavena 1 S.à r.l.	Liquidator	Yes
	42.	Lavena 2 S.à r.l.	Liquidator	Yes
	43.	Lavena 3 S.à r.l.	Liquidator	Yes
	44.	Lynclux SCSp	Manager: Permira VII GP S.à r.l.	Yes
	45.	Monitech S.à r.l.	Manager	Yes
	46.	Monitech Holdco 1 S.à r.l.	Manager	Yes
	47.	Monitech Holdco 2 S.A.	Director	Yes
	48.	Monitech Holdco 3 S.A.	Director	Yes
	49.	Monitech Midco S.à r.l.	Manager	Yes
	50.	Monitech Kansas S.à r.l.	Manager	Yes
	51.	Mykial SCSp	Manager: Permira VII GP S.à r.l.	Yes
	52.	Mystise SCSp	Manager: Permira GO GP S.à r.l.	Yes
	53.	P5 CIS S.à r.l.	Manager	Yes
	54.	P6 Co-Investment SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	55.	P6 GP S.à r.l.	Manager	Yes
	56.	PantheLux S.à r.l.	Manager	Yes
	57.	PantheLux Topco S.à r.l.	Manager	Yes
	58.	Permira Chrome Opportunities SCSp	Manager: Permira T GP S.à r.l.	Yes
	59.	Permira Co-Investment GP S.à r.l.	Manager	Yes
	60.	PCS PS S.à r.l.	Manager	Yes
	61.	PCS S S.à r.l.	Manager	Yes
	62.	Permira Credit Opportunities I GP S.à r.l.	Manager	Yes
	63.	Permira Credit Opportunities I SCSp	Manager: Permira Credit Opportunities I GP S.à r.l.	Yes
	64.	Permira Credit Solutions S Coinvestment SCSp	Manager: Permira Managed Account GP S.à r.l.	Yes
	65.	Permira Credit Solutions II Investment I S.à r.l.	Manager	Yes
	66.	PDM Co-Investment GP S.à r.l.	Manager	Yes
	67.	Permira Credit Solutions IV Co-Investment SCSp	Manager: PDM Co-Investment GP S.à r.l.	Yes
	68.	Permira Credit Solutions IV GP S.à r.l.	Manager	Yes
	69.	Permira Credit Solutions Pine SCSp	Manager: Permira Managed Account GP S.à r.l.	Yes

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	70.	Permira Credit Solutions Q Managed Account SCSp	Manager: Permira Managed Account GP S.à r.l.	Yes
	71.	Permira Credit Solutions Q S.à r.l.	Manager	Yes
	72.	Permira Credit Solutions III Co-Investment SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	73.	Permira Credit Solutions PS SCSp	Manager: Permira Managed Account GP S.à r.l.	Yes
	74.	Permira Credit Solutions 4 Master Euro S.à r.l.	Manager	Yes
	75.	Permira Credit Solutions 4 Senior Euro S.à r.l.	Manager	Yes
	76.	Permira Credit Solutions 4 GBP S.à r.l.	Manager	Yes
	77.	Permira Credit Solutions IV Sub Master Euro S.à r.l.	Manager	Yes
	78.	Permira Credit Solutions IV Master (Feeder) SCSp	Manager: Permira Credit Solutions IV GP S.à r.l.	Yes
	79.	Permira Credit Solutions IV Master Euro SCSp	Manager: Permira Credit Solutions IV GP S.à r.l.	Yes
	80.	Permira Credit Solutions IV Senior Euro SCSp	Manager: Permira Credit Solutions IV GP S.à r.l.	Yes
	81.	Permira Credit Solutions IV Senior GBP SCSp	Manager: Permira Credit Solutions IV GP S.à r.l.	Yes
	82.	Permira GO GP S.à r.l. (form. Colimary S.à r.l.)	Manager	Yes
	83.	Permira Growth Opportunities Scheme SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	84.	Permira Growth Opportunities I I.A.S. SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	85.	Permira LP Coinvest GP S.à r.l.	Manager	Yes
	86.	Permira Luxembourg S.à r.l.	Manager	Yes
	87.	Permira Managed Account GP S.à r.l.	Manager	Yes
	88.	Permira Management S.à r.l.	Manager	Yes
	89.	Permira Pine Opportunities SCSp	Manager: Permira T GP S.à r.l.	Yes
	90.	Permira Sigma V Co-Investment SCSp	Manager: PDM Co-Investment GP S.à r.l.	Yes
	91.	Permira Sigma V Co-Investment 2 SCSp	Manager: PDM Co-Investment GP S.à r.l.	Yes
	92.	Permira Star Opportunities SCSp	Manager: Permira T GP S.à r.l.	Yes
	93.	Permira Susquehanna Opportunities SCSp	Manager: Permira T GP S.à r.l.	Yes
	94.	Permira T GP S.à r.l.	Manager	Yes
	95.	Permira VI Investment Platform S.à r.l.	Manager	Yes
	96.	Permira VII AE1 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	97.	Permira VII AE2 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	98.	Permira VII Feeder 1 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	99.	Permira VII Feeder 3 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	100.	Permira VII GP S.à r.l.	Manager	Yes
	101.	Permira VII I.A.S. SCSp	Manager: Permira VII GP S.à r.l.	Yes
	102.	Permira VII Investment Platform S.à r.l.	Manager	Yes
	103.	Permira VII L.P.2 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	104.	Providus Investments SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	105.	Quake TopCo SCSp	Manager: Permira VII GP S.à r.l.	Yes
	106.	Refo SCSp Luxembourg	Manager: P6 GP S.à r.l.	Yes
	107.	RoadRunnerOne Co-Invest SCSp	Manager: Permira T GP S.à r.l.	Yes
	108.	Skelo SCSp	Manager: P6 GP S.à r.l.	Yes
	109.	Springlux Midco S.à r.l.	Manager	Yes
	110.	Springlux Topco S.à r.l.	Manager	Yes
	111.	TDE Luxco S.à r.l.	Manager	Yes
	112.	TigerLuxOne S.à r.l.	Manager	Yes

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	113.	TigerLuxOne GP S.à r.l.	Manager	Yes
	114.	TigerLuxOne Holdco S.C.A.	Manager / Liquidator: TigerLuxOne Midco S.à r.l.	Yes
	115.	TigerLuxOne Midco S.à r.l.	Manager	Yes
	116.	Topsi 1 S.à r.l.	Manager	Yes
	117.	Topsi 2 S.à r.l.	Manager	Yes
Cédric Pedoni	1.	Adagilux S.à r.l.	Manager	Yes
	2.	Adiman GP S.à r.l.	Manager	Yes
	3.	Adinan Bondco S.à r.l.	Manager	Yes
	4.	Adinan Holdco S.à r.l.	Manager	Yes
	5.	Adinan Midco S.à r.l.	Manager	Yes
	6.	Adinan Seniorco S.à r.l.	Manager	Yes
	7.	Adinan Topco S.à r.l.	Manager	Yes
	8.	Artemilux Topco S.à r.l.	Manager	Yes
	9.	Athena Investments Luxembourg S.à r.l.	Manager	Yes
	10.	Axilogik SCSp	Manager: P6 GP S.à r.l.	Yes
	11.	Bluedrip Managers Limited	Director	Yes
	12.	BRL GP S.à r.l.	Manager	Yes
	13.	BRL Prime Holdco S.à r.l.	Manager	Yes
	14.	BRL Prime One SCSp	Manager: BRL GP S.à r.l.	Yes
	15.	Crevette Co-Invest SCSp	Manager: Permira LP Coinvest GP S.à r.l.	Yes
	16.	Elchfield DP SCSp	Manager: P6 GP S.à r.l.	Yes
	17.	Emerlux S.à r.l.	Manager	Yes
	18.	Emerlux S.à r.l.	Manager	Yes
	19.	Everest Co-Invest SCSp	Manager: Permira LP Coinvest GP S.à r.l.	Yes
	20.	EvomLux S.à r.l.	Manager	Yes
	21.	Gaminghouse S.à r.l.	Director / Manager	Yes
	22.	Gaming Invest S.à r.l.	Manager	Yes
	23.	Garfunkelux S.à r.l.	Manager	Yes
	24.	Garfunkelux Holdco S.à r.l.	Manager	Yes
	25.	Garfunkelux Holdco S.A.	Director	Yes
	26.	Garfunkelux Holdco S.A.	Director	Yes
	27.	Garfunkelux Invest S.à r.l.	Manager	Yes
	28.	Garfunkelux Nominee S.à r.l.	Manager	Yes
	29.	Garfunkelux PBA S.à r.l.	Manager	Yes
	30.	Greeneden S.à r.l.	Manager	Yes
	31.	Greeneden Lux 2 S.à r.l.	Manager	Yes
	32.	Greeneden Lux 3 S.à r.l.	Manager	Yes
	33.	Greeneden Topco SCA	Manager: Greeneden S.à r.l.	Yes
	34.	IDO Lux SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	35.	IngreLux S.à r.l.	Manager	Yes
	36.	Ithacalux S.à r.l.	Manager	Yes
	37.	Ithacalux 2 S.à r.l.	Liquidator Ithacalux GP S.à r.l.	Yes
	38.	Ithacalux GP S.à r.l.	Manager	Yes
	39.	Ithacalux Topco SCA	Manager: Ithacalux GP S.à r.l.	Yes
	40.	KataLogg SCSp	Manager: Permira VII GP S.à r.l.	Yes
	41.	Kinailux S.à r.l.	Manager	Yes
	42.	Lavena 1 S.à r.l.	Liquidator	Yes
	43.	Lavena 2 S.à r.l.	Liquidator	Yes
	44.	Lavena 3 S.à r.l.	Liquidator	Yes



<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	45.	Lynclux SCSp	Manager: Permira VII GP S.à r.l. / Liquidator	Yes
	46.	Metamorphlux Topco S.à r.l.	Liquidator	Yes
	47.	Monitech S.à r.l.	Manager	Yes
	48.	Monitech Holdco 1 S.à r.l.	Manager	Yes
	49.	Monitech Holdco 2 S.A.	Director	Yes
	50.	Monitech Holdco 3 S.A.	Director	Yes
	51.	Monitech Midco S.à r.l.	Manager	Yes
	52.	Monitech Kansas S.à r.l.	Manager	Yes
	53.	Mykial SCSp	Manager: Permira VII GP S.à r.l.	Yes
	54.	Mystise SCSp	Manager: Permira GO GP S.à r.l.	Yes
	55.	P5 CIS S.à r.l.	Manager	Yes
	56.	P6 Co-Investment SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	57.	PGP S.à r.l.	Manager	Yes
	58.	PantheLux S.à r.l.	Manager	Yes
	59.	PantheLux Topco S.à r.l.	Manager	Yes
	60.	Permira Chrome Opportunities SCSp	Manager: Permira T GP S.à r.l.	Yes
	61.	Permira Co-Investment GP S.à r.l.	Manager	Yes
	62.	PCS PS S.à r.l.	Manager	Yes
	63.	PCS S S.à r.l.	Manager	Yes
	64.	Permira Credit Opportunities I GP S.à r.l.	Manager	Yes
	65.	Permira Credit Opportunities I SCSp	Manager: Permira Credit Opportunities I GP S.à r.l.	Yes
	66.	Permira Credit Solutions S Coinvestment SCSp	Manager: Permira Managed Account GP S.à r.l.	Yes
	67.	Permira Credit Solutions II Investment I S.à r.l.	Manager	Yes
	68.	PDM Co-Investment GP S.à r.l.	Manager	Yes
	69.	Permira Credit Solutions IV Co-Investment SCSp	Manager: PDM Co-Investment GP S.à r.l.	Yes
	70.	Permira Credit Solutions IV GP S.à r.l.	Manager	Yes
	71.	Permira Credit Solutions Pine SCSp	Manager: Permira Managed Account GP S.à r.l.	Yes
	72.	Permira Credit Solutions Q Managed Account SCSp	Manager: Permira Managed Account GP S.à r.l.	Yes
	73.	Permira Credit Solutions Q S.à r.l.	Manager	Yes
	74.	Permira Credit Solutions III Co-Investment SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	75.	Permira Credit Solutions PS SCSp	Manager: Permira Managed Account GP S.à r.l.	Yes
	76.	Permira Credit Solutions 4 Master Euro S.à r.l.	Manager	Yes
	77.	Permira Credit Solutions 4 Senior Euro S.à r.l.	Manager	Yes
	78.	Permira Credit Solutions GBP S.à r.l.	Manager	Yes
	79.	Permira Credit Solutions IV Sub Master Euro S.à r.l.	Manager	Yes
	80.	Permira Credit Solutions IV Master (Feeder) SCSp	Manager: Permira Credit Solutions IV GP S.à r.l.	Yes
	81.	Permira Credit Solutions IV Master Euro SCSp	Manager: Permira Credit Solutions IV GP S.à r.l.	Yes
	82.	Permira Credit Solutions IV Senior Euro SCSp	Manager: Permira Credit Solutions IV GP S.à r.l.	Yes
	83.	Permira Credit Solutions IV Senior GBP SCSp	Manager: Permira Credit Solutions IV GP S.à r.l.	Yes
	84.	Permira GO GP S.à r.l. (form. Colimary S.à r.l.)	Manager	Yes

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	85.	Permira Growth Opportunities Scheme SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	86.	Permira Growth Opportunities I I.A.S. SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	87.	Permira LP Coinvest GP S.à r.l.	Manager	Yes
	88.	Permira Luxembourg S.à r.l.	Manager	Yes
	89.	Permira Managed Account GP S.à r.l.	Manager	Yes
	90.	Permira Management S.à r.l.	Manager	Yes
	91.	Permira Pine Opportunities SCSp	Manager: Permira T GP S.à r.l.	Yes
	92.	Permira Sigma V Co-Investment SCSp	Manager: PDM Co-Investment GP S.à r.l.	Yes
	93.	Permira Sigma V Co-Investment SCSp	Manager: PDM Co-Investment GP S.à r.l.	Yes
	94.	Permira Star Opportunities SCSp	Manager: Permira T GP S.à r.l.	Yes
	95.	Permira Susquehanna Opportunities SCSp	Manager: Permira T GP S.à r.l.	Yes
	96.	Permira T GP S.à r.l.	Manager	Yes
	97.	Permira VI Investment Platform S.à r.l.	Manager	Yes
	98.	Permira VII AE1 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	99.	Permira VII AE2 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	100.	Permira VII Feeder 1 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	101.	Permira VII Feeder 3 SCSp	Manager: Permira VII GP S.à r.l.	Yes
	102.	Permira VII GP S.à r.l.	Manager	Yes
	103.	Permira VII I.A.S. SCSp	Manager: Permira VII GP S.à r.l.	Yes
	104.	Permira VII Investment Platform S.à r.l.	Manager	Yes
	105.	Permira VII L.P2.SCSp	Manager: Permira VII GP S.à r.l.	Yes
	106.	Providus Investments SCSp	Manager: Permira Co-Investment GP S.à r.l.	Yes
	107.	Quake TopCo SCSp	Manager: Permira VII GP S.à r.l.	Yes
	108.	Refo SCSp	Manager: P6 GP S.à r.l.	Yes
	109.	RoadRunnerOne Co-Invest SCSp	Manager: Permira T GP S.à r.l.	Yes
	110.	Skelo SCSp	Manager: P6 GP S.à r.l.	Yes
	111.	Springlux Midco S.à r.l.	Manager	Yes
	112.	Springlux Topco S.à r.l.	Manager	Yes
	113.	TDE Luxco S.à r.l.	Manager	Yes
	114.	TigerLuxOne S.à r.l.	Manager	Yes
	115.	TigerLuxOne GP S.à r.l.	Manager	Yes
	116.	TigerLuxOne Holdco S.C.A.	Manager / Liquidator: TigerLuxOne Midco S.à r.l.	Yes
	117.	TigerLuxOne Midco S.à r.l.	Manager	Yes
	118.	Topsi 1 S.à r.l.	Manager	Yes
	119.	Topsi 2 S.à r.l.	Manager	Yes
Gilles Willy Duroy	1.	Adinan BondCo S.à r.l.	Manager	Yes
	2.	Adinan HoldCo S.à r.l.	Manager	Yes
	3.	Adinan MidCo S.à r.l.	Manager	Yes
	4.	Adinan SeniorCo S.à r.l.	Manager	Yes
	5.	Adinan TopCo S.à r.l.	Manager	Yes
	6.	Adriatic Lux Midco S.à r.l.	Manager	Yes
	7.	Adriatic Luxco 2 S.à r.l.	Manager	Yes
	8.	Adriatic Luxco S.à r.l.	Manager	Yes
	9.	CEE Transport Holdco S.à r.l.	Manager	Yes
	10.	Celero Investments S.à r.l.	Manager	Yes
	11.	Dragon Bidco S.à r.l.	Manager	Yes
	12.	EECF Delta S.à r.l.	Manager	Yes

<u>Name</u>	<u>#</u>	<u>Name of Company</u>	<u>Position</u>	<u>Does the Director continue to serve in this capacity?</u>
	13.	INSP GP S.à r.l.	Manager	Yes
	14.	INSP International S.à r.l.	Manager	Yes
	15.	LX Alpha S.à r.l.	Manager	Yes
	16.	LX Beta S.à r.l.	Manager	Yes
	17.	LX Hortus GP S.à r.l.	Manager	Yes
	18.	LX Hortus S.à r.l.	Manager	Yes
	19.	LX Vistula S.à r.l.	Manager	Yes
	20.	MEP Retail Luxco S.à r.l.	Manager	Yes
	21.	MEP Retail Midco S.à r.l.	Manager	Yes
	22.	MEP Retail Topco S.à r.l.	Manager	Yes
	23.	MEP Shelfco IV S.à r.l.	Manager	Yes
	24.	MEP Shelfco V S.à r.l.	Manager	Yes
	25.	Mepinan S.à r.l.	Manager	Yes
	26.	Mid Europa Fund Management Luxembourg S.à r.l.	Manager	Yes
	27.	Mino Holding S.à r.l.	Manager	Yes
	28.	Minosant GP S.à r.l.	Manager	Yes
	29.	MIP Celero GP S.à r.l.	Manager	Yes
	30.	Radiance Energy Holding S.à r.l.	Manager	Yes
	31.	Royal Capital Investments S.à r.l.	Manager	Yes
	32.	Seaside Holding S.à r.l.	Manager	Yes
	33.	Seaside MIP S.à r.l.	Manager	Yes
	34.	SEE Bakery International S.à r.l.	Manager	Yes
	35.	Smyrna Healthcare S.à r.l.	Manager	Yes
	36.	Smyrna Investor S.à r.l.	Manager	Yes

### Positions held by the Senior Managers in other Companies and Partnerships

The table below presents information on other companies and partnerships in which, during the last five years, the Senior Managers: (i) held positions in management or supervisory bodies; (ii) held shares (in the case of companies listed on the WSE or on any other regulated market in Poland or abroad, and in a number representing more than 1% of the votes at the general meeting of such company); or (iii) were partners.

<u>Name</u>	<u>#</u>	<u>Name of Company</u>	<u>Position</u>	<u>Does the Senior Manager continue to serve in this capacity?</u>
Marcin Łachajczyk	1.	Ceneo.pl sp. z o.o.	General Manager / Management Board Member	Yes
Damian Zapłata		Allegro.pl sp. z o.o.	Management Board Member	Yes
	2.	eBilet Polska sp. z o.o.	Chairman of Supervisory Board	Yes
	3.	Allegro Finance sp. z o.o.	Director	Yes
	4.	Trade Analytics sp. z o.o.	Director	Yes
	5.	First Data Polska S.A.	CEO	No
	6.	First Data Baltics	Supervisory Board Member	No
	7.	Cardnet Ltd	Supervisory Board Member	No
Piotr Szybiak	1.	Allegro.pl sp. z o.o.	Management Board Member	Yes
	2.	Grupa Allegro sp. z o.o.	Management Board Member	No
Wojciech Bogdan	1.	Allegro Pay sp. z o.o.	Supervisory Board Member	Yes
	2.	Ceneo.pl sp. z o.o.	Management Board Member	Yes
	3.	McKinsey & Co.	Partner	No

## **Conflicts of Interest and Other Information**

David Barker, Daniele Arendt and Gautier Laurent, each of whom is a non-executive Director of the Issuer, each holds positions at Cinven, which is an advisor to the managing general partner of the Sixth Cinven Fund.

Richard Sanders, Séverine Michel and Cédric Pedoni, each of whom is a non-executive Director of the Issuer, each holds positions at Permira, which is an advisor of Permira VI Investment Platform Limited.

Paweł Padusiński and Gilles Willy Duroy, each of whom is a non-executive Director of the Issuer, each holds positions at Mid Europa Partners or its affiliates. Mid Europa Partners is an advisor to the general partner of funds invested in Mepinan S.à r.l.

Save as set out above, there are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Issuer and their private interests or other duties.

During the last five years, none of the members of the Issuer's Board or any Senior Manager: (i) has been convicted of fraudulent offenses; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

### ***Special Committees of the Issuer's Board***

Before or as soon as reasonably practicable after Admission, the Issuer will have the following committees: (i) an audit committee (the "**Audit Committee**") and (ii) a remuneration and nomination committee (the "**Remuneration and Nomination Committee**").

#### *Audit Committee*

The tasks of the Audit Committee include financial controls (supervision of internal and external auditing, monitoring of financial reporting) as well as supervision of persons entrusted with the management of the Group (internal control system). In particular, its duties and responsibilities include: (i) the determination of the audit plan for a period of several years as well as the scope of the internal and external audits, (ii) discussion of the audit reports with the internal and external auditors as well as with the management, and the monitoring of their implementation, (iii) the assessment of the performance of the internal and external auditors as well as their cooperation with one another and support of the Issuer's Board in the nomination of the external auditors to be proposed to the shareholders' meeting for election, (iv) checking the independence of the internal audit department from the Group and the units to be audited as well as the approval of the guidelines for the work of the internal audit department, (v) the assessment of the consolidated financial statements, the statutory financial statements and the management report of the Issuer as well as the decision whether they can be recommended to the Issuer's Board for submission to the shareholders' meeting and (vi) the assessment and further development of the internal control system.

At Admission, the Audit Committee will consist of David Barker, Nancy Cruickshank and Carla Smits-Nusteling (who will serve as chairperson of the Audit Committee).

#### *Remuneration and Nomination Committee*

The tasks of the Remuneration and Nomination Committee consist of (i) the preparation and periodical review of the Group's compensation policy and principles and the performance criteria related to compensation and the periodical review of their implementation as well as the submission of proposals and recommendations to the Issuer's Board and (ii) the preparation of all relevant decisions of the Issuer's Board in relation to the nomination of the members of the Issuer's Board as well as submission of proposals and recommendations to the Issuer's Board. The Issuer's Board may delegate further powers and duties to the Remuneration and Nomination Committee. The chief executive officer and/or the chief financial officer of the Issuer or any member of the Issuer's Board may be invited as an observer from time to time.

At Admission, the Remuneration and Nomination Committee will consist of Nancy Cruickshank, Darren Huston (who will serve as chairperson of the Remuneration and Nomination Committee) and Carla Smits-Nusteling.

## Remuneration and Benefits

Costs of remuneration of the Directors incurred for the six months ended June 30, 2020 amounted to PLN 4.9 million (which included PLN 2.3 million of accrued bonuses), as compared to PLN 5.1 million for the six months ended June 30, 2019, PLN 10.2 million for the year ended December 31, 2019, PLN 9.3 million for the year ended December 31, 2018 and PLN 0.3 million for the year ended December 31, 2017.

Costs of remuneration for non-executive Directors incurred during the six months ended June 30, 2020 amounted to PLN 0.1 million, as compared to PLN 0.1 million for the six months ended June 30, 2019, PLN 0.2 million for the year ended December 31, 2019, PLN 0.2 million for the year ended December 31, 2018 and PLN 0.2 million for the year ended December 31, 2017.

Costs of remuneration for the Senior Managers incurred during the six months ended June 30, 2020 amounted to PLN 2.9 million, as compared to PLN 2.3 million for the six months ended June 30, 2019, PLN 4.6 million for the year ended December 31, 2019, PLN 4.1 million for the year ended December 31, 2018 and PLN 2.8 million for the year ended December 31, 2017.

Benefits in kind provided to the Directors totaled less than PLN 0.1 million during the six months ended June 30, 2020, the year ended December 31, 2019, the year ended December 31, 2018 and the year ended December 31, 2017.

## Investment Opportunities and Incentive Plans

### *Historic Investment Opportunities*

The Group has operated an arrangement (the "**Investment Opportunities**") pursuant to which members of the Issuer's Board and key employees of the Group invested into the Group at the fair market value of the securities they acquired. The Chairman also separately invested into the Group at the fair market value of the securities he acquired. As part of the Offering, such individuals will, in aggregate, sell approximately 11% of their Shares. They will be required to hold the balance of the Shares for 360 days from the Listing Date as set out in more detail under "*Underwriting, Stabilization and Lock-up—Lock-up Agreements—Lock-ups for Individuals.*"

### *Allegro Incentive Plan*

The Issuer has adopted the Allegro Incentive Plan (the "**AIP**"), conditional on Admission. The AIP is a discretionary plan under which awards in the form of performance share units ("**PSUs**") and/or restricted stock units ("**RSUs**") may be granted to employees of the Group (including the Directors) at the discretion of the Remuneration and Nomination Committee. The AIP has been established by the general meeting of the Issuer and is in line with the Group's remuneration policy.

In addition, in light of the Issuer's desire to encourage employee share ownership, it is intended that all employees who are employed by the Group on the Listing Date, and who do not hold any Shares pursuant to the Investment Opportunities (as discussed in "*—Historic Investment Opportunities*" above), will receive a one-off award over Shares under the AIP with a value of PLN 10,000 (the "**IPO Share Grant**").

Assuming the Offering is completed at the Bottom of the Offer Price Range, it is anticipated that 729,300 Shares of an aggregate value of approximately PLN 25.5 million will be granted to employees immediately before but conditional on Admission under the IPO Share Grant. Assuming the Offering is completed at the Top of the Offer Price Range, it is anticipated that 594,150 Shares of an aggregate value of approximately PLN 25.5 million will be granted to employees immediately before but conditional on Admission under the IPO Share Grant. The foregoing figures are based on the assumption that 2,550 employees will be employed by the Group as of the Listing Date.

The number of Shares actually awarded to each employee under the IPO Share Grant is determined by dividing PLN 10,000 by the final Retail Investors Offer Price, rounded up to the nearest whole Share.

The Shares awarded will be subject to a vesting period of 360 days commencing on the Listing Date, during which the employees may not, save for in certain limited circumstances, approved by the Remuneration and Nomination Committee, receive, sell or otherwise deal in their Shares. However, once awarded, the Shares may not be forfeited.

A summary of the material terms of the AIP (excluding the IPO Share Grant, which is summarized above) is set out below.

### *Eligibility*

Awards may be granted to Directors and certain selected employees of the Group at the discretion of the Remuneration and Nomination Committee.

### *Forms of Awards*

Awards under the AIP may be granted in the form of PSUs or RSUs which give the participants a right to receive Shares without payment on completion of a vesting period and, in the case of PSUs, subject to the satisfaction of performance conditions. The AIP rules also include flexibility for the Remuneration and Nomination Committee to grant other forms of awards.

### *Overall Plan Limits*

In any ten-year period, not more than 10% of the issued share capital of the Issuer may be issued or transferred out of treasury for the purposes of awards granted under the AIP and any other discretionary employees' share plans adopted by the Issuer. This limit does not include management investment into the Issuer or awards that have been made or granted on or prior to Admission (including conditional upon Admission) or have lapsed.

### *Individual Limits*

The aggregate total market value of Shares over which an award is granted may not exceed 200% of annual base salary or 300% in exceptional circumstances (as measured at the date of grant).

The Remuneration and Nomination Committee will determine the value of awards to be granted to each Participant in any financial year.

### *Source of Shares*

Awards under the AIP may be granted over newly issued Shares, Shares held in treasury or Shares purchased in the market (including Shares held in a Group employee trust).

### *Timing of Awards*

The first awards under the AIP are expected to be granted in April 2021. Thereafter, awards will normally be granted within the six-week period after the Issuer announces its annual results. However, the Remuneration and Nomination Committee may grant awards outside this period at its discretion. No awards may be granted more than ten years after the AIP was adopted.

### *Performance Conditions*

Awards in the form of PSUs will be subject to performance conditions which will be determined by the Remuneration and Nomination Committee at the time of grant. Awards will vest between 0% (if the performance conditions are not met) to 200% (at maximum level) based on the extent to which the performance conditions are met.

Any performance condition may be amended or substituted if one or more events occur which cause the Remuneration and Nomination Committee to consider that an amended or substituted performance condition would be more appropriate. Any such amended or substituted performance condition will, in the reasonable opinion of the Remuneration and Nomination Committee, not be materially more or less difficult to satisfy.

### *Vesting and Release of Awards*

RSUs will vest and Shares be released in the ordinary course on the first, second and third anniversaries of the date of grant, subject to continued employment.

PSUs will vest in the ordinary course on the first, second and third anniversaries of the date of grant and be released on the third anniversary of grant, subject to continued employment and satisfaction of the relevant performance conditions applicable to such PSU.

The Remuneration and Nomination Committee may grant awards subject to a different vesting period and release schedule, at its discretion. Any part of an AIP award which is not released in accordance with its terms will immediately lapse.

### *Malus and Clawback*

The Remuneration and Nomination Committee, may reduce the number of Shares under a PSU or within the period of two years after a PSU has been released, require the repayment of some or all of the Shares so released (net of any tax), if certain events occur, including (i) the Participant's gross misconduct, fraud or dishonesty or that of someone else at their direction, in each case, resulting in material losses to the Issuer or the Group or causing the Issuer material reputational damage and (ii) a material error in the assessment of the performance (including material misstatement of accounts in the case of clawback) upon which the value of the award was granted or number of Shares were released.

Awards in the form of RSUs will not be subject to any malus and clawback provisions.

### *Leaving the Group*

If a Participant ceases to be employed within the Group:

- by reason of (i) gross misconduct or (ii) resignation where the Participant joins a competitor (as determined by the Remuneration and Nomination Committee from time to time) within twelve months of the date on which they do cease to be employed (the "**Termination Date**"), they will be considered a "bad leaver"; and
- for any other reason, they will be considered a "good leaver."

For PSU awards:

- if a Participant is a "bad leaver," any outstanding awards lapse (vested and unvested portions) and any Shares received under the AIP in the twelve months prior to the Termination Date (and, if applicable, in the period between the Termination Date and the date on which the Participant joins a competitor) must (on a net of tax basis) be repaid to the Issuer; and
- if a Participant is a "good leaver":
  - subject to the bullet point below, the vested portion of the award will be released on the scheduled release date unless the Remuneration and Nomination Committee determines that the award will be released at, or immediately before, the Termination Date. The number of Shares that may be released shall be determined by reference to the extent to which the performance conditions have been met as at the release date, capped at 100% of the Shares that have vested at the Termination Date; and
  - in the event an individual is dismissed by the Issuer (other than for gross misconduct) within six months following a change to the majority of (A) the Board or (B) the management board of Allegro.pl sp. z o.o., within any twelve month-period, the treatment is as for the bullet point above save that:
    - the vested portion shall be calculated by reference to completed months served from the date of grant to the Termination Date as a proportion of the three-year vesting period (as opposed to the annual vesting schedule); and
    - the Shares will be released on or around the Termination Date unless no additional tax liability for the Participant would be triggered if the Shares were released on the scheduled release date.

For RSU awards:

- if a Participant is a "bad leaver," no further awards shall vest and any Shares received under the AIP in the twelve months prior to the Termination Date must (on a net of tax basis) be repaid to the Issuer; and
- if a Participant is a "good leaver," no further awards shall vest unless the Remuneration and Nomination Committee exercises its discretion otherwise.

For both PSUs and RSUs, if a Participant who is considered a "good leaver" on their Termination Date later breaches their restrictive covenants, any outstanding awards held by them at that time would lapse and they would have to repay (on a net of tax basis) to the Issuer any Shares delivered to them under the AIP in the twelve-month period immediately prior to the breach.

### *Takeovers and Reorganizations*

On the occurrence of a change of control event, vesting of awards will be accelerated and Shares released, by reference, in the case of the PSUs, to the extent to which any performance conditions have been met, at or around the date of the change of control.

Alternatively, where the change of control results in another company owning more than 50% of the Shares, Participants may agree with that company to release their awards in consideration for equivalent awards over Shares in that company.

There will be a change of control where a person (or group of persons acting in concert) acquires more than 33.33% of the issued share capital of the Issuer.

### *Variation of Capital*

In the event of any variation in the share capital of the Issuer (including without limitation a capitalization issue, rights or bonus issue or subdivision or consolidation of share capital, or a reduction of capital, in the event of a demerger or payment of a special dividend), the Remuneration and Nomination Committee may adjust the number of Shares under award to reflect the variation.

### *General*

Awards granted under the AIP are not assignable or transferrable except on death. A participant will not have any voting or dividend rights prior to Shares being released to them.

### *Amendments*

The Remuneration and Nomination Committee may amend the AIP at any time. However, shareholder approval will be required in respect of any amendments to the advantage of Participants or eligible employees relating to the key features of the AIP, unless the amendment is minor and made to benefit the administration of the AIP, to take account of a change in legislation or to obtain or maintain favorable tax, exchange control or regulatory treatment. Key features are: who can be a Participant, the limits on the number of Shares which can be issued under the AIP, the basis for determining a Participant's entitlement to Shares and the terms on which they can be acquired, and the provisions relating to adjustments in the event of a variation in the Issuer's share capital. Majority consent of Participants may also be required where any amendment would result in a material disadvantage to the Participants.

Additional schedules to the rules can be established to operate the AIP outside Poland. These schedules can vary the rules of the AIP to take account of any securities, exchange control or taxation laws or regulations.

### ***Group Employee Trust***

The Issuer operates a Group employee trust in conjunction with the Investment Opportunities. Details of the interests of the Group employee trust in Shares immediately prior to, and immediately following, the Listing Date (based on the assumptions set out therein) are set out in "*—Directors' and Senior Managers' Interests*" below.

### **Directors' and Senior Managers' Interests**

The table below presents details of the interests of the Directors, the Senior Managers, the Group employee trust operated by the Issuer and, in aggregate, other Group employees and former employees in the share capital of the Issuer immediately prior to and immediately following the Listing Date based on the assumptions set out in the paragraph below. In total, 65 employees, former employees and Directors hold interests in the share capital of the Issuer pursuant to investments they have made in the Group. Further details in relation to these interests can be found at "*—Investment Opportunities and Incentive Plans*."

The numbers and percentages of Shares listed below assume that all Sale Shares were offered and subscribed for by investors, the applicable foreign currency exchange rate is the Latest Practicable FX Rate (as defined below) and there was no exercise of the Over-Allotment Option.

The aggregate percentage of Shares held immediately after the Listing Date by the Directors, the Senior Managers, other Group employees and former employees and the Group employee trust is 5.87% at the Bottom of the Offer Price Range and 6.27% at the Top of the Offer Price Range. The actual numbers and percentages of Shares held by these individuals will be determined by the Institutional Investors Offer Price.



The number of Shares shown below as being held immediately after the Listing Date reflects the sale in the Offering of a percentage of the interest in Shares held immediately prior to the Listing Date by any Individual Selling Shareholders (where applicable). In any case where all or part of an individual's investment in the Shares was funded by loans from a member of the Group, the proceeds of any sale of Shares by that individual will be used to fully repay such loans.

Shareholder	Shares or interests in Shares held immediately prior to the Listing Date				Shares or interests in Shares held immediately after the Listing Date (assuming no exercise of the Over-Allotment Option) <sup>(1)(2)</sup>			
	Bottom of the Offer Price Range:		Top of the Offer Price Range:		Bottom of the Offer Price Range:		Top of the Offer Price Range:	
	Number of Shares	% of total Shares	Number of Shares	% of total Shares	Number of Shares	% of total Shares	Number of Shares	% of total Shares
Darren Huston .....	19,771,501	1.98%	21,032,501	2.10%	18,782,926	1.83%	19,980,876	1.95%
François Nuyts .....	11,516,954	1.15%	12,261,271	1.23%	10,365,259	1.01%	11,035,144	1.08%
Jonathan Eastick .....	3,904,408	0.39%	4,157,528	0.42%	3,513,967	0.34%	3,741,775	0.37%
Marcin Lachajczyk .....	1,318,363	0.13%	1,407,970	0.14%	1,120,609	0.11%	1,196,774	0.12%
Damian Zapłata.....	4,880,824	0.49%	5,129,513	0.51%	4,148,700	0.40%	4,360,086	0.43%
Piotr Szybiak .....	3,814,601	0.38%	4,068,127	0.41%	3,242,411	0.32%	3,457,908	0.34%
Wojciech Bogdan .....	911,156	0.09%	970,747	0.10%	911,156	0.09%	970,747	0.09%
Other Group employees <sup>(3)</sup>	20,165,673	2.02%	21,396,500	2.14%	16,960,023	1.65%	17,984,172	1.76%
Group employee trust <sup>(4)</sup>	1,318,364	0.13%	1,407,971	0.14%	1,318,364	0.13%	1,407,971	0.14%
<b>Total .....</b>	<b>67,601,844</b>	<b>6.76%</b>	<b>71,832,128</b>	<b>7.18%</b>	<b>60,363,415</b>	<b>5.87%</b>	<b>64,135,453</b>	<b>6.27%</b>

(1) Reflects the intended sale of Shares set out in "The Selling Shareholders—Individual Selling Shareholders," but does not take into account any expressions of interest to subscribe in the Offering as set out in "Terms and Conditions of the Offering—Purchase by the Majority Selling Shareholders, Senior Managers and Directors."

(2) As noted in "General Information on the Group—Reorganization," the current share capital of Allegro.eu is denominated in euros and will be converted into zloty prior to the Listing Date at or around the Pricing Date and based on the Latest Practicable FX Rate.

(3) Other Group employees comprises 58 current and former employees of the Group (other than the Directors and Senior Managers).

(4) The Group employee trust holds interests in Shares for the benefit of Group employees.

## Directors' Service Agreements and Letters of Appointment

Set out below is a summary of the service contracts between the Directors with the Issuer or its subsidiaries which provide for benefits upon termination of appointment/employment.

### Executive Directors

The Chief Executive Officer has an appointment letter with the Issuer dated September 2, 2020 under which written notice may be given effective immediately by either party. No benefits are payable upon termination of the appointment (other than accrued fees for past services and reimbursement for any outstanding reasonably incurred expenses).

The Chief Executive Officer is also employed under a contract of employment with Allegro.pl dated August 1, 2018 (as amended from time to time). It is terminable by either party on twelve-months' written notice (unless both parties agree to a shorter notice period). Allegro.pl has the right to place the Chief Executive Officer on garden leave for all or part of the notice period. No other benefits are payable upon termination of the employment (other than accrued salary for past services and reimbursement for any outstanding reasonably incurred expenses).

The Chief Financial Officer has an appointment letter with the Issuer dated September 2, 2020, under which written notice may be given effectively immediately by either party. No benefits are payable upon termination of the appointment (other than accrued fees for past services and reimbursement for any outstanding reasonably incurred expenses).

The Chief Financial Officer is also employed under a contract of employment with Allegro.pl (formerly Grupa Allegro Sp. Z o.o.) dated October 30, 2017. It is terminable by either party on three-months' notice. Allegro.pl has the right to place the Chief Financial Officer on garden leave for all or part of the notice period. No other benefits are payable upon termination of the employment (other than accrued fees for past services and reimbursement for any outstanding reasonably incurred expenses).

### Non-Executive Directors

Darren Huston, David Barker, Richard Sanders, Paweł Padusiński, Nancy Cruickshank and Carla Smits-Nusteling all entered into a similar form of appointment letters with the Issuer on September 2, 2020 (save in relation to fees being paid to Mr. Huston as Chairman (the "Chairman") and to Ms. Cruickshank and Ms. Smits-Nusteling as the independent non-

executive directors). The appointment is terminable by written notice by either party, effective immediately. Upon ceasing to be a Director, the Non-Executive Directors are not entitled to receive any payments or benefits other than accrued fees for past services (in the case of the Chairman and the independent non-executive directors only) and reimbursement for any outstanding reasonably incurred expenses.

Danielle Arendt-Michels, Gautier Laurent, Gilles Willy Duroy, Séverine Michel and Cédric Pedoni are appointed as directors to the board of the Issuer by way of simple shareholder resolution. Their appointments are terminable by the Issuer, effective immediately. Upon ceasing to be a Director, these Non-Executive Directors are not entitled to receive any payments or benefits other than for reimbursement for any outstanding reasonably incurred expenses.

## THE SELLING SHAREHOLDERS

### Selling Shareholders

The Selling Shareholders are (i) Cidinan S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg ("**Luxembourg**"), having its registered office at 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B204672 ("**Cidinan**"); (ii) Permira VI Investment Platform Limited, a limited liability company, having its registered office at 80 Pall Mall, London SW1Y 5ES, United Kingdom, registered with the Companies House under number 11620246 ("**Permira VI**" and, together with Cidinan, the "**Principal Selling Shareholders**"); (iii) Mepinan S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at Serenity Building, Bloc B, 19/21, route d'Arlon L-8009 Strassen, Grand Duchy of Luxembourg registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B246319 ("**Mepinan**" and, together with the Principal Selling Shareholders, the "**Majority Selling Shareholders**"), being the majority shareholders of Allegro.eu (formerly Adinan Super Topco S.à r.l.) (the "**Issuer**"), a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, currently 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 B214830; and (iv) the following Directors and Senior Managers of the Issuer: Darren Huston, François Nuyts, Jonathan Eastick, Marcin Łachajczyk, Damian Zapłata and Piotr Szybiak, together with various other members of management (such Directors, Senior Managers and other members of management, collectively, the "**Individual Selling Shareholders**" and, together with the Majority Selling Shareholders, the "**Selling Shareholders**"). Adiman S.C.Sp. ("**Adiman**") is the registered legal owner of the Shares in the Issuer on behalf of the Individual Selling Shareholders other than Darren Huston.

For more information on the shareholdings of the Majority Shareholders and the Individual Selling Shareholders see "*Dilution*" and "*Management—Directors' and Senior Managers' Interests*," respectively.

The Selling Shareholders do not hold any other voting rights in the Issuer and are not entitled to any preferences regarding such voting rights.

The identities of the Selling Shareholders, their business address and the maximum number of Shares each will sell in the Offering (on the basis of the assumptions noted below) are as follows:

### Majority Selling Shareholders

Majority Selling Shareholder	Business Address	Number of Sale Shares to be Sold <sup>(1)(2)</sup>			
		Bottom of the Offer Price Range:		Top of the Offer Price Range:	
		Number of Shares	% of Total Shares <sup>(3)</sup>	Number of Shares	% of Total Shares <sup>(3)</sup>
Cidinan S.à r.l. ....	4, rue Albert Borschette L-1246 Luxembourg Grand Duchy of Luxembourg	68,407,303	6.84%	70,156,314	7.02%
Permira VI Investment Platform Limited .....	80 Pall Mall London SW1Y 5ES United Kingdom	68,407,303	6.84%	70,156,314	7.02%
Mepinan S.à r.l. ....	Serenity Building, Bloc B 19/21, route d'Arlon L-8009 Strassen Grand Duchy of Luxembourg	15,201,623	1.52%	15,590,293	1.56%

<sup>(1)</sup> Assumes no exercise of the Over-Allotment Option.

<sup>(2)</sup> As noted in "*General Information on the Group—Reorganization*," the current share capital of Allegro.eu is denominated in euros and will be converted into zloty prior to the Listing Date at or around the Pricing Date and based on the latest practicable exchange rate at such time. The shareholdings above have been calculated based on the Latest Practicable FX Rate.

<sup>(3)</sup> Percentage of the total Shares in the Issuer immediately prior to the Listing Date (excluding any New Sale Shares).

## Individual Selling Shareholders

Individual Selling Shareholder	Number of Sale Shares to be Sold <sup>(1)(2)</sup>			
	Bottom of the Offer Price Range:		Top of the Offer Price Range:	
	Number of Shares	% of Total Shares <sup>(3)</sup>	Number of Shares	% of Total Shares <sup>(3)</sup>
<b>Name of Director</b>				
Darren Huston .....	988,575	0.10%	1,051,625	0.11%
François Nuyts .....	1,151,695	0.12%	1,226,127	0.12%
Jonathan Eastick .....	390,441	0.04%	415,753	0.04%
<b>Name of Senior Manager</b>				
Marcin Łachajczyk.....	197,754	0.02%	211,196	0.02%
Damian Zapłata.....	732,124	0.07%	769,427	0.08%
Piotr Szybiak .....	572,190	0.06%	610,219	0.06%
<b>Other Individual Selling Shareholders <sup>(4)</sup> ...</b>	<b>3,205,650</b>	<b>0.32%</b>	<b>3,412,328</b>	<b>0.34%</b>

<sup>(1)</sup> The Individual Selling Shareholders are not providing any Over-Allotment Shares. Adiman is the registered legal owner of the Shares in the Issuer on behalf of the Individual Selling Shareholders other than Darren Huston.

<sup>(2)</sup> As noted in "General Information on the Group—Reorganization," the current share capital of Allegro.eu is denominated in euros and will be converted into zloty prior to the Listing Date at or around the Pricing Date and based on the latest practicable exchange rate at such time. The shareholdings above have been calculated based on the Latest Practicable FX Rate.

<sup>(3)</sup> Percentage of the total Shares in the Issuer immediately prior to the Listing Date (excluding any New Sale Shares).

<sup>(4)</sup> The other Individual Selling Shareholders are 55 current and former employees of the Group (other than Directors and Senior Managers).

\* The business address of each of the Individual Selling Shareholders is 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg.

## Control over the Issuer

As of the date of this Prospectus, the Issuer is directly controlled by the Majority Selling Shareholders as follows:

- 44.45% is directly owned by Cidinan S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B204672 ("**Cidinan**"). As of the date of this Prospectus, Cidinan is directly and wholly owned by Sixth Cinven Fund (No. 1) Limited Partnership, Sixth Cinven Fund (No. 2) Limited Partnership, Sixth Cinven Fund (No. 3) Limited Partnership, Sixth Cinven Fund (No. 4) Limited Partnership, Sixth Cinven FD 1 Lux SCSp, Sixth Cinven FD 2 Lux SCSp and Sixth Cinven Fund Co-Investment Limited Partnership (together referred to as the "**Sixth Cinven Fund**") which indirectly own approximately 30.74% of the Issuer through their approximately 69.15% interest in Cidinan, and Cinven Cullinan Limited Partnership ("**Cinven Cullinan**") which indirectly owns approximately 13.71% of the Issuer through its approximately 30.85% interest in Cidinan. No investors directly or indirectly own a 15% or more equity interest in the Sixth Cinven Fund or in Cinven Cullinan.
- 44.45% is directly or indirectly owned by Permira VI Investment Platform Limited, a limited liability company, having its registered office at 80 Pall Mall, London SW1Y 5ES, United Kingdom, registered with the Companies House under number 11620246 ("**Permira VI**"). As of the date of this Prospectus, Permira comprises one limited partnership, Permira VI L.P.1., which indirectly holds 96% of Permira VI Investment Platform S.à r.l., which in turn holds 100% of Permira VI. This partnership invests in parallel with P6 Co-Investment SCSp, Permira VI I.A.S. L.P. and PII Investments LLP, represented by its nominee, Permira Nominees Limited (together, the "**Co-Investment Plans**"). The aggregate interests of the Co-Investment Plans represent less than 5% of the total investment of Permira VI and the Co-Investment Plans. Permira VI G.P. L.P. is the general partner of Permira VI L.P.1. The general partner of Permira VI G.P. L.P. is Permira VI G.P. Limited which is licensed by the Guernsey financial services commission. No limited partner owns more than 10% of the committed capital of Permira VI L.P.1.
- 9.88% is directly owned by Mepinan S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at Serenity Building, Bloc B, 19/21, route d'Arlon L-8009 Strassen, Grand Duchy of Luxembourg registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B246319 ("**Mepinan**"). As of the date of this Prospectus, Mepinan is wholly owned by Mid Europa Fund IV A LP, Mid Europa Fund IV LP and Adinan (MEF) Co-Investment LP (collectively, "**Mid Europa Partnership Vehicles**") and the ultimate beneficial owners of the Mid Europa Partnership Vehicles are limited partners therein holding partnership interests under the terms of the limited partnership agreements, as amended from time to time. No investors directly or indirectly own a 25% or more equity interest in Mepinan.

Following the Offering, Cidinan and Permira VI will, each separately, be in a position to independently vote against a special resolution at a General Meeting for so long as each of them individually continues to hold above 30% of the Shares of the Issuer and, consequently, on matters decided by such General Meeting, including appointments to the Issuer's Board, the distribution of dividends or any proposed capital measure. A concentration of share ownership at the shareholders level could delay, postpone or prevent certain major corporate actions, including a change of control in the Issuer, and could thus deter mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors. Neither Cidinan nor Permira VI (nor any Selling Shareholder) has voting rights that differ from those of any other Shareholder in respect of any Ordinary Shares held by them and each of the Selling Shareholders will be subject to the Issuer's Articles of Association.

For other rights accruing to the holders of shares, please see "*Description of Share Capital and Corporate Governance—Share Capital.*"

The Issuer is not aware of any agreements, the operation of which may at a subsequent date result in a change in control of the Issuer.

Following the Offering, Cidinan and Permira VI will, each separately, be entitled to nominate candidates for the appointment of one Director each, for so long as they remain "principal shareholders" (as such term is defined in the Issuer's Articles of Association). In the event that a "principal shareholder" ceases to hold 10% or more of the Shares in issuance from time to time, the Director appointed by it shall resign, with effect as of the date the principal shareholder ceased to be a principal shareholder, from the Board of Directors and any committee to which such Director may have been appointed.

On or about the date of this Prospectus, the Majority Selling Shareholders entered into an agreement amongst themselves regulating the disposal of Shares by any of them following the Listing Date (without prejudice to the terms of the lock-up described in "*Underwriting, Stabilization and Lock-up—Lock-up Agreements—Majority Selling Shareholders*"), such that any disposals of Shares by the Majority Shareholders may be coordinated and conducted in an orderly manner.

#### **Shareholding Structure Following the Offering**

For an overview of the shareholding structure following the Offering, see "*Dilution.*"

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

According to IAS 24 "Related Party Disclosures," entities and persons are considered to be related to a company if the entity or a close relative of the person:

- controls the company or is involved in its joint management, exercises significant influence over this company or holds a key position in the management of the company or a parent entity;
- is a member of the same group of companies;
- is associated with the company within the meaning of IAS 28 "Investments in Associates and Joint Ventures" or a joint venture in which the company is a partner within the meaning of IAS 31 "Interests in Joint Ventures";
- to the same extent as the company is a joint venture of the same third parties;
- is a company that is controlled by a related party, is significantly influenced by it or is subject to a joint management, in which a related party of that company is involved or in which such a person holds a key position in the management; or
- is a pension fund established for the benefit of the employees of the company or for the benefit of an entity related to that company for payments after termination of the employment relationship.

Material transactions and legal relationships which existed between the Group and the above-mentioned related persons and entities in the financial years 2017 to 2019, as well as in the current financial year 2020 up to and including June 30, 2020, that are required to be reported in connection with IAS 24 "Related Party Disclosures" are set forth in Note 35 (*Related Party Transactions*) to the Annual Financial Statements and Note 22 (*Related Party Transactions*) to the Interim Financial Statements.

The Group has entered into the following transactions with its shareholders and their affiliates.

### **Fees for Advisory Services Provided by Shareholders and Other Fees**

The Group has previously entered into advisory services agreements with each of Cinven, Permira and Mid Europa Partners (or in each case, their affiliates), whereby such entities have agreed to provide certain advisory and consulting services which the Group requests. These services have included advising and consulting services relating to business activities of the Group, analysis of the Group's business activities in relation to the e-commerce environment in the Polish and European markets, monitoring the performance of the Group and associated advisory services and certain other agreed services. Fees for advisory services provided by shareholders were paid to Cinven, Permira Advisers LLP and Mid Europa Partners (or their relevant affiliates) in an amount of PLN 3.3 million for the year ended December 31, 2019, PLN 3.2 million for the year ended December 31, 2018 and PLN 3.1 million for the year ended December 31, 2017.

### **Alter Domus Master Services Agreements**

The Issuer and Business Office Services S.à r.l. (an affiliate of Alter Domus Luxembourg S.à r.l., which is a Permira portfolio company, ("**Alter Domus**")) have entered into a services agreement pursuant to which several services are provided to the Issuer, including the provision of approximately 80 square meters of dedicated furnished office space. These services will benefit the Issuer beginning on October 1, 2020, and will also benefit the following Group companies: Adinan Topco S.à r.l., Adinan Holdco S.à r.l., Adinan Bondco S.à r.l., Adinan Seniorco S.à r.l. and Adinan Midco S.à r.l. Other Group companies could benefit from the same services upon request during the term of the agreement. The term of the agreement is set at twelve months and is renewable. The agreement may be terminated at any time during the initial or the subsequent term, subject to a notice period of three months.

The Issuer also entered into a Master Services Agreement with Alter Domus on September 21, 2020 pursuant to which Alter Domus has agreed, with effect as of the Listing Date, to provide the Issuer with a certain number of services including amongst others (i) accounting and reporting compliances services, (ii) corporate and secretarial administration services, (iii) directors services, (iv) domiciliation services, (v) corporate tax compliance services, (vi) VAT compliance services and (vii) country-by-country reporting services.

### **RTB House Cooperation Agreements**

Allegro.pl sources retargeting services from RTB House S.A., a Cinven funds portfolio company, under the Framework Cooperation Agreement dated October 31, 2017, as amended.

### **Genesys Software Licenses**

Allegro.pl uses various pieces of software under license from Genesys Telecommunications Laboratories B.V., a Permira portfolio company. Maintenance and related services are provided by Whirly sp. z o.o. a local IT company that distributes Genesys software.

### **Other Arrangements with Related Parties**

Certain current or former executive directors (or entities under their control) have entered into contracts through which they agree to provide strategic, operational and financial advisory services in exchange for a monthly flat fee retainer and additional remuneration. For more information on the Issuer's executive directors, see "*Management—Executive Directors.*"

### **Distributions to Shareholders**

Following a refinancing transaction in May 2019, the Group distributed share premium in an amount of PLN 2.7 billion to its shareholders. The outflow from the decrease in capital was funded by the net proceeds from the Existing Senior Term Facilities and by available cash balances held by the Group.

### **Investment Opportunities**

The Group has historically operated, and will continue to operate, certain investment opportunities for the Issuer's Board and key employees of the Group. See "*Management—Investment Opportunities and Incentive Plans*" for descriptions of the Group's former investment opportunities and the future incentive plans it intends to operate on the consummation of the Offering.

## DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE

Set forth below is the information concerning the Issuer's share capital and related overview information concerning the material provisions of the Issuer's articles of association (the "**Issuer's Articles of Association**") and applicable Luxembourg law, in particular the 1915 Law. For more information, you should read the Issuer's Articles of Association.

### Share Capital

As of the date of this Prospectus, the Issuer's share capital amounts to EUR 103,302,805.38 comprising 5,000,000 subscriber ordinary shares; 434,804,791 A1 shares; 434,804,789 A2 shares; 23,514,029 B1 shares; 23,514,024 B2 shares; 5 C1 shares; 23,923,440 C2 shares; 4,692,359,731 D3 preference shares and 4,692,359,729 D4 preference. Following the conversion of the share capital into zloty and to a single class of ordinary shares as of the Pricing Date, the Issuer's current issued share capital will amount to PLN 10,000,000 made up of 1,000,000,000 ordinary shares, with a nominal value of PLN 0.01 each.

As of the date of this Prospectus, all of the Issuer's issued share capital is fully paid and are in registered form.

All of the shares of the Issuer as of the date of this Prospectus were held by the Selling Shareholders. All of the 1,000,000,000 shares, with a nominal value of PLN 0.01 each, of the Issuer following the conversion of the share capital of the Issuer will held by the Selling Shareholders.

Following the Listing Date, the Offer Shares to be issued and made available pursuant to the Offering will rank *pari passu* in all respects with the existing issued shares of the Issuer and will carry the rights to receive all dividends and distributions declared, made or paid on, by the Issuer.

All of the Shares are ordinary shares issued in registered form.

The following is a brief overview of certain material provisions of the Issuer's Articles of Association in effect on the date of this Prospectus, a brief description of the Issuer's share capital and certain requirements of Luxembourg legislation.

### Authorized Capital

As of the date of this Prospectus, the authorized capital of the Issuer amounts to EUR 197,150,000 (the "**Authorized Capital**"). With effect on or about the Pricing Date, the Authorized Capital will be amended such that it will amount to PLN 11,250,000.

Without prejudice to the rights of the shareholders of the Issuer to increase the share capital in accordance with the provisions of the 1915 Law and the Issuer's Articles of Association, effective on or about the Pricing Date, the Issuer's Board is authorized, within the limits of the Authorized Capital, to increase the issued share capital of the Issuer, on one or more occasions, up to a maximum amount of PLN 11,250,000.

The Issuer's Board may increase the capital by the issue of Shares and withdraw or restrict the preferential subscription rights of the shareholders in relation to an increase of capital made within the limits of the Authorized Capital. The authorization is valid for five years from the date of the notarial deed recording any resolutions approving the creation, renewal or increase of the Authorized Capital (i.e., five years from the effective date of the Authorized Capital, being on or about the Pricing Date) and may be renewed in accordance with legal conditions.

### Objects

The objects of the Issuer are as set out in full in article 2 of the Issuer's Articles of Association. As the Issuer is a holding company, the primary objects of the Issuer are to carry the business of a holding company consisting in particular in the direct and indirect acquisition and holding of participating interests, in any form whatsoever as well as the administration, development and management of such interests.

### General

The Issuer is Allegro.eu (formerly Adinan Super Topco S.à r.l.), a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, currently 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 B214830. The telephone number of the Issuer's registered office is currently +352 2452 7240. On or around the Listing Date, the Issuer will change its registered office



and principal place of business to 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg, and its telephone number from that date will be +352 26 49 58 6500. The website of the Issuer is [www.allegro.eu](http://www.allegro.eu).

The Issuer was incorporated on May 5, 2017 as a Luxembourg private limited liability company (*société à responsabilité limitée*) by Adagilux S.à r.l., Adagio Co-Invest L.P., Adinan (MEF IV) Limited and Cidinan S.à r.l. All shares have been fully paid up by a contribution in kind evaluated at PLN 8,313,297,585, out of which PLN 831,519,555 was allocated to the share capital of the Issuer.

On December 15, 2017 the Shareholders resolved to proceed to distribute an aggregate amount of PLN 46,332,907 out of the D1, D2, D3 and D4 Preference Share Premium Accounts.

By resolution of the shareholders' meeting of the Issuer held on May 23, 2019, the shareholders decided to repurchase 4,692,359,731 D1 Preference Shares and 4,692,359,731 D2 Preference Shares and determined the total cancellation amount to be equal to PLN 1,967,015,789 in the case of the D1 Preference Shares and PLN 709,721,684 in the case of the D2 Preference Shares. The shareholders resolved the consequential reduction of the issued share capital of the Issuer by an amount of PLN 395,819,313.

The Issuer changed its corporate denomination from "Adinan Super Topco S.à r.l." to "Allegro.eu" by resolution of the Issuer's General Meeting held on August 27, 2020.

The Issuer was converted into a Luxembourg public limited liability company (*société anonyme*) by resolution of the Issuer's General Meeting held on August 27, 2020. This conversion of legal form took effect and was documented before a Luxembourg notary, with the subsequent change to the Issuer's Articles of Association also on August 27, 2020.

It is intended that on pricing, the Issuer's share capital will be reorganized whereby the existing classes of 5,000,000 subscriber ordinary shares; 434,804,791 A1 shares; 434,804,789 A2 shares; 23,514,029 B1 shares; 23,514,024 B2 shares; 5 C1 shares; 23,923,440 C2 shares; 4,692,359,731 D3 preference shares and 4,692,359,729 D4 preference shares shall be converted into a single class of ordinary shares and the denomination of the share capital shall be changed from euro to złoty such that the share capital shall be PLN 10,000,000 and the nominal value of its shares split to PLN 0.01 each, on the same date.

The Issuer has not issued any listed or unlisted securities not representing the Issuer's share capital. Neither the Issuer nor any of its subsidiaries (nor any party on behalf of the Issuer) holds any of the Issuer's Shares. The Issuer has no outstanding convertible securities, exchangeable securities or securities with warrants. There are no relevant acquisition rights or obligations over the Issuer's authorized but unissued capital or undertakings to increase the Issuer's issued share capital.

The fiscal year of the Issuer begins on the first day of January of each year and ends on the last day of December of the same year.

The Issuer is incorporated for an unlimited period of time.

### **Issuer's Articles of Association**

The Issuer's Articles of Association were last amended and restated on August 27, 2020. The Issuer's Articles of Association will be further amended and restated in advance of the Listing Date. An overview of certain material provisions of the Issuer's Articles of Association is included in "*Overview of the Issuer's Articles of Association*."

### **Corporate Governance Agreement**

The Issuer has adopted numerous internal policies and corporate governance standards and entered into a corporate governance agreement with certain other Group companies to ensure that such policies and standards, as may be revised and amended and supplemented from time to time, are consistently applied by other Group companies, to the extent such policies and standards are relevant for their operations, in order to ensure that the Issuer and all other Group companies operate taking into account the highest standards applicable to public companies.

### **Form and Transfer of Shares**

The Shares were issued and currently exist in registered form in accordance with the Issuer's Articles of Association and the 1915 Law. A register of the Shares is maintained at the registered office of the Issuer and every shareholder of the Issuer may examine it.

## **Issue of Shares**

An extraordinary general meeting of shareholders of the Issuer (the "**Issuer's Extraordinary General Meeting**") or the Issuer's Board (within the limits of the Authorized Capital) may from time to time issue Shares.

Pursuant to an amendment to the Issuer's Articles of Association to take effect on or about the Pricing Date, authorization is also given to the Issuer's Board, within the limits of the Authorized Capital to increase the share capital of the Issuer by a maximum amount of PLN 11,250,000, on one or more occasions. The Issuer's Board may increase the share capital by the issue of shares and withdraw or restrict the preferential subscription rights of the shareholders in relation to an increase of capital made within the limits of the Authorized Capital. This authorization is valid for five years from the date of the notarial deed recording any resolutions approving the creation, renewal or increase of the Authorized Capital (i.e., five years from the effective date of the Authorized Capital, being on or about the Pricing Date) and may be renewed in accordance with legal conditions.

## **Share Premium**

The Issuer may establish a share premium account into which any premium paid on any Share is to be transferred (the "**Share Premium Account**"). Decisions as to the use of the Share Premium Account are to be taken by the Shareholder(s) and/or the Issuer's Board, subject to the 1915 Law and the Issuer's Articles of Association.

## **Non-Share Capital Contribution**

The Issuer may, without limitation, accept equity or other contributions without issuing any shares (in particular, via a contribution to the Capital Surplus Account (*Compte 115 du Plan Comptable Luxembourgeois – Apport en capitaux propres non-rémunéré par des titres / Account 115 of the Luxembourg standard chart of accounts - Capital contribution without the issuance of new shares in the company*)) or other securities in consideration for the contribution and may credit the contributions to one or more accounts. Decisions as to the use of such accounts are to be taken by the Shareholders and/or the Issuer's Board subject to compliance with the Issuer's Articles of Association and applicable laws. For the avoidance of doubt, any such decision does not need to allocate to the contributor any amount contributed to such accounts.

## **Redemption and Repurchase of the Issuer's Own Shares**

The Issuer does not currently hold any of its own Shares, nor does a third party on behalf of the Issuer. The Issuer has not issued any convertible securities, exchangeable securities or securities with warrants.

According to Article 430-15 of the 1915 Law and without prejudice to MAR and the principle of equal treatment of shareholders, the Issuer and its subsidiaries as referred to in Article 430-23 of the 1915 Law may, directly or through a person acting in its own name but on the Issuer's behalf, acquire its own shares subject to the following conditions:

- an authorization to acquire the Shares shall be given by the Issuer's General Meeting which shall determine the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the duration of the period for which the authorization is given and which may not exceed five years and, in case of acquisition for value, the maximum and the minimum consideration (this condition must not be respected in case where the acquisition of its own Shares by the Issuer is necessary in order to prevent serious or imminent harm to the Issuer, or if the acquisition of its own shares by the Issuer is made for the sole purpose of distributing these shares to the staff of the Issuer);
- the acquisitions, including shares previously acquired by the Issuer and held by it as well as shares acquired by a person acting in its own name but on behalf of the Issuer, must not have the effect of reducing the net assets below the aggregate of the subscribed capital and the reserves which may not be distributed under law or the Issuer's Articles of Association; and
- only fully paid shares may be included in the transaction.

The Issuer's Board shall ensure that, at the time of each authorized acquisition, the conditions referred to in the second and third bullet are always complied with.

In principle, the Issuer has no obligation to sell or cancel the Shares so acquired and held by the Issuer in treasury. According to the 1915 Law, the Issuer may, under certain circumstances listed in Article 430-16 of the 1915 Law, acquire its own shares without respecting the conditions provided for in Article 430-15 of the 1915 Law and listed above, but may never have the effect of reducing the net assets below the aggregate of the subscribed capital and the reserves which may not be distributed under law. Except where such shares are repurchased pursuant to a decision to reduce the share capital

of the Issuer or where such shares are redeemable shares, such shares shall either be sold or canceled after three years as from the date of their acquisition unless the nominal value or in the absence of nominal value, the accounting par value of the Shares acquired, including shares which the company may have acquired through a person acting in its own name, but on behalf of the company, does not exceed 10% of the subscribed capital.

### **Share-Based Remuneration and Stock Plans**

See "*Management—Incentive Plans and Investment Opportunities.*"

### **Variation of Rights; Amendments to the Issuer's Articles of Association**

All or any of the rights attached to the Shares may from time to time (whether or not the Issuer is being wound up) be varied by decision of the Issuer's Extraordinary General Meeting in the manner required for the amendment of the Issuer's Articles of Association. Any provisions of the Issuer's Articles of Association may be amended by resolution of the shareholders at an Issuer's Extraordinary General Meeting.

### **Changes in Share Capital**

The share capital of the Issuer may be increased or reduced by a resolution of the Issuer's General Meeting, subject to compliance with applicable rules for the amendment of the Issuer's Articles of Association. Subject to the provisions of the 1915 Law, the Issuer's General Meeting may decide to create new classes of shares and determine the features, rights and restrictions of such classes of shares. In addition, the Issuer's Board is authorized to issue shares up to the total amount of the authorized share capital (see "*Issue of Shares*" above).

The Issuer may proceed to the repurchase of its own shares within the limits laid down by law (see "*Redemption and Repurchase of the Issuer's Own Shares*" above).

### **Dividends**

There are no fixed dates on which a shareholder is entitled to receive a dividend. The Issuer may declare and pay dividends in accordance with the 1915 Law. Dividends may be declared by the Issuer's General Meeting upon approval of the annual financial statements for the immediately preceding financial year.

Dividends may be declared or paid in cash as well as in kind including by way of issuance of shares.

The amount of a dividend declared by the Issuer's General Meeting upon approval of the annual financial statements may not exceed the amount of the Issuer's unconsolidated profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves which are available for that purpose, minus any losses carried forward and sums to be placed in reserve in accordance with the law or the Issuer's Articles of Association. Interim dividends may be declared and paid by the Issuer's Board out of available Issuer's unconsolidated net profits, premium or other available reserves subject to complying with conditions required by law subject to such dividend not exceeding the amount available for distribution which shall not exceed total profits made since the end of the last financial year for which the annual financial statements have been approved, plus any profits carried forward and sums drawn from reserves available for this purpose, less losses carried forward and any sums to be placed to reserve pursuant to the requirements of the law or the Issuer's Articles of Association.

The Issuer's Articles of Association provide that from the annual net profits of the Issuer, at least 5% shall each year be allocated to the Issuer's legal reserve (the "**Legal Reserve**"). That allocation to the Legal Reserve will cease to be required as soon and as long as the Legal Reserve amounts to 10% of the issued share capital of the Issuer. After allocation to the Legal Reserve and upon recommendation of the Issuer's Board, the Issuer's General Meeting determines how the annual net profits will be disposed of. It may decide to allocate the whole or part of the annual net profits to a reserve or to a provision reserve, to carry it forward to the next following fiscal year or to distribute it to the Shareholders as a dividend.

No dividend or other moneys payable on or in respect of an ordinary Share shall bear interest required to be paid by the Issuer. If the Issuer declares to pay dividends to its shareholders, each shareholder is entitled to receive a dividend in proportion to the amount of capital held by it in the Issuer. Any dividend unclaimed after a period of five years from the date on which such dividend was declared or became due for payment shall be forfeited and shall revert to the Issuer according to Article 2277 of the Luxembourg Civil Code. There are no specific dividend restrictions or procedures for non-resident shareholders.

Subject to the conditions fixed by law, the Issuer's Board may also pay out an advance payment on dividends. The Issuer's Board shall fix the amount and the date of payment of any such advance payment.

## Voting Rights, Issuer's General Shareholders' Meeting

Each Share entitles the holder to one vote at the Issuer's General Meeting, subject to the limitations imposed by law. Except as otherwise required by law or the Issuer's Articles of Association, resolutions will be taken irrespective of the number of the Shares represented, by a simple majority of votes.

As long as the Shares are admitted to trading on a regulated market within a EU Member State, Issuer's General Meetings will be convened in accordance with the provisions of the Luxembourg law of 1 August 2019 on the exercise of certain rights of shareholders in general meetings of listed companies (the "**Shareholder Rights Law**") and the Issuer's Articles of Association.

To vote at meetings, shareholders entitled to vote must duly evidence their shareholdings as of the record date determined in accordance with the Shareholder Rights Law. A shareholder may act at any General Meeting by appointing another person (who need not be a shareholder) as his, her or its proxy in accordance with the provisions of the Shareholder Rights Law.

In accordance with the Shareholder Rights Law, the convening notice is to be published at least 30 days before the day of the meeting in the official gazette of Luxembourg (*Recueil Électronique des Sociétés et Associations*), and a Luxembourg newspaper and in media which may reasonably be relied upon for the effective dissemination of information to the public throughout the EEA, and which is accessible rapidly and on a non-discriminatory basis. If an Issuer's General Meeting is adjourned for lack of quorum, provided that the convening requirements of the Shareholder Rights Law have been complied with and no new item has been added to the agenda, the 30-day period is reduced to a 17-day period.

These convening notices must, *inter alia*, contain the precise date and location of the Issuer's General Meeting and the proposed agenda. It must also set out the conditions for attendance and representation at the meeting.

The 1915 Law distinguishes between ordinary resolutions and extraordinary resolutions. Extraordinary resolutions relate to proposed amendments to the Issuer's Articles of Association and certain other limited matters. All other resolutions are generally ordinary resolutions.

Extraordinary resolutions are generally required for any of the following matters, among others: (a) an increase or decrease of the authorized or issued capital, (b) a limitation or exclusion of pre-emptive rights, (c) approval of a statutory merger or demerger (scission) or certain other restructurings, (d) dissolution of the Issuer and (e) an amendment to the Issuer's Articles of Association.

For any extraordinary resolutions to be considered at an Issuer's General Meeting, the quorum must generally be at least one-half of the Issuer's issued share capital to which voting rights are attached under the Issuer's Articles of Association or Luxembourg law, unless otherwise provided by the Issuer's Articles of Association or mandatorily required by law. If such quorum is not present, a second Issuer's General Meeting may be convened at a later date with no quorum according to the appropriate notification procedures. Extraordinary resolutions must generally be adopted at an Issuer's General Meeting (except as otherwise provided by mandatory law or the Issuer's Articles of Association) by a two-thirds majority of the votes validly cast on such resolution. Abstentions are not considered "votes." Except in case of a merger, a demerger or proceedings assimilated thereto by Articles 1021-11 and 1031-12 of the 1915 Law, an amendment of the corporate object and purpose of the Issuer or its legal form requires in addition the approval by a general meeting of holders of bonds issued by the Issuer at the majority and quorum provided for by 1915 Law.

No quorum is required for any ordinary resolutions to be considered at an Issuer's General Meeting. Ordinary resolutions are adopted by a simple majority of votes validly cast on such resolution by shareholders present, subject in certain circumstances to a different majority as required under the Issuer's Articles of Association or the 1915 Law. Abstentions are not considered "votes."

The annual General Meeting (the "**Annual General Meeting**") shall be held once per year in Luxembourg at the registered office of the Issuer, or at any other place within the municipality of the registered office as specified in the convening notice of the meeting.

Other Issuer's General Meetings may be called as often as the interest of the Issuer demands and be held at such place and time as may be specified in the respective convening notice of the meeting.

If the entire issued share capital of the Issuer is represented at an Issuer's General Meeting and if they state that they have been informed of the agenda of the meeting, no prior convening notice is required for the meeting to be held and the proceedings at such Issuer's General Meeting will be deemed valid.

The Issuer's Board is obliged to call an Issuer's General Meeting when a group of shareholders representing at least one-tenth of the subscribed share capital of the Issuer requests the convening of an Issuer's General Meeting in writing indicating the agenda of the proposed meeting.

In accordance with the Shareholder Rights Law, shareholders holding individually or collectively at least 5% of the issued share capital of the Issuer (a) have the right to put items on the agenda of the Issuer's General Meeting and (b) have the right to table draft resolutions for items included or to be included on the agenda of the Issuer's General Meeting. Those rights shall be exercised by the request in writing of the relevant shareholders submitted to the Issuer by postal services or electronic means. The request must be accompanied by a justification or a draft resolution to be adopted in the Issuer's General Meeting and shall include the electronic or mailing address at which the Issuer can acknowledge receipt of the request. Any such request from shareholders must be received by the Issuer not later than on the 22nd day prior to the date of the Issuer's General Meeting.

### **Information Rights**

In accordance with the Shareholder Rights Law, the Issuer shall make available to its shareholders on its website for a continuous period beginning on the day of publication of the convening notice of the Issuer's General Meeting (which must be at least 30 days prior to the meeting) and including the day of the Issuer's General Meeting, *inter alia*, such documents which need to be submitted to the Issuer's General Meeting and the convening notice. Shareholders may upon request obtain a copy of the full, unabridged text of the documents to be submitted to the Issuer's General Meeting by electronic means or at the registered office of the Issuer.

In accordance with the Shareholder Rights Law, shareholders have the right to ask questions at the Issuer's General Meetings related to items on the agenda. The right to ask questions and the obligation of the Issuer to answer are subject to the measures to be taken by the Issuer to ensure the identification of shareholders, the good order of the Issuer's General Meeting and its preparation, as well as the protection of confidentiality and business interests of the Issuer.

### **Distribution of Assets on Winding-Up**

In the event of liquidation, dissolution or winding-up of the Issuer, the net assets remaining after payment of all debts, charges and expenses shall be distributed to the shareholders in proportion to their respective shareholdings.

In the event of the dissolution of the Issuer for whatever reason, the liquidation will be carried out by one or more liquidators appointed by the Issuer's General Meeting which will determine their powers and their compensation. Once all debts, charges and liquidation expenses have been met, any balance resulting shall be paid to the shareholders.

### **Application of the Corporate Governance Code of the Warsaw Stock Exchange to the Issuer**

As the Shares are only admitted to trading on the WSE, the Issuer has not opted to comply with the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange.

In accordance with the WSE Rules, the Issuer as a public company listed on the Warsaw Stock Exchange should observe the principles of corporate governance set out in the WSE Best Practices. The WSE Best Practices is a set of recommendations and rules of procedure for governing bodies of publicly listed companies and their shareholders. The WSE Rules and resolutions of the WSE management board and its council set forth the manner in which publicly listed companies disclose information on their compliance with corporate governance rules and the scope of information to be provided. If a certain rule is not complied with by a publicly listed company on a permanent basis or has been breached incidentally, such publicly listed company is required to disclose this fact in the form of a current report.

### **Non-Compliance with the WSE Best Practices**

The practices where the Issuer is not in compliance with the WSE Best Practices are discussed below.

#### ***Policy on the Sponsorship and Charity***

Recommendation I.R.2 of the WSE Best Practices provides that where a company pursues sponsorship, charity or other similar activities, it should publish information about the relevant policy in its annual activity report. The Issuer cannot guarantee that the above principle will be implemented and does not intend to introduce the sponsorship policy at present as the sponsorship activity is negligible for the Group's operations. However, it is not excluded that the Issuer will introduce and publish such policy in the future.

### ***Division of Duties and Responsibilities Among Members of the Board***

Principle No. I.Z.1.3. of the WSE Best Practices provides that a chart showing the division of duties and responsibilities among members of the management board should be provided according to principle II.Z.1 (i.e., made available on the Issuer's website). The Issuer will not comply with this principle, as it was designed for companies in which management and supervisory functions are vested in separate boards.

As the Issuer's Board comprises both Executive and Non-Executive Directors, it will be difficult for the Board to provide a chart with the specified scope of duties of each individual member of the Board. The Issuer does not rule out that it may decide to comply with this principle in the future.

### ***Financial Projections***

Principle No. I.Z.1.10. of the WSE Best Practices provides that financial projections, if the company has decided to publish them, published at least in the last five years, including information about the degree of their implementation, should be provided according to principle II.Z.1 (i.e., made available on the Issuer's website). The Issuer does not intend to publish financial projections, therefore this principle is not applicable to the Issuer.

### ***Real-Time Broadcasts of and Bilateral Communication During the General Meeting***

Detailed principle No. IV.Z.2. of the WSE Best Practices provides that if it is justified by the shareholder structure, the Issuer should ensure that there are publicly available real-time broadcasts of general meetings. Pursuant to recommendation No. IV.R.2, if it is justified by the structure of shareholders or expectations of shareholders notified to the company, and if the Issuer is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using means of electronic communication, the company should enable its shareholders to participate in a general meeting using such means, in particular through: (i) real-time broadcast of the general meeting; (ii) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting; and (iii) exercise of the right to vote during a general meeting either in person or through a proxy. Moreover, principle No. I.Z.1.20 provides that the General Meeting should be audio or video recorded. The Issuer will partially apply these principles as due to the technical and organizational issues, currently the Issuer does not envisage implementation of means enabling the active participation of the shareholders in the General Meeting outside of its venue in Luxembourg. The Issuer does not rule out it may decide to implement such means in the future.

### ***Corporate Events Related to the Acquisition of Rights by Shareholders Where Securities are Traded in Different Countries***

Recommendation IV.R.3 of the WSE Best Practices provides that where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded. As the Issuer's securities will currently be traded only on the WSE, this principle is not applicable to the Issuer.

## OVERVIEW OF THE ISSUER'S ARTICLES OF ASSOCIATION

The governing bodies of the Issuer are the Issuer's Board and the Issuer's General Meeting. The powers of these governing bodies are defined in the 1915 Law and the Issuer's Articles of Association.

### Issuer's Board

#### *Overview*

The management of the Issuer is vested in the Issuer's Board. The Issuer's Articles of Association provide that the Issuer's Board shall be composed of a maximum of at least five directors (each, a "**Director**") and that, if and as long as the Issuer has only one Shareholder, the Issuer may have a sole director.

The Issuer's Board has the power to take all or any action which is necessary or useful to realize any of the corporate objects of the Issuer, with the exception of those reserved by the 1915 Law or the Issuer's Articles of Association to the general meeting of the shareholders. The Directors are furthermore bound by the internal rules of the Issuer with respect to the execution of their mandates as directors of the Issuer.

The Board shall be composed of a number of executive (including, but not limited to, the chief executive officer and chief financial officer of the group of companies to which the Issuer belongs), non-executive and non-executive independent Directors according to its share capital structure and there shall be at least two non-executive independent directors. Exceptions may be made in the case of a vacancy caused by death, retirement, resignation, dismissal, removal or otherwise until the appointment of the successor of the relevant terminating Independent Director, where "**Independent Directors**" mean Directors appointed because of their personal and professional situation, whose role may not be affected by their relationship with the Issuer, principal shareholders (as such term is defined in the Issuer's Articles of Association) or other Directors and who meet the criteria set forth in the WSE Code of Best Practice. Each Director shall be appointed by a general shareholders meeting for a term of at most six years subject to possible renewal. A Director may be re-elected in accordance with the Issuer's Articles of Association and the internal rules of the Issuer, but in any event for no more than three terms (or, alternatively, more than twelve years where national law provides for normal terms of a very small length).

The Board shall appoint a member as chairperson (the "**Chairperson**"). The Chairperson will be responsible for the effective operation of the Board of Directors, and shall ensure that Directors receive adequate information in advance of Board Meetings; promote debate and the active involvement of Directors during Board Meetings; safeguard their rights to freely take a position and express their opinion; and, working with the chairpersons of the appropriate committees, organize and coordinate regular evaluations of the Board and, where appropriate, of the chief executive officer.

Meetings of the Board ("**Board Meetings**") shall be held in accordance with the Issuer's Articles of Association and the internal rules of the Issuer. Board Meetings may be convened by any Director. The Chairperson shall preside at all Board Meetings. In his or her absence, the Board will appoint another Director as chairperson *pro tempore* by majority vote by those Directors present or duly represented at such meeting. Notice of any Board Meeting shall be given at least ten business days before the relevant Board Meeting (except in the event of emergency, when the nature and the motives of the emergency shall be mentioned in the notice) by letter, facsimile transmission, e-mail or similar means of communication to each Director. The Board may validly debate and take decisions at a Board Meeting without complying with all or any of the convening requirements and formalities if all the Directors have waived the relevant convening requirements and formalities either in writing or, at the relevant Board Meeting, in person or by an authorized representative.

A Director may appoint any other Director (but not any other person) to act as his representative (a "**Director's Representative**") at a Board Meeting to attend, deliberate, vote and perform all his functions on his or her behalf at that Board Meeting. A Director can act as representative for more than one other Director at a Board Meeting, provided that (without prejudice to any quorum requirements) at least a simple majority of the total number of Directors of the Issuer at such time are physically present at a Board Meeting held in person or participate in person in a Board Meeting.

The Board can only validly debate and take decisions if at least half of the Directors are present or represented. Decisions of the Board shall be adopted by a simple majority of the Directors present or represented. In the event of a tie vote, the Chairperson shall not have a casting vote.

Subject to the Issuer's Articles of Association and the internal rules of the Issuer, a Director or his or her Director's Representative may validly participate in a Board Meeting through the medium of video-conferencing equipment or telecommunication means allowing the identification of each participating Director. These means must have technical features which ensure an effective participation in the meeting allowing all the persons taking part in the meeting to hear one another on a continuous basis and allowing an effective participation of such persons in the meeting. A person participating in this way is deemed to be present in person at the meeting and shall be counted in the quorum and entitled

to vote. All business transacted in this way by the Directors shall, for the purposes of the Issuer's Articles of Association, be deemed to be validly and effectively transacted at a Board Meeting, notwithstanding that fewer than the number of Directors (or their representatives) required to constitute a quorum are physically present in the same place. A meeting held in this way is deemed to be held at the registered office of the Issuer.

To the extent permitted by the Issuer's Articles of Association and the internal rules of the Issuer, decisions of the Board may be taken in writing. Such circular resolutions in writing signed by all the Directors shall be as valid and effective if they had been passed at a Board Meeting duly convened and held and may consist of one or several documents in the like form each signed by or on behalf of one or more of the Directors concerned. Resolutions adopted in accordance with this procedure are deemed to have been taken at the Issuer's registered office. The minutes of a Board Meeting shall be signed by and extracts of the minutes of a Board Meeting may be certified by any Director present at the Board Meeting.

#### ***Duties of a Director***

The Directors are liable towards the Issuer, in accordance with general Luxembourg law, for the execution of the mandate given to them and for any misconduct in the management of the Issuer's business. They are jointly and severally liable towards the Issuer as well as to any third party for damages resulting from any violation of the law or the Issuer's Articles of Association, but they may be discharged from such liability in the case of a violation in which they did not participate, provided no misconduct is attributable to them and they have reported any violation to the next Issuer's General Meeting after having been made aware of it.

#### ***Power and Duties of the Issuer's Board***

The Issuer's Board is vested with the broadest powers to take any action necessary or useful to fulfil the Issuer's corporate object with the exception of the actions reserved by law or by the Issuer's Articles of Association to the Issuer's General Meeting.

#### ***Representation Towards Third Parties***

Subject as provided by the 1915 Law and the Issuer's Articles of Association, the Issuer is validly bound or represented towards third parties by (i) if the Issuer has more than one Director, the joint signature of any two Directors; (ii) the sole signature of any daily manager to the extent powers have been delegated to him/her in accordance with the Issuer's Articles of Association; or (iii) the sole signature of any other person to whom such a power has been delegated in accordance with the Issuer's Articles of Association.

#### ***Issuer's Board Committees***

The Issuer's Board may decide to set up one or more committees whose members may be, but need not be Directors. In that case, the Issuer's Board shall appoint the members of such committee(s) and determine the powers of the committee(s).

#### ***Conflicts of Interest***

Pursuant to article 441-7 of the 1915 Law, no Director shall, solely as a result of being a Director, be prevented from contracting with the Issuer, either with regard to his tenure of any office or business or as vendor, purchaser or in any other manner whatsoever, nor shall any contract or other transaction between the Issuer and any other corporation or entity or in which any Director is in any way interested be affected or invalidated by the fact that any one or more of the Directors or officers of the Issuer is or are interested in such contract or transaction or is or are an Issuer's Board member, officer or employee of such other corporation or entity. Any Director or officer of the Issuer, officer or employee of any corporation or entity with which the Issuer shall contract or otherwise engage in business shall not solely by reason of such affiliation with such other corporation or entity be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

No Director who is so interested shall be liable to account to the Issuer or the Shareholders for any remuneration, profit or other benefit realized by him by reason of the Director holding that office or of the fiduciary relationship thereby established.

If any Director has or may have any personal interest in any transaction of the Issuer, such Director shall disclose such personal interest to the Issuer's Board and shall not consider or vote on any such transaction. Such transaction and such Director's interest therein shall be disclosed in a special report to the next General Meeting before any vote by the latter on any other resolution. In case of a Sole Director, it suffices that the transactions between the Issuer and the Director, who has such an opposing interest, be recorded in writing.



The foregoing does not apply if (i) the relevant transaction is entered into under fair market conditions and (ii) falls within the ordinary course of business of the Issuer. No contract or other transaction between the Issuer and any other company or firm shall be affected or invalidated by the mere fact that a member of the Issuer's Board, or any officer of the Issuer has a personal interest in, or is a manager, director, associate, member, Shareholder, officer or employee of such other company or firm. Any person related as described before to any company or firm with which the Issuer shall contract or otherwise engage in business shall not, by reason of such affiliation with such other company or firm, be automatically prevented from considering, voting or acting upon any matters with respect to such contract or other business.

### **Issuer's General Meeting**

The Issuer shall ensure equal treatment for all Shareholders who are in the same position with regard to participation in, and the exercise of voting rights in, the Issuer's General Meeting. Any duly constituted Issuer's General Meeting represents all the Shareholders. The Issuer's General Meeting is empowered with the widest powers to order, implement or ratify all acts connected with the Issuer's operations that are not conferred on the Issuer's Board.

### ***Convening of Issuer's General Meetings (Other than Annual General Meetings) and Location***

General meetings of the Shareholders (other than the Annual General Meeting) may be called as often as the interest of the Issuer demand and be held at the Issuer's registered office in Luxembourg or any other place in Luxembourg as may be specified in the respective convening notice of the meeting.

The Issuer's Board is obliged to call an Issuer's General Meeting when a group of Shareholders representing at least one-tenth of the subscribed share capital requests the convening of an Issuer's General Meeting in writing, indicating the agenda of the proposed meeting.

In accordance with Shareholder Rights Law, the convening notice is to be published at least 30 days before the day of the meeting in the official gazette of Luxembourg (*Recueil Électronique des Sociétés et Associations*), and a Luxembourg newspaper and in media which may reasonably be relied upon for the effective dissemination of information to the public throughout the EEA, and which is accessible rapidly and on a non-discriminatory basis. If an Issuer's General Meeting is adjourned for lack of quorum, provided that the convening requirements of the Shareholder Rights Law have been complied with and no new item has been added to the agenda, the 30-day period is reduced to a 17-day period. These convening notices must, *inter alia*, contain the precise date and location of the Issuer's General Meeting and the proposed agenda. It must also set out the conditions for attendance and representation at the meeting.

If the entire issued share capital of the Issuer is represented at an Issuer's General Meeting, no convening notice is required for the meeting to be held and the proceedings at such Issuer's General Meeting will be deemed valid.

In accordance with the Shareholder Rights Law, Shareholders holding individually or collectively at least 5% of the issued share capital of the Issuer (a) have the right to put items on the agenda of the Issuer's General Meeting and (b) have the right to table draft resolutions for items included or to be included on the agenda of the Issuer's General Meeting. Those rights shall be exercised by the request in writing of the relevant Shareholders submitted to the Issuer by postal services or electronic means. The request must be accompanied by a justification or a draft resolution to be adopted in the Issuer's General Meeting and shall include the electronic or mailing address at which the Issuer can acknowledge receipt of the request. Any such request from Shareholders must be received by the Issuer not later than on the second day prior to the date of the Issuer's General Meeting.

A Shareholder may act at any Issuer's General Meeting by appointing in writing or by e-mail or fax as his proxy another person who may but need not be a Shareholder. Each Share is entitled to one vote, subject to the limitations imposed by law. Except as otherwise required by law, resolutions will be taken irrespective of the number of the Shares represented, by a simple majority of votes.

Copies or extracts of the minutes of the Issuer's General Meeting to be produced in judicial proceedings or otherwise will be signed by the Chairperson or by any two Directors. Shareholder(s) participating in an Issuer's General Meeting by video conference or any other telecommunication methods allowing for their identification shall be deemed present for the purpose of quorum and majority computation. Such telecommunication methods shall satisfy all technical requirements to enable the effective participation in the meeting and the deliberations of the meeting shall be transmitted on a continuous basis.

### ***Chairperson, Quorum and Majority***

The Chairperson of the Board of Directors shall preside as chairperson at the Issuer's General Meeting or shall appoint another person to act as chairperson at the Issuer's General Meeting. If at an Issuer's General Meeting the Chairperson is

not present within five minutes after the time fixed for the start of the Issuer's General Meeting and the Chairperson has not appointed another person to chair the Shareholders' Meeting, the Directors present shall select one of them to be chairperson of the meeting. If only one Director is present and willing and able to act, he shall be the chairperson of the Shareholders' Meeting. In the absence of any Director, the Shareholders present and entitled to vote shall choose one of them to be the chairperson.

Without prejudice to any other power which he or she may have under the provisions of the Issuer's Articles of Association, the chairperson of the Issuer's General Meeting may take such action as he or she thinks fit to promote the orderly conduct of the business of the Issuer's General Meeting as specified in the convening notice.

Unless otherwise provided by the 1915 Law or by the Issuer's Articles of Association, all decisions by the Issuer's General Meeting shall be taken by simple majority of the votes cast, regardless of the proportion of the share capital represented by Shareholders attending the Issuer's General Meeting (with, at least one Shareholder present in person or by proxy and entitled to vote).

An Issuer's General Meeting convened to amend any provisions of the Issuer's Articles of Association, including to alter the share capital of the Issuer, shall not validly deliberate unless at least one half of the Issuer's share capital is represented and the agenda indicates the proposed amendments to the Issuer's Articles of Association. If the first of these conditions is not satisfied, a second Issuer's General Meeting may be convened provided that (i) the first Issuer's General Meeting was properly convened; and (ii) the agenda for the reconvened Issuer's General Meeting does not include any new item. The second Issuer's General Meeting shall validly deliberate regardless of the proportion of the Issuer's share capital represented. At both Issuer's General Meetings, resolutions, in order to be adopted, must be carried by at least two-thirds of the votes cast.

Resolutions by the Issuer's General Meeting on the delisting of the Issuer's shares from the WSE must be taken by a majority of no less than 90% of the votes validly cast at an Issuer's General Meeting at which a quorum of no less than 50% of the Issuer's share capital is present or represented. If a different majority or quorum requirement is imposed by the law applicable to delisting of the Issuer's shares from the WSE, such different requirement shall be applied.

Shareholders may not oblige any of the Shareholders to increase their commitment to the Issuer otherwise than by unanimous vote of the Shareholders.

Votes cast shall not include votes attaching to shares in respect of which the Shareholder has not taken part in the vote or has abstained or has returned a blank or invalid voting form.

The right of a Shareholder to participate in an Issuer's General Meeting and exercise voting rights attached to its shares are determined by reference to the number of shares held by such Shareholder at midnight (00:00) on the day falling 14 days before the date of the Issuer's General Meeting (the "**Record Date**"). Each Shareholder shall, on or before the Record Date, indicate to the Issuer its intention to participate at the Issuer's General Meeting. The Issuer determines the manner in which this declaration is made. For each Shareholder who indicates his intention to participate in the Issuer's General Meeting, the Issuer records his name or corporate denomination and address or registered office, the number of shares held by him on the Record Date and a description of the documents establishing the holding of shares on that date.

Shareholders may be authorized to participate in an Issuer's General Meeting by electronic means, ensuring, notably, any or all of the following forms of participation: (a) a real-time transmission of the Issuer's General Meeting; (b) a real-time two-way communication enabling Shareholders to address the Issuer's General Meeting from a remote location; and (c) a mechanism for casting votes, whether before or during the Issuer's General Meeting, without the need to appoint a proxy who is physically present at the Issuer's General Meeting. Any Shareholder which participates in an Issuer's General Meeting through such means shall be deemed to be present at the place of the Issuer's General Meeting for the purposes of the quorum and majority requirements. The use of electronic means allowing Shareholders to take part in an Issuer's General Meeting may be subject only to such requirements as are necessary to ensure the identification of Shareholders and the security of the electronic communication, and only to the extent that they are proportionate to achieving that objective.

### **Annual General Meeting**

The Annual General Meeting shall be held in accordance with Luxembourg law at the Issuer's registered office or at any other place within the municipality of the registered office of the Issuer as specified in the convening notice. If exceptional circumstances require, under the absolute and final judgment of the Issuer's Board, the Annual General Meeting may be held abroad.

Following the approval of the annual financial statements and consolidated financial statements, the Issuer's General Meeting shall decide by special vote on the discharge of the liability of the Issuer's Board members.

## TERMS AND CONDITIONS OF THE OFFERING

### The Offering

On the basis of this Prospectus, the Selling Shareholders are offering up to 163,599,596 existing ordinary registered shares in the share capital of the Issuer with a nominal value of PLN 0.01 each (excluding any Over-Allotment Shares) (the "**Existing Sale Shares**") and the Issuer is offering up to 28,571,429 new ordinary registered shares with a nominal value of PLN 0.01 each in the share capital of the Issuer (the "**New Sale Shares**," and together with the Existing Sale Shares, the "**Sale Shares**"). The maximum number of Sale Shares will be 187,826,087 and will comprise Existing Sale Shares and New Sale Shares in proportions that will be determined by the final offer price. For the avoidance of doubt, the maximum number of Sale Shares is not equal to the maximum number of Existing Sale Shares and the maximum number of New Sale Shares offered pursuant to this Prospectus. In addition, the Majority Selling Shareholders are granting an option to the Stabilizing Manager to purchase Over-Allotment Shares representing up to a maximum of 15% of the total number of Sale Shares (the Sale Shares and the Over-Allotment Shares shall be referred to as the "**Offer Shares**") pursuant to the Over-Allotment Option (see "*Underwriting, Stabilization and Lock-up*"). The Offering consists of a maximum of 216,000,000 Offer Shares, including all Sale Shares and any Over-Allotment Shares.

The Offering consists of: (i) the public offering in the territory of Poland (the "**Polish Public Offering**"), including: (a) the Retail Offering and (b) the Polish Institutional Offering; (ii) the offering in the United States to certain qualified institutional buyers ("**QIBs**") as defined in and in reliance on Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act; and (iii) an offering to certain other institutional investors outside of the United States and Poland (such investors together with the QIBs, the "**International Institutional Investors**" and, together with the Polish Institutional Investors, the "**Institutional Investors**") in accordance with Regulation S under the U.S. Securities Act (the "**International Offering**"). The Polish Public Offering is being conducted exclusively within the territory of Poland. This Prospectus will not be passported or notified in any other way for the purpose of any public offering outside of Poland.

The following investors are authorized to take part in the Offering:

- the Retail Investors; and
- the Institutional Investors;

(as defined in the "*Abbreviations and Definitions*" section).

The Offer Shares may be acquired by the Retail Investors and the Institutional Investors, and there is no fixed split of the Offer Shares that will be allocated to each category of investors. The Issuer and the Principal Selling Shareholders intend to allocate up to 5% of the final number of the Sale Shares in aggregate to the Retail Investors. The remainder of the Offer Shares will be allocated to the Institutional Investors. However, the above proportions may be altered by the Issuer and the Principal Selling Shareholders after a recommendation from the Global Coordinators and after consultation with the Co-Offering Agents.

The Offering does not provide for any preferential treatment of any specific types of investors or any specific related groups (including programs for families and friends) while allotting the Offer Shares. Non-residents of Poland who intend to subscribe for the Offer Shares should review the relevant laws of the country of their origin as well as the information regarding the restrictions applicable to the Offering provided in this Prospectus in the "*Selling Restrictions*" and "*Transfer Restrictions*" sections.

Potential investors should note that this Prospectus (together with: (i) its summary in Polish, (ii) supplements to this Prospectus, if any, following their approval by the CSSF and subsequent notification by the CSSF to the PFSA in this respect, (iii) the information on the Retail Investors Offer Price, Institutional Investors Offer Price, the final number of the Offer Shares to be offered in the Offering and to be offered to various categories of investors) and (iv) update reports (*komunikaty aktualizujące*) to this Prospectus, if any) is the sole legally binding document that has been prepared for the purposes of the Offering and which contains information on the Group, the Offering, the Offer Shares and the Admission.

This Prospectus has been filed with, and was approved on September 22, 2020, by the CSSF, which is the competent authority for the purpose of the Prospectus Regulation in Luxembourg. Pursuant to Article 2(m) of the Prospectus Regulation, Luxembourg is the home member state of the Issuer, and the CSSF is solely authorized to approve this Prospectus. The Issuer will be authorized to carry out the Polish Public Offering once the ESMA and PFSA are properly notified about the approval of this Prospectus by the CSSF in accordance with Article 24 and 25 of the Prospectus Regulation and this Prospectus (together with its summary in Polish) has been published on the Issuer's website ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)), on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and, additionally, for

information purposes only, on the websites of the Co-Offering Agents ([www.bm.pkobp.pl](http://www.bm.pkobp.pl) and [www.santander.pl/inwestor](http://www.santander.pl/inwestor)). In addition, in accordance with the requirements of the Prospectus Regulation, a copy of this Prospectus on a durable medium will be delivered to investors upon their request free of charge. Furthermore, a paper copy of a printed version of this Prospectus will be delivered free of charge to any investor who makes a specific demand for a paper copy. However, pursuant to the Prospectus Regulation, such delivery will be limited to the jurisdiction in which the offer of securities to the public is made or where the admission to trading on a regulated market is taking place under the Prospectus Regulation (i.e., solely in Poland).

The Offer Shares are being offered to the Retail Investors at the Retail Investors Offer Price and to the Institutional Investors at the Institutional Investors Offer Price. The Retail Investors Offer Price and Institutional Investors Offer Price mentioned above will be determined by the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, through a book-building process for the Institutional Investors and expressed in Polish zloty. See "—*Maximum Price; Determination of the Offer Price*" below.

The final number of the Offer Shares to be offered to the investors in the Offering (including the final number of the Sale Shares and the final number of the Over-Allotment Shares, if any) will be set by the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, after the end of the book-building process for the Institutional Investors and once the Retail Investors Offer Price and Institutional Investors Offer Price are set. In any case, the final number of the Sale Shares to be offered in the Offering will not be higher than 187,826,087, but it may be lower, and the final number of the Offer Shares to be offered in the Offering will not be higher than 216,000,000 (including all Sale Shares and any Over-Allotment Shares), but it may be lower.

The Joint Bookrunners may submit aggregate purchase orders on behalf of International Institutional Investors who upon the completion of the book-building process have been initially allocated the Offer Shares, and the Joint Bookrunners will settle with such International Institutional Investors separately. The provisions of this section that refer to Institutional Investors should be read accordingly in the context of such International Institutional Investors.

The information about the Retail Investors Offer Price, Institutional Investors Offer Price and the final number of the Existing Sale Shares (including the Over-Allotment Shares) and New Sale Shares to be offered in the Offering and the final number of the Offer Shares to be offered to various categories of investors mentioned above will be published on or about the Pricing Date in the same manner as this Prospectus (i.e., in searchable electronic form on the Issuer's website ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)), on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and, additionally, for information purposes only, on the websites of the Co-Offering Agents ([www.bm.pkobp.pl](http://www.bm.pkobp.pl) and [www.santander.pl/inwestor](http://www.santander.pl/inwestor))) after the end of the book-building process for the Institutional Investors.

There is no minimum amount of the Offer Shares that needs to be subscribed for in order for the Offering to proceed. However, the Issuer and the Principal Selling Shareholders may decide not to proceed with the Offering and with the Admission. For more details, please see "—*Cancellation, Suspension and Modification of the Offering*" below.

On September 11, 2020, the Issuer's Board approved, among others: (i) the Offering and issuance of the New Sale Shares; (ii) the entry by the Issuer into an underwriting agreement in respect of the Offering; (iii) the registration of the Shares with the securities depository operated by the NDS; and (iv) the listing of all of the Shares, on the regulated market of the WSE.

### **Expected Timetable of the Offering**

The timetable below lists expected key dates relating to the Offering. All times and dates referred to in this timetable are based on local Warsaw time and may be adjusted by the Issuer and the Principal Selling Shareholders in agreement with the Global Coordinators acting on their own behalf and on behalf of the remaining Banks. Should the dates set out in the timetable be adjusted materially, the Issuer will notify the CSSF and the PFSA and publish information regarding such fact in a manner compliant with applicable regulations, as well as with the relevant market practices in Luxembourg and Poland, including where necessary by issuing a supplement to this Prospectus.

September 22, 2020 .....	Approval of the Prospectus by the CSSF
	Passporting of the Prospectus to the PFSA
	Publication of the Prospectus
	Opening of the Offering – commencement of the book-building process among the Institutional Investors

September 23-28, 2020 .....	Subscription period for the Retail Investors – acceptance of purchase orders from the Retail Investors (until 11:59 p.m. Warsaw time on September 28, 2020)
September 28, 2020 .....	End of the book-building process among the Institutional Investors
	Determination of the Retail Investors Offer Price, Institutional Investors Offer Price, the final number of the Existing Sale Shares (including the Over-Allotment Shares) and New Sale Shares to be offered in the Offering and the final number of the Offer Shares to be offered to the various categories of investors (" <b>Pricing Date</b> ")
on or about September 28, 2020 .....	Execution of the pricing memorandum determining, among others, the Retail Investors Offer Price, Institutional Investors Offer Price and the final number of the Existing Sale Shares (including the Over-Allotment Shares) and New Sale Shares to be offered in the Offering and the final number of Offer Shares to be offered to the various categories of investors
on or about September 29, 2020 .....	Publication of the Retail Investors Offer Price, Institutional Investors Offer Price, the final number of the Existing Sale Shares (including the Over-Allotment Shares) and New Sale Shares to be offered in the Offering and the final number of the Offer Shares to be offered to the various categories of investors in searchable electronic form on the Issuer's website, on the official website of the Luxembourg Stock Exchange ( <a href="http://www.bourse.lu">www.bourse.lu</a> ) and, additionally, for information purposes only, on the websites of the Co-Offering Agents ( <a href="http://www.bm.pkobp.pl">www.bm.pkobp.pl</a> and <a href="http://www.santander.pl/investor">www.santander.pl/investor</a> )
September 29–October 1, 2020 .....	Acceptance of the purchase orders from the Institutional Investors
not later than October 1, 2020 .....	Payment for the Offer Shares subscribed for by the Institutional Investors
until October 2, 2020 .....	Submission of purchase orders, if any, by the substitute Institutional Investors who respond to additional invitations of the Joint Bookrunners to purchase the Offer Shares, or by the Banks (except DMBH and Pekao Investment Banking) or their subsidiaries in performance of their obligations under the Underwriting Agreement
October 5, 2020 .....	WSE allocation – submission of purchase orders for the sale of the Offer Shares to the Retail Investors through the WSE system
	Allotment of the Offer Shares (the " <b>Allotment Date</b> ")
on or about October 6, 2020 .....	Registration of the Offer Shares in the securities accounts of Retail Investors
October 9, 2020 .....	Expected date of the registration of the Offer Shares in the securities accounts of the Institutional Investors (on the condition that the data provided by the investors for the registration of the Offer Shares in their securities accounts is complete and correct) – closing of the Offering
on or about October 12, 2020 .....	Expected first day of trading of the Shares on the WSE (" <b>Listing Date</b> ")

#### **Purchase by the Majority Selling Shareholders, Senior Managers and Directors**

As of the date of this Prospectus the following Directors are considering subscribing for Offer Shares: Nancy Cruickshank intends to subscribe for Offer Shares in an amount of up to approximately PLN 0.5 million; and Carla Smits-Nusteling

intends to subscribe for Offer Shares in an amount of up to approximately PLN 1.6 million. As of the date of this Prospectus, there is no agreement or commitment in respect of intended subscriptions of Offer Shares and there is no assurance that such subscriptions would be made or, if made, that they would be in the size and value described herein. To the best of the Issuer's knowledge, none of the Majority Selling Shareholders or any Senior Manager intends to purchase any Offer Shares.

### **Cancellation, Suspension and Modification of the Offering**

The Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, may cancel the Offering and/or modify its terms and dates at any time prior to the commencement of the distribution of the information on clearing or transfer instructions (*zlecenia rozrachunku*) in order to record the Offer Shares in the securities accounts of the Institutional Investors, which is expected to take place on or around 9:00 a.m. Warsaw time on October 9, 2020 (or another date and time, if amended, and as indicated in any supplement or update report to this Prospectus). Information on the cancellation or modification of the terms of the Offering will be made publicly available through a publication on the Issuer's website as well as, to the extent required, by way of an update report or a supplement to this Prospectus.

If information on the cancellation, suspension or modification of the Offering is published before the commencement of the subscription period for the Retail Investors, no reason must be published for such cancellation, suspension or modification. After the commencement of the subscription period for the Retail Investors, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, may also cancel, suspend or modify the Offering at any time if proceeding with the Offering is considered impracticable or inadvisable. Reasons that would make the Offering impracticable or inadvisable include, but are not limited to: (i) the occurrence of a sudden or unforeseeable change in the economic or political situation in Poland or abroad which may have a material adverse effect on the financial markets, Poland's economy, the Offering or the Group's operations; (ii) the occurrence of a sudden or unforeseeable change or event other than those stated under item (i) above which could have a material adverse impact on the Group's operations or which could result in the Group incurring material damage or any material disruption to its operations; (iii) the occurrence of a material adverse change in the Group's business, financial condition or operating results; (iv) the suspension of, or a material limitation in, trading in securities on the WSE or on any other exchange if such circumstances could have a material adverse effect on the Offering and/or the Admission; (v) an unsatisfactory demand for the Offer Shares from the Institutional Investors based on the declarations received in the book-building process; (vi) in the opinion of the Global Coordinators and after consultation with the Co-Offering Agents, an insufficient number of the Shares is expected to be traded on the WSE which would not warrant the required liquidity of the Shares; (vii) the occurrence of a sudden and unforeseeable change which could have a direct, material and adverse effect on the Group's operations; or (viii) the termination of the Underwriting Agreement.

In case of the cancellation of the sale of the Offer Shares in the Offering until the submission of orders for the sale of the Offer Shares to Retail Investors through the WSE system, the purchase orders will be deemed void and any payments made will be returned without interest or damages no later than seven days from the date of the announcement of the withdrawal from the sale of the Offer Shares in the Offering.

Should the Offering be canceled after instructions have been issued to sell the Offer Shares to the Retail Investors through the WSE system and before the commencement of the distribution of the information on clearing or transfer instructions (*zlecenia rozrachunku*) (or another date and time, if amended and as indicated in any supplement or update report to this Prospectus), the entities accepting purchase orders from the Retail Investors shall return the Offer Shares previously acquired by the Retail Investors in accordance with the powers of attorney granted by the Retail Investors in the purchase order forms for the Offer Shares and in accordance with the instructions issued by the Co-Offering Agents. Any payments made by the Retail Investors for the Offer Shares will be returned to them without any interest or damages within seven days following the return of such Offer Shares to the Selling Shareholders' securities accounts. The payments will be made to the cash accounts maintained for the Retail Investors' securities account through which the purchase order was placed in accordance with the rules prevailing at the given investment firm.

A return of a payment for the Offer Shares without interest or compensation, net of transfer costs, shall also take place to the extent that no Offer Shares are allotted or where there is a reduction of purchase orders placed as set out in this Prospectus or if excess payments are being returned, no later than seven days following each of such events.

These rules for the cancellation of the Offering shall also apply to Institutional Investors up to the time until the Issuer and the Selling Shareholders are entitled to cancel the Offering.

A decision to suspend the Offering, without providing any reason for doing so, may be taken at any time before the commencement of the subscription period for the Retail Investors by the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators. From the commencement of the subscription period for the

Retail Investors up to the submission of orders for the sale of the Offer Shares to the Retail Investors through the WSE system, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, may decide to suspend the Offering only for reasons that are (in the opinion of the Issuer and the Principal Selling Shareholders) material, which may include, among other things, any event that might adversely affect the success of the Offering or cause increased investment risks for the purchasers of the Offer Shares. A decision to suspend the Offering may be made without specifying a new timetable for the Offering, which may be determined at a later date.

In the event of the suspension of the Offering, information about the suspension of the Offering will be made available to the public through a publication on the Issuer's website as well as, to the extent required, by way of an update report or a supplement to this Prospectus. See also "*Supplements to the Prospectus*" below.

If a decision to suspend the Offering is made in the period between the commencement of the subscription period for the Retail Investors and the submission of orders for the sale of the Offer Shares to Retail Investors through the WSE system, any purchase orders received and any payments made will still be considered valid; however, investors will have the right to withdraw their purchase orders by submitting a relevant representation within two business days from the date of the publication of the supplement to this Prospectus relating to the suspension of the Offering. See also "*Supplements to the Prospectus*" below.

If a decision on the suspension of the Offering is made after the completion of the book-building process but prior to the opening of the period for accepting purchase orders from the Institutional Investors, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, may repeat the book-building process, provided that in such event they will determine whether or not the previously submitted declarations and invitations to place orders for the Offer Shares remain valid.

None of the Issuer, the Selling Shareholders, the Global Coordinators, the Banks or the WSE shall bear any liability for any consequences (including, without limitation, losses, damages or lost opportunity) incurred by any third party (including investors) and/or their affiliates in respect of and/or in connection with such suspension, cancellation or modification.

In the case of the cancellation of the Offering, the Issuer does not intend to seek, based on this Prospectus, the admission of the Shares to trading on the regulated market operated by the WSE, the parallel market operated by the WSE or on any other equivalent market.

### **Supplements to the Prospectus**

In accordance with the relevant regulations in force in Luxembourg and Poland applicable to public share offerings and the admission of securities to trading on a regulated market, and taking into account that the public offering of the Offer Shares on the basis of this Prospectus will take place only in Poland, every significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Offer Shares and which arises or is noted between the date of approval of this Prospectus and the closing to the offer period under the Offering or the Listing Date, whichever occurs later, will be mentioned in a supplement to this Prospectus without undue delay. Such supplement will be subject to approval by the CSSF and subsequently will be notified to the PFSA and published in the same manner as this Prospectus. Investors who have already agreed to purchase the Offer Shares before such a supplement is published shall have the right, exercisable within two business days after the publication of the supplement, to withdraw their submitted purchase orders (with respect to the Retail Investors – by notifying the entity in which their respective purchase orders were placed), provided that the significant new factor, material mistake or material inaccuracy arose or was noted prior to the closing of the offer period under the Offering or the registration of the Offer Shares in the securities accounts of the investors (delivery of the Offer Shares), whichever occurs first.

If investors withdraw, subscription payments that have been made will be returned without any interest or compensation no later than seven days after the date of such withdrawal from the Offering.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus.

### **Maximum Price; Determination of the Offer Price**

The offer price will be determined in Polish zloty.

The final offer price per Offer Share for the Retail Investors (the "**Retail Investors Offer Price**") will not be set higher than PLN 43 per Offer Share (the "**Maximum Price**"), being the Top of the Offer Price Range. The final offer price per



Offer Share for the Institutional Investors (the "**Institutional Investors Offer Price**") is expected to be within the Offer Price Range. Institutional Investors will purchase the Offer Shares at the Institutional Investors Offer Price. If the Institutional Investors Offer Price is set within the Offer Price Range, the Retail Investors Offer Price and the Institutional Investors Offer Price will be the same.

During the book-building process among the Institutional Investors invited, in any form, by the Joint Bookrunners, such Institutional Investors interested in subscribing for the Offer Shares will indicate the number of the Offer Shares they are willing to acquire and the price that they are willing to pay. The book-building process will be carried out in Polish zloty. The Retail Investors will not participate in the book-building process. The book-building process will be conducted prior to the start of accepting purchase orders from the Institutional Investors, and upon completion of the book-building process and the determination of the Institutional Investors Offer Price, the purchase orders from the Institutional Investors will be accepted on the terms described in this Prospectus.

The results of the book-building will not be made public. In order to obtain more detailed information regarding participation in the book-building process, interested Institutional Investors should directly contact the Joint Bookrunners.

The Retail Investors Offer Price and the Institutional Investors Offer Price will be determined by the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators. The Retail Investors Offer Price and the Institutional Investors Offer Price will in particular be determined based on the following criteria and rules, among others:

- the size and price sensitivity of demand from the Institutional Investors on the basis of the declarations received in the book-building process;
- the current and anticipated situation on the Polish and international capital markets; and
- the secondary market post-Offering for the Shares.

The Issuer will announce the Retail Investors Offer Price and the Institutional Investors Offer Price in a manner compliant with applicable regulations, as well as market practice in Luxembourg and Poland. More specifically, the Retail Investors Offer Price and the Institutional Investors Offer Price will be published in the same manner as this Prospectus (i.e., in searchable electronic form on the Issuer's website ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)), on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and, additionally, for information purposes only, on the websites of the Co-Offering Agents ([www.bm.pkobp.pl](http://www.bm.pkobp.pl) and [www.santander.pl/inwestor](http://www.santander.pl/inwestor))) and notified to the CSSF.

The Retail Investors that placed their purchase orders prior to the announcement of the Retail Investors Offer Price and the Institutional Investors Offer Price will have the right to withdraw their purchase orders by submitting a relevant representation to the entity in which their respective purchase orders were placed within two business days from the date of the announcement of the Retail Investors Offer Price and the Institutional Investors Offer Price and their notification to the CSSF.

### **Final Number of the Offer Shares**

No later than on the date of the determination of the Retail Investors Offer Price and the Institutional Investors Offer Price, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, will make a decision on the final number of the Offer Shares to be offered in the Offering, including the final number of the Existing Sale Shares and the New Sale Shares and the final number of the Over-Allotment Shares. In any case, the final number of the Sale Shares to be offered in the Offering will not be higher than 187,826,087 (but it may be lower) and will comprise Existing Sale Shares and New Sale Shares in proportions that will be determined by the final offer price. In any case, the final number of the Offer Shares to be offered in the Offering will not be higher than 216,000,000 (including all Sale Shares and any Over-Allotment Shares), but it may be lower. Additionally, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, will determine the final number of the Offer Shares to be offered to each specific investor category.

The Offer Shares may be acquired by the Retail Investors and the Institutional Investors and there is no fixed split of the Offer Shares that will be allocated to each category of investors. The Issuer and the Principal Selling Shareholders intend to allocate up to 5% of the final number of the Sale Shares in aggregate to the Retail Investors. The remainder of the Offer Shares will be allocated to Institutional Investors. However, the above proportions may be altered by the Issuer and the Principal Selling Shareholders after a recommendation from the Global Coordinators and after consultation with the Co-Offering Agents.

The information on the final number of the Offer Shares offered in the Offering and the alteration mentioned in the preceding paragraph, if any, will be announced together with and in the same manner as the Offer Price (i.e., in searchable

electronic form on the Issuer's website ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)), on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and, additionally, for information purposes only, on the websites of the Co-Offering Agents ([www.bm.pkobp.pl](http://www.bm.pkobp.pl) and [www.santander.pl/investor](http://www.santander.pl/investor)) and notified to the CSSF.

The Issuer and the Principal Selling Shareholders, after a recommendation from the Global Coordinators and after consultation with the Co-Offering Agents, may decide to decrease the number of the Offer Shares offered in the Offering. The Issuer and the Selling Shareholders may also decide to cancel, modify or suspend the Offering (see "*Cancellation, Suspension and Modification of the Offering*" above).

The Retail Investors that placed their purchase orders prior to the announcement of the final number of the Offer Shares to be offered in the Offering will have the right to withdraw their purchase orders by submitting a relevant representation to the entity in which their respective purchase orders were placed within two business days from the date of the announcement of the final number of the Offer Shares to be offered in the Offering and their notification to the CSSF.

### **Placement of Purchase Orders**

The Offer Shares may be acquired by the Retail Investors and the Institutional Investors, and there is no fixed split of the Offer Shares that will be allocated to each category of investors, except that only the Institutional Investors will acquire the New Sale Shares pursuant to the Offering.

A purchase order for the Offer Shares is unconditional, irrevocable (subject to the withdrawal right if a supplement to this Prospectus is published (see "*Supplements to the Prospectus*" above)) or – with respect to the Retail Investors – following the announcement of the Retail Investors Offer Price, Institutional Investors Offer Price and the final number of the Offer Shares to be offered in the Offering, may not include any reservations and is binding on the person who submitted it until the allotment of the Offer Shares in the Offering, or until the date of cancellation of the Offering.

Each investor will be required in the purchase order form to indicate all of the required information and submit all of the required statements and authorizations, including an authorization for the Co-Offering Agents and the investment firm accepting purchase orders to transfer information constituting a professional secret, including information related to purchase orders made for the Offer Shares, to the extent required for Admission, and an authorization for the Co-Offering Agents and the Issuer and/or the Selling Shareholders to receive such information.

By placing purchase orders, to the extent permitted by the applicable laws, each of the prospective investors will be deemed to have: (i) acknowledged the content of this Prospectus and the translation of the Prospectus summary; (ii) acknowledged the content of the Issuer's Articles of Association; (iii) acknowledged that no third party has been authorized to give any information or to make any representation concerning the Issuer or the Selling Shareholders (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Selling Shareholders or the Banks; (iv) accepted the terms of the Offering; (v) consented to being allotted a lower number of the Offer Shares than the number specified in such investor's purchase order, or to not being allotted any Offer Shares at all, pursuant to the terms and conditions set forth in this Prospectus; and (vi) agreed to the processing of the information protected by professional secrecy and pertaining to the placed subscription order to the extent necessary to conduct the Offering (exclusively with respect to the Institutional Investors).

Furthermore, each Retail Investor will be required in the purchase order form to: (i) grant an irrevocable power of attorney to the entity accepting the subscriptions for the Offer Shares to promptly execute, as ordered by the Co-Offering Agents, a transfer-back of the Offer Shares recorded in the securities account kept for the Retail Investor should the Issuer and the Selling Shareholders decide to cancel the Offering after the placement of a sell order for the Offer Shares to the Retail Investors through the WSE system and the date of recording the Offer Shares in the Institutional Investors' accounts; and (ii) place an order for blocking the Offer Shares from the moment of recording the same on the Retail Investor's account until 9:00 a.m. Warsaw time on October 9, 2020 (or another date and time, if amended and as indicated in any supplement or update report to this Prospectus).

If a purchase order form (where applicable) is missing any of the above or other necessary information, the power of attorney is not granted or the order is not made to block the Offer Shares, or if any other information is missing or incorrectly stated on the form, or if any untrue or incorrect information is provided therein, the purchase order of the investor may be declared invalid. All of the consequences, including the invalidity of purchase orders, resulting from incorrectly filling out purchase order forms for the Offer Shares, including the instructions to deposit the Offer Shares, will be borne by the investors.

Investors will not bear any additional costs or taxes in connection with the submission of purchase orders for the Offer Shares, except for the costs (if any) associated with opening and maintaining a securities account (unless such investor already has an account). For information relating to taxation, please see "*Taxation*."

### ***Retail Investors***

The allotment of the Offer Shares to the Retail Investors will be completed through the WSE system, therefore Retail Investors interested in subscribing for Offer Shares must have securities accounts opened with the investment firm in which he or she will subscribe for, and which is a part of the Retail Syndicate. Retail Investors wishing to subscribe for Offer Shares, who do not have securities accounts should open such accounts before making a subscription.

The Retail Investors will place their purchase orders in Poland at the Maximum Price, indicating the number of Offer Shares they are willing to buy. The Retail Investors will place their purchase orders solely for the Existing Sale Shares.

Purchase orders from the Retail Investors will be accepted at the client service points of the Co-Offering Agents and other investment firms and authorized banks in Poland accepting purchase orders (jointly with the Co-Offering Agents, the "**Retail Syndicate**") in accordance with their internal procedures and the terms of the agreements relating to the maintenance of the customers' securities accounts by the Co-Offering Agents or such other investment firms/banks prior to the end of the subscription period.

For the detailed list of the Retail Syndicate see "*—Retail Syndicate*" below. The list of Retail Syndicate client service points where the purchase orders will be accepted will be made public before the commencement of the subscription period for the Retail Investors on the website of the Issuer ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)), on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) in the same manner as this Prospectus and, additionally, for information purposes, on the websites of the Co-Offering Agents ([www.bm.pkobp.pl](http://www.bm.pkobp.pl) and [www.santander.pl/inwestor](http://www.santander.pl/inwestor)).

The Retail Investors may place multiple purchase orders for the Offer Shares, provided that the maximum number of the Offer Shares subscribed for by one Retail Investor in one purchase order is not higher than 9,391,304 Offer Shares. A purchase order covering a higher number of the Offer Shares than 9,391,304 Offer Shares will be regarded as a purchase order for 9,391,304 Offer Shares. Orders not fully paid for or with improperly completed purchase order forms will be deemed invalid. All of the consequences of submitting an incorrect or incomplete purchase order will be borne by the Retail Investor submitting such purchase order.

Any purchase orders for the Offer Shares by a Retail Investor with a price other than the Maximum Price will be deemed invalid.

Purchase orders from the Retail Investors will be accepted only from prospective investors who at the time of placing their orders (before the end of the subscription period for the Retail Investors) will have opened securities accounts or omnibus accounts with entities of their choice licensed to provide such services within the territory of Poland and that are members of the Retail Syndicate.

Subscriptions via the internet and by telephone will be accepted from the Retail Investors who have a brokerage account agreement (or similar type agreement) with a member of the Retail Syndicate and provided such agreement provides for the placement of subscriptions via the internet or by telephone. Such subscriptions will be accepted in accordance with such agreement, the internal regulations of the given member of the Retail Syndicate and the technical requirements of using the internet application made available for placing subscriptions.

On the basis of the accepted purchase orders, the members of the Retail Syndicate being stock exchange members will place, on behalf of the Retail Investors, a subscription for the Offer Shares through the WSE system. The investment firms accepting the subscriptions are accountable for properly conveying the orders to the WSE system. The subscription form will include a power of attorney for the investment firm to place a subscription for the Offer Shares on behalf of the given Retail Investor.

For information on the detailed rules governing the placement of purchase orders by the Retail Investors, in particular (i) the documents required if a purchase order is placed by a statutory representative, proxy or any other person acting on behalf of an investor and (ii) the possibility of placing purchase orders in a form other than written form (e.g., via the internet), the Retail Investors should contact a member of the Retail Syndicate accepting purchase orders for the Offer Shares from the Retail Investors.

### ***Institutional Investors***

Once the book-building process has been completed, the Issuer and the Principal Selling Shareholders, following close consultation with the Global Coordinators, will select the Institutional Investors to whom invitations to submit a purchase order for the Offer Shares will be sent by the Co-Offering Agents on behalf of the Banks and who will be entitled to purchase the number of Offer Shares specified in such invitation and to make payments for the Offer Shares at the Institutional Investors Offer Price to the account indicated in such invitation.

Purchase orders placed by Institutional Investors who were invited to subscribe for the Offer Shares will be accepted by the Co-Offering Agents on the terms as stated in the invitation to place purchase orders. For information on the detailed rules governing the placing of purchase orders, in particular the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an investor, the Institutional Investors should contact any of the Co-Offering Agents.

Each Institutional Investor may submit one or several purchase orders for such number of Offer Shares as is indicated in the invitation addressed to such Institutional Investor to place a purchase order. Purchase orders which jointly cover a number of the Offer Shares greater than that stated in the invitation will be treated as purchase orders for the maximum number of the Offer Shares which may be covered by a purchase order placed by the given Institutional Investor. Institutions which manage assets on behalf of third parties may submit a single collective purchase order in favor of specific customers, attaching to the order the list of such customers containing such data as required in the purchase order form. Purchase orders will be accepted on a subscription form provided by the Co-Offering Agents. At the time of placing a purchase order, Institutional Investors are required to make an irrevocable instruction for depositing the Offer Shares in a securities account maintained in their name.

International Institutional Investors should contact the relevant Joint Bookrunner for details of placing the purchase order and settlement process of the Offer Shares to them.

### **Payment for the Offer Shares**

Payments for the Offer Shares do not bear interest.

### ***Retail Investors***

The Retail Investors placing purchase orders for the Offer Shares are required to pay for such Offer Shares at the latest upon the placement of such order. Payments should be made in an amount corresponding to the product of the number of the Offer Shares for which such Retail Investor places his purchase order(s) and the Maximum Price. Payment for the Offer Shares must be made in Polish zloty in accordance with the rules of the given member of the Retail Syndicate – for the Retail Investors accepting the purchase order for the Offer Shares.

The payment for the Offer Shares subject to the purchase order will be blocked upon the submission of the purchase order. Any previously unsettled receivables may not be credited as payment for the Offer Shares. A purchase order placed by a Retail Investor which is not fully paid or not paid in time will be considered invalid. The subscriptions for the Offer Shares may be paid for by using the funds in the investor's investment account only by using the non-restricted cash funds of that investor deposited in its securities account. If the funds in the account are insufficient, the purchase order will not be accepted.

### ***Institutional Investors***

The Institutional Investors are required to pay for their purchase orders by the day and time set forth in their respective invitations to submit a purchase order for the Offer Shares, in Polish zloty, for the number of the Offer Shares stated in the invitation and in compliance with the instructions stated in the invitation to submit a purchase order. Payments should be made by wire transfer in Polish zloty to the account stated in the invitation to submit a purchase order. The date of payment shall be the date on which the relevant cash sum is credited to such account.

If an order is not paid in full by the Institutional Investor, such order may at the discretion of the Global Coordinators, subject to the consent of the Issuer and the Selling Shareholders, be deemed validly placed for such number of the Offer Shares as corresponds to the amount actually paid for by the Institutional Investor, calculated as the product of the number of Offer Shares and the Institutional Investors Offer Price, or for a lower number of the Offer Shares, or not validly placed at all.

International Institutional Investors should contact the relevant Joint Bookrunner for details of payment for the Offer Shares and settlement process of the Offer Shares to them.

### **Allotment of the Offer Shares**

Any decisions regarding: (i) the number of the Offer Shares to be allotted to specific investor categories and (ii) the allotment of the Offer Shares to specific Institutional Investors will be discretionary and will be taken by the Issuer and the Selling Shareholders, after a recommendation from the Global Coordinators, upon the completion of the book-building process.

After the final number of the Offer Shares to be offered to specific investor categories has been made public, the Issuer and the Selling Shareholders reserve the right to transfer the Offer Shares between investor categories, after a recommendation from the Global Coordinators and after consultation with the Co-Offering Agents, provided that only: (i) those Offer Shares which are not covered by purchase orders duly made and paid for or (ii) those Offer Shares which have not been acquired by investors as a result of investors withdrawing their purchase orders, in accordance with the applicable provisions of this Prospectus, may be transferred. Such transfers will not affect the final number of Offer Shares offered in the Offering.

### ***Retail Investors***

The technical allotment of the Offer Shares to the Retail Investors will be completed through the WSE system on the basis of a separate agreement entered into between BM PKO BP, the Issuer and the WSE in accordance with duly filed and paid for purchase orders.

If the number of the Offer Shares covered by purchase orders placed by the Retail Investors (and which remain valid until the WSE settlement session for Retail Investors) is greater than the number of the Offer Shares that are finally offered in the Retail Offering, the Offer Shares will be proportionately reduced.

Fractional allocations (after the proportional reduction, if any) will be rounded down to the nearest full share number, and the remaining Offer Shares will be allocated to the Retail Investors who subscribed for the largest number of the Offer Shares.

The Issuer and the Selling Shareholders will not give preferential treatment or discriminate between the Retail Investors in respect of the allotment of the Offer Shares.

The Retail Investors will be reimbursed for excess payments if the Retail Investors Offer Price is less than the Maximum Price. In addition, the Retail Investors who have not been allotted any Offer Shares, or whose purchase orders for the Offer Shares were subject to reduction, or whose purchase orders for the Offer Shares were invalid or whose purchase orders covered more than 9,391,304 Offer Shares and were regarded as purchase orders for 9,391,304 Offer Shares or who have validly withdrawn their purchase orders on the terms provided in this Prospectus, will be reimbursed for their payments. Reimbursements will be made to the cash account maintained for the securities account used to place the purchase order in compliance with the procedures observed at the relevant member of the Retail Syndicate within seven days from the Allotment Date, the date of the announcement of the cancellation of the Offering or the exercise by a Retail Investor of its withdrawal right with respect to its subscription in connection with the publication of a supplement to this Prospectus (see "*Supplements to the Prospectus*" above), respectively. All excess payments will be reimbursed without any damages, interest or costs, if any, incurred by the Retail Investors in relation to placing purchase orders for the Offer Shares.

Retail Investors participating in the Offering will be able to verify the number of the Offer Shares allocated thereto at the relevant member of the Retail Syndicate keeping their securities account on which the Offer Shares have been registered in compliance with the applicable regulations and agreement(s) executed with a given Retail Investor.

### ***Institutional Investors***

Upon the completion of the book-building process, invitations for submitting purchase orders for the Offer Shares will be sent by the Co-Offering Agents on behalf of the Banks to the Institutional Investors. The Institutional Investors to whom the invitations will be sent will be allotted the Offer Shares in the number as stated in the invitations, provided that the purchase order is duly filed and the relevant number of the Offer Shares have been paid for. If an Institutional Investor has only made a partial payment for the Offer Shares or has placed a purchase order(s) for a number of the Offer Shares lower than that specified in the invitation, such Institutional Investor may be allotted as many Offer Shares as such Institutional Investor has paid for, a lower number of the Offer Shares than for which it has paid or no Offer Shares at all, which will be determined by the Global Coordinators, at their discretion, subject to the consent of the Issuer and the Selling Shareholders. If an investor places one or several purchase orders for a greater number of the Offer Shares than that resulting from the received invitation, such investor may be allotted the number of the Offer Shares resulting from the invitation received thereby. The Institutional Investors may be allotted Existing Sale Shares, New Sale Shares or both

Existing Sale Shares and New Sale Shares (in the proportion determined by the Issuer and the Selling Shareholders in consultation with the Global Coordinators and the Co-Offering Agents).

The Institutional Investors who have not been allotted any Offer Shares or whose purchase orders for Offer Shares were avoided or otherwise not granted will be reimbursed within up to seven days from the Allotment Date or the date of the announcement of the cancellation of the Offering or the exercise of the withdrawal right with respect to its subscription in connection with the publication of a supplement to this Prospectus (see "*Supplements to the Prospectus*" above), respectively, without any interest or damages, to the account stated in the given Institutional Investor's purchase order.

Any Offer Shares with respect to which the Retail Investors have exercised the right to withdraw from their purchase orders in accordance with the applicable provisions of the law may be allotted to the Institutional Investors, both to those who participated in the book-building process and those who did not (the "**Substitute Investors**"), provided that the Substitute Investors have duly submitted and paid for the purchase orders submitted in response to the invitation to submit such purchase orders for the Offer Shares on the terms and conditions specified in this section.

The Offer Shares with respect to which the Institutional Investors have exercised the rights to withdraw their purchase orders in compliance with the applicable provisions of the law, failed to submit their purchase orders in response to the invitation or failed to make timely payments in respect of the orders placed may be offered and allotted to the Substitute Investors, provided that they have duly submitted and paid for the purchase orders submitted in response to the invitation to submit such purchase orders for the Offer Shares on the terms and conditions specified in this section, or may be allotted to the Banks (except DMBH and Pekao Investment Banking) in performance of the Underwriting Agreement on the terms provided in "*Underwriting, Stabilization and Lock-up*."

Institutional Investors participating in the Offering will be notified about the Offer Shares allocated to them by the Banks.

### **Registration and Settlement**

In accordance with applicable Polish regulations, all of the Shares, including the Offer Shares, will be electronically registered with and cleared through Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities or the "**NDS**"), with its seat in Warsaw at ul. Książęca 4, 00-498 Warsaw, Poland, which is the Polish central clearing house and depository for securities. All of the Shares will be in book-entry form; therefore, shareholders may only hold them through their respective investment/securities accounts opened with and maintained by investment firms and custodians that are NDS participants. The Issuer intends to submit an application to the NDS for the registration of all of the Shares, including the Offer Shares, in the securities depository maintained by the NDS.

The main ISIN assigned to the Shares under which the Shares will be ultimately traded on the regulated market operated by the WSE is as follows: LU2237380790. For the purposes of settlement of the Retail Offering through the NDS, the Existing Sale Shares may be assigned a temporary ISIN.

Delivery of the Offer Shares to the investment account of a given investor will be through the facilities of the NDS in accordance with standard NDS procedures applicable to settlement of public offerings of shares.

The Offer Shares will be recorded in those securities accounts of the Retail Investors from which orders were accepted. According to the estimated time schedule, the allocated through the WSE system will be settled not later than within two working days.

The Co-Offering Agents will issue settlement or transfer instructions in order to transfer the Offer Shares to the securities accounts of the Institutional Investors. The Offer Shares will be deposited in the securities accounts of the Institutional Investors (on the condition that the data submitted by the Institutional Investors for the purposes of the registration of the Offer Shares in their securities accounts is complete and correct and an investment firm or a custodian bank maintaining the Institutional Investor's securities account delivered to the NDS a relevant settlement or transfer instruction).

After the allotment is made and the relevant resolutions are adopted by the Management Board of the NDS, the Offer Shares will be deposited in the investors' securities accounts. International Institutional Investors should contact the relevant Joint Bookrunner for details of the settlement process of the Offer Shares to them.

If the data provided by an investor for the purposes of the transfer of the Offer Shares is incomplete or incorrect, such investor must take into account that the transfer of the Offer Shares to such investor's securities account will occur at a later date once such investor has supplemented or corrected the data.

None of the Global Coordinators, the Joint Bookrunners, the Co-Lead Managers, the Selling Shareholders or the Issuer are responsible for any failed transfer of the Offer Shares resulting from any incomplete or incorrect data provided by an investor for the purposes of the transfer of the Offer Shares.

If it is impossible to transfer the Offer Shares allotted to an Institutional Investor to the securities account designated by such investor, the Offer Shares will be temporarily deposited in accounts or registers maintained by the Co-Offering Agents.

### **Public Announcement of the Results of the Offering**

The Issuer will announce the results of the Offering within 14 days from the Allotment Date in a manner compliant with the applicable regulations, as well as the market practices in Luxembourg and Poland. The results of the Offering will be published on the website of the Issuer ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)) and on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### **Listing of the Shares**

Prior to the Offering, there has been no public market for the Shares and as of the date of this Prospectus, the Shares are not listed on any regulated or equivalent market. However, based on this Prospectus, the Issuer intends to submit an application to the WSE for the admission of all of the Shares issued and to be issued (pursuant to the Offering) (i.e., up to 1,028,571,429 Shares (including up to 28,571,429 New Sale Shares)) to be listed on the regulated market in the continuous trading system.

The admission to trading and the listing of the Shares on the WSE requires, without limitation: (i) the signing of an agreement between the Issuer and the NDS related to the registration of the Shares in the depository operated by the NDS and (ii) management board of the WSE resolving to admit and introduce the Shares to trading and list the Shares on the WSE. It is the Issuer's intention that, in the absence of any unforeseen circumstances, trading in the Shares on the WSE will commence within approximately one week from the Allotment Date.

The above-mentioned consent may be granted if the Issuer satisfies all of the legal requirements as specified in the applicable laws and the relevant regulations of the WSE and the NDS, including, specifically, the requirements regarding minimum free float and the relevant level of capitalization. Any dealings in the Offer Shares prior to the start of trading on the WSE will be at the sole risk of the investors concerned.

No entity has made a commitment of any kind to provide liquidity through bid and offer rates. No public takeover bids by third parties in respect of the Issuer's equity have occurred during the last financial year and the current financial year. The Issuer will consider the appointment of a market maker upon the completion of the Offering.

The Issuer will inform the public of the admission and introduction of the Shares to trading on the regulated market of the WSE upon receiving the required resolutions of the WSE in compliance with the applicable regulations, as well as market practices in Luxembourg and Poland.

### **Co-Offering Agents**

The Issuer and the Selling Shareholders have appointed BM PKO BP, with its registered office in Warsaw, Poland, and Santander Poland, with its registered office in Warsaw, Poland, to act as the Co-Offering Agents with respect to the Offer Shares for the purposes of the Offering, the registration of the Shares in the securities depository maintained by the NDS and the admission of the Shares to trading on the WSE.

### **Retail Syndicate**

In addition to the Co-Offering Agents (BM PKO BP and Santander Poland), the following investment firms and authorized banks in Poland will constitute the Retail Syndicate:

<b>Name</b>	<b>Address</b>
1. Biuro Maklerskie ALIOR Bank	ul. Łopuszańska 38 D, 02-232 Warsaw, Poland
2. Dom Maklerski Banku Handlowego S.A.	ul. Senatorska 16, 00-923 Warsaw, Poland
3. Dom Maklerski BDM S.A.	ul. Stojalowskiego 27, 43-300 Bielsko-Biała, Poland
4. Dom Maklerski Banku Ochrony Środowiska S.A.	ul. Marszałkowska 78/80, 00-517 Warsaw, Poland
5. Dom Maklerski Banku BPS S.A.	ul. Grzybowska 81, 00-844 Warsaw, Poland
6. IPOPEMA Securities S.A.	ul. Próżna 9, 00-107 Warsaw, Poland
7. mBank S.A. – Biuro Maklerskie mBank	ul. Senatorska 18, 00-950 Warsaw, Poland
8. Millennium Dom Maklerski S.A.	ul. Stanisława Żaryna 2a, 02-593 Warsaw, Poland

	<b>Name</b>	<b>Address</b>
9.	Noble Securities S.A.	ul. Przyokopowa 33, 01-208 Warsaw, Poland
10.	Bank PEKAO S.A. – Biuro Maklerskie PEKAO	ul. Wołoska 18, 02-675 Warsaw, Poland
11.	Santander Biuro Maklerskie	pl. Andersa 5, 61-894 Poznań, Poland
12.	Trigon Dom Maklerski S.A.	ul. Mogilska 65, 31-545 Kraków, Poland
13.	Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie	ul. Puławska 15, 02-515 Warsaw, Poland



## UNDERWRITING, STABILIZATION AND LOCK-UP

### Underwriting Agreement

On September 21, 2020, the Issuer, the Majority Selling Shareholders, Adiman (as agent for and on behalf of certain Individual Selling Shareholders pursuant to the Deeds of Election), Darren Huston and the Banks entered into an underwriting agreement (the "**Underwriting Agreement**") pursuant to which, subject to certain conditions, (i) the Joint Bookrunners severally agreed, as agent for the Selling Shareholders, to procure purchasers for, or failing which, purchase themselves, and the Selling Shareholders agreed to sell, subject to certain conditions, to the Banks (except DMBH and Pekao Investment Banking), the aggregate number of Existing Sale Shares sold in the Offering (excluding Sale Shares sold to Retail Investors), and (ii) the Joint Bookrunners severally agreed, as agent for the Issuer, to procure purchasers for, or failing which, purchase themselves, and the Issuer agreed to allot, subject to certain conditions, to the Banks (except DMBH and Pekao Investment Banking), the aggregate number of New Sale Shares sold in the Offering (excluding Sale Shares sold to Retail Investors) taking account of the underwriting commitments of each Bank (except DMBH and Pekao Investment Banking) as set forth in Underwriting Agreement, at an Institutional Investors Offer Price per share to be set forth in the pricing memorandum to be entered into between the Issuer, the Selling Shareholder and the Banks on or around September 28, 2020 and announced by the Issuer on or about September 29, 2020. The relative underwriting commitments of the Joint Bookrunners (excluding Sale Shares sold to Retail Investors) is set forth in the table below.

<b>Bank</b>	<b>Percentage of Offer Shares</b>
Goldman Sachs International .....	32.50%
Morgan Stanley & Co. International plc .....	32.50%
Barclays Bank PLC .....	6.00%
BofA Securities Europe SA .....	6.00%
Citigroup Global Markets Limited .....	6.00%
Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie .....	6.00%
Santander Bank Polska S.A. – Santander Biuro Maklerskie .....	6.00%
Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao .....	2.46%
Erste Group Bank AG .....	1.01%
Crédit Agricole Corporate and Investment Bank .....	0.94%
Raiffeisen Centrobank AG .....	0.59%
<b>Total</b> .....	<b>100.0%</b>

The underwriting commitments pursuant to the Underwriting Agreement do not include any Sale Shares sold to Retail Investors. The number of underwritten Sale Shares will depend on the final number of the Offer Shares to be offered pursuant to the Offering to specific investor categories, which will be determined no later than on the date of determination of the Institutional Investors Offer Price. The final number of the Offer Shares to be offered to the Institutional Investors under the Offering, and, therefore, the specific underwriting commitments, will not be known until the final number of the Offer Shares to be offered under the Offering to specific investor categories is determined.

The several obligations of the Banks (except DMBH and Pekao Investment Banking) to purchase the Sale Shares referred to in the immediately preceding paragraph are subject to the fulfillment of certain customary conditions, including among other things, delivery of legal opinions by legal counsel to the Issuer and the Selling Shareholders.

The Issuer and the Selling Shareholders will pay the commissions of the Banks in accordance with the terms of the Underwriting Agreement. The Issuer will also reimburse the Banks for certain of their expenses in connection with the Offering set forth in and in accordance with the terms of the Underwriting Agreement.

The Underwriting Agreement provides that the Offering may be terminated at any time prior to the First Closing Date (as defined in the Underwriting Agreement, being the date of the registration of the Sale Shares with institutional investors including: (i) the securities accounts of the Joint Bookrunners acting for the benefit (*na rachunek*) of institutional investors; and/or (ii) the securities accounts of the Banks as underwriters), or in respect of the Over-Allotment Shares, before the relevant Option Closing Date (as defined in the Underwriting Agreement) (or, another date and time, as indicated in any supplement or update report to this Prospectus, if amended) upon the occurrence of certain customary termination events such as force majeure or a material adverse change in the business of the Issuer.

In the Underwriting Agreement, the Issuer and the Majority Selling Shareholders make certain customary representations and warranties, including with respect to the Issuer's business, the Offer Shares, the contents of this Prospectus and in the case of the Selling Shareholders, in relation to their title to the Offer Shares they are selling in the Offering. The Issuer also agrees in the Underwriting Agreement to indemnify the Banks against certain losses and liabilities arising out of or in connection with the Offering.

The Underwriting Agreement also provides that the Issuer and the Selling Shareholders will be subject to lock-up restrictions with respect to the transfer of the Shares and share issue. For information related to the lock-up arrangements see the paragraph entitled "*Lock-up Agreements*" below.

### **Over-Allotment Option and Stabilization**

The Selling Shareholders are granting an option to the Stabilizing Manager, to purchase Over-Allotment Shares; provided, however, that the maximum number will be equal to not more than 15% of the total number of the Sale Shares being offered and sold in the Offering solely to cover over-allotments, if any, made in connection with the Offering or short positions resulting from stabilization transactions.

In connection with the Offering, the Stabilizing Manager or its affiliates or agents may engage in transactions on the WSE with the aim of supporting the market price of the Shares at a level higher than that which might otherwise prevail for a period of 30 calendar days from the date of the Listing Date (the "**Over-Allotment Period**"). Such stabilization, if commenced, shall be conducted in accordance with the rules set out in the Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014, on market abuse and repealing Directive 2003/6/EC ("**MAR**") and the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization of financial instruments (the "**Stabilizing Regulation**").

No assurance can be given that stabilization transactions will actually be effected, as there is no obligation on the Stabilizing Manager or its affiliates or agents to undertake stabilization transactions. If such stabilization is commenced, it may be discontinued at any time without prior notice and must be brought to an end prior to the expiration of the Over-Allotment Period. The stabilization transactions, if any, may result in a market price of the Shares that is higher than the price that would otherwise prevail.

If the Stabilizing Manager borrows any Shares pursuant to the Underwriting Agreement, it will be required to return equivalent securities to the Majority Selling Shareholders following the expiration of the Over-Allotment Period. Should a short position arise as a result of any over-allocation, the Stabilizing Manager may close such short position by exercising the Over-Allotment Option (in whole or in part) or by open-market purchases, or a combination of both.

The stabilization transactions will be reported to the public in accordance with MAR and the Stabilizing Regulation. In particular, details of any stabilization transactions effected by the Stabilizing Manager will be disclosed to the public by the Issuer no later than the end of the seventh daily market session following the date of execution of such transactions. Within one week from the end of the stabilization period, the following information will be disclosed to the public: (i) whether or not stabilization was undertaken, (ii) the date on which stabilization started, (iii) the date on which stabilization last occurred and (iv) the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

### **Lock-up Agreements**

#### ***The Issuer***

In the Underwriting Agreement, the Issuer undertakes to the Banks that from the date of the Underwriting Agreement until the lapse of 180 days following the first listing date of the Shares on the WSE, the Issuer will not, and will procure that no affiliate (but excluding the Majority Selling Shareholders and their affiliates other than each Group company) will, without the written consent (not to be unreasonably withheld or delayed) of the Global Coordinators (acting in their sole discretion), (i) issue, pledge, offer, sell, transfer or otherwise dispose of (or publicly announce the issuance, offering, sale or disposal of) or take actions aimed at or which may result in the issuance of, any Shares (or any other securities convertible into, exercisable for or exchangeable for the Shares, including participations granting, directly or indirectly, the right to acquire or subscribe for the Shares or any other securities or financial instruments which are valued by a direct or indirect reference to the price of the above-mentioned securities serving as the base instrument, including swaps for shares, futures and options) or take actions to cause such effects; (ii) enter into any swap or other transaction (such as the grant of purchase options, rights or warrants on shares) that transfers, in whole or in part, the economic consequences of the ownership of the Shares or options; (iii) enter into any other transaction which may result in the issuance, offering, sale or disposal of securities of the Issuer similar to those offered in the Offering; or (iv) acquire or publicly announce the intention to acquire the Shares or to decrease or publicly announce the intention to decrease its share capital, whether any such swap or transaction described in (i) to (iv) above is to be settled by delivery of the Shares or such other securities, in cash or otherwise, with the exemption of the implementation by the Issuer of incentive plans for the Group's senior management.

### ***Majority Selling Shareholders***

In the Underwriting Agreement, the Majority Selling Shareholders undertake to the Banks that from the date of the Underwriting Agreement until the lapse of 180 days following the first listing date of the Shares on the WSE, neither the Majority Selling Shareholders, nor any subsidiary or affiliate of the Selling Shareholders over which the Selling Shareholders exercise management or voting control, nor any person acting on its behalf will, without the written consent (not to be unreasonably withheld or delayed) of the Global Coordinators (acting in their sole discretion), (i) issue, pledge, offer, sell, transfer or otherwise dispose of or publicly announce the issuance, offering, sale or disposal of any Shares (or any other securities convertible into, exercisable or exchangeable for the Shares, including participations granting, directly or indirectly, the right to acquire or subscribe for the Shares or any other securities or financial instruments which are valued by a direct or indirect reference to the price of the above-mentioned securities serving as the base instrument, including swaps for shares, futures and options) or take actions to cause such effects; (ii) enter into any swap or other transaction (such as the grant of purchase options, rights or warrants on shares) that transfers, in whole or in part, the economic consequences of the ownership of the Shares or options; or (iii) enter into any other transaction which may result in the issuance, offering, sale or disposal of securities of the Issuer similar to those offered in the Offering whether any such swap or transaction described in (i) to (iii) above is to be settled by delivery of the Shares or such other securities in cash or otherwise, such lock-up restrictions subject to certain customary exceptions as well as exceptions permitting: (a) any disposal of Shares for the purposes of pledging or charging any Share to or for the benefit of a margin loan lender in connection with a margin loan given to one or more of the Majority Selling Shareholders or (b) any disposal for the purposes of transferring, selling and/or appropriating any Shares pursuant to and following any enforcement of the security over Shares granted by the Majority Selling Shareholders to or for the benefit of such margin loan lender; provided that in the case of (b), in relation to such Shares the Global Coordinators receive a signed lock-up deed on the same terms as those agreed by the Majority Selling Shareholders for the balance of the lock-up period from each margin loan lender, transferee or purchaser, as the case may be, which lock-up may only be waived with the consent of the Global Coordinators.

### ***Lock-ups for Individuals***

Pursuant to the Deeds of Election, the Underwriting Agreement or a lock-up deed (as applicable), each of the Individual Selling Shareholders, Directors, Senior Managers and participants in the Investment Opportunities, has agreed, amongst other things, that until the lapse of 360 days following the first listing date of the Shares on the WSE, they will not, without the written consent (not to be unreasonably withheld or delayed) of the Global Coordinators, (i) issue, pledge, offer, lend, mortgage, assign, charge, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any interest in Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Shares or any interest in Shares or file any registration statement under the Securities Act or file or publish any prospectus with respect to any of the foregoing; or (ii) enter into any swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the Shares; or (iii) enter into any other transaction which may result in the issuance, offering, sale or disposal of securities of the Issuer similar to those offered in the Offering; whether any such swap or transaction described in (i) to (iii) above is to be settled by delivery of the Shares or such other securities, in cash or otherwise, such lock-up restrictions subject to certain customary exceptions as well as exceptions permitting.

### **Commissions Payable to the Global Coordinators, the Joint Bookrunners and the Co-Lead Managers**

The Issuer and the Selling Shareholders have agreed to pay certain commissions and expenses in connection with the Offering. The Issuer and the Selling Shareholders agreed to pay, *pro rata* to the proportion of Offer Shares which are Existing Sale Shares, Over-Allotment Shares and New Sale Shares, to the Banks a total commission (and assuming payment in full of any discretionary fee) of up to 2.75% of the gross proceeds of the Offering, including the gross proceeds of the exercise of the Over-Allotment Option, defined as the Issuer's final share price in the Offering multiplied by the number of the Shares finally sold to Institutional Investors subject to some customary carve-outs and the exclusion of the gross proceeds of any shares sold by the Individual Selling Shareholders.

However, Retail Investors and Institutional Investors will bear their own costs connected with their evaluation of, and participation in, the Offering.

### **Expenses Charged to Institutional Investors by the Banks**

Investors may be charged by the Banks to account for crossing and funding costs in relation to the Offering.

### **Other Relationships with the Banks**

The Banks and their respective affiliates have engaged in, and may in the future engage in, investment or commercial banking, financial advisory, risk management, hedging or other financial services and other commercial dealings with the Selling Shareholders, any entities with respect to which the Selling Shareholders are a controlling party, and with the Issuer and its affiliates, including the provision of loans and/or other debt instruments and risk management products to the Issuer and/or its affiliates and the Selling Shareholders and/or any entities with respect to which the Selling Shareholders are a controlling party. The Banks and their respective affiliates have received, and may in the future receive, customary fees and commissions for these transactions and services. Certain of the Banks may also provide risk management products to the Issuer in connection with the Offering for which such Bank could earn a profit, contingent on the closing of the Offering (and such profit may potentially be significantly in excess of the fees earned by such Bank for its services acting as Global Coordinator and Joint Bookrunner in connection with the Offering).

The Banks (except DMBH and Pekao Investment Banking) or their related parties may acquire financial instruments issued by the Selling Shareholders, the Issuer, their related parties or financial instruments related to the financial instruments issued by any of the above entities. In connection with the Offering, each of the Banks or their affiliates may also, acting as an investor for its own account, purchase the Offer Shares in the Offering, and then either hold them or sell them, or otherwise dispose of them. In addition, certain of the Banks or their affiliates may enter into financing arrangements (including swaps) with investors. None of the Banks intend to disclose the extent of any such investment or transactions other than in accordance with any legal or regulatory obligation to do so.

In connection with the lock-up arrangements entered into by the Majority Selling Shareholders, margin and other financing facilities may be made available during such period or anytime thereafter to the Majority Selling Shareholders by one or more lenders, including those affiliated with one or more of the Joint Bookrunners, that would have security granted in favor of them over Shares and, pursuant to any enforcement of such security interest, may transfer, sell and/or appropriate such Shares.

The Banks act for the Issuer and the Selling Shareholders on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Banks will receive a commission. As a result of these contractual relationships, the Banks have a financial interest in the success of the Offering.

## DILUTION

As of the date of this Prospectus and insofar as it is known to the Issuer, the table below presents details of the persons who hold directly or indirectly 5% or more of the Issuer's voting rights immediately prior to the Listing Date based on the assumptions set out in the paragraph below.

The numbers and percentages of Shares listed below assume that all Sale Shares will be offered and subscribed for by investors and there will be no exercise of the Over-Allotment Option. As noted in "*General Information on the Group—Reorganization*," the current share capital of Allegro.eu is denominated in euros and will be converted into zloty prior to the Listing Date at or around the Pricing Date and based on the latest practicable exchange rate at such time. The shareholdings below have been calculated based on the Latest Practicable FX Rate.

Shareholder	Shares or interests in Shares held immediately prior to the Listing Date			
	Bottom of the Offer Price Range:		Top of the Offer Price Range:	
	Number of Shares	% of total Shares	Number of Shares	% of total Shares
Cidinan S.à r.l. ....	419,579,169	41.96%	417,675,540	41.77%
Permira VI Investment Platform Limited .....	419,579,169	41.96%	417,675,540	41.77%
Mepinan S.à r.l. ....	93,239,818	9.32%	92,816,792	9.28%
Adiman S.C.Sp. ....	47,830,343	4.78%	50,799,627	5.08%

If the Offering is completed and there is no exercise of the Over-Allotment Option, new Shareholders will hold Shares immediately following the Offering representing a total of 18.26% of the Shares in the Issuer. If the Offering is completed at the Bottom of the Offer Price Range, new Shareholders will hold 187,826,087 Shares immediately following the Offering. If the Offering is completed at the Top of the Offer Price Range, new Shareholders will hold 186,855,410 Shares immediately following the Offering. Existing Shareholders will therefore suffer an immediate dilution of 18.26% of their shareholding in the Issuer.

As of the date of this Prospectus and insofar as it is known to the Issuer, the table below presents details of the persons who will hold directly or indirectly 5% or more of the Issuer's voting rights immediately following the Listing Date based on the assumptions set out in the paragraph below.

The numbers and percentages of Shares listed below assume that all Sale Shares were offered and subscribed for by investors, that the applicable foreign currency exchange rate is the Latest Practicable FX Rate and there was no exercise of the Over-Allotment Option.

Shareholder	Shares held immediately after the Listing Date (assuming no exercise of the Over-Allotment Option) <sup>(1)(2)</sup>			
	Bottom of the Offer Price Range:		Top of the Offer Price Range:	
	Number of Shares	% of total Shares	Number of Shares	% of total Shares
Cidinan S.à r.l. ....	351,171,866	34.14%	347,519,226	33.96%
Permira VI Investment Platform Limited .....	351,171,866	34.14%	347,519,226	33.96%
Mepinan S.à r.l. ....	78,038,195	7.59%	77,226,499	7.55%
Adiman S.C.Sp. ....	41,580,489	4.04%	44,154,577	4.32%

<sup>(1)</sup> Reflects the intended sale of Shares set out in "*The Selling Shareholders—Majority Selling Shareholders*."

<sup>(2)</sup> As noted in "*General Information on the Group—Reorganization*," the current share capital of Allegro.eu is denominated in euros and will be converted into zloty prior to the Listing Date at or around the Pricing Date and based on the latest practicable exchange rate at such time. The shareholdings above have been calculated based on the Latest Practicable FX Rate.

None of the Shareholders referred to in the tables above has voting rights that differ from those of any other Shareholder in respect of any Shares held by them.

## SELLING RESTRICTIONS

### Public Offer of the Offer Shares in Poland

This Prospectus has been prepared solely for the purposes of the Offering to be carried out by way of a public offering on the WSE in the meaning of Article 4 point 4a of the Act on Public Offering and Article 2 letter d of the Prospectus Regulation in the territory of Poland and the Admission. The Issuer will be authorized to carry out the public offering in Poland once the CSSF has notified the approval of this Prospectus to the PFSA and this Prospectus together with its summary translated in Polish has been published in Poland on the website of the Issuer ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)).

In connection with the Offering, certain limited promotional actions may be taken to provide information about the Offering to Qualified Institutional Buyers in the United States pursuant to Rule 144A of the U.S. Securities Act and to certain institutional investors outside the United States (excluding Poland), pursuant to Regulation S under the U.S. Securities Act as well as the relevant regulations of the law in the jurisdictions where such promotion of the Offering will be conducted. Such limited promotional actions, which will not be approved by the CSSF, are necessary to be in compliance with the applicable provisions of law in any jurisdiction in which such actions will be taken or with the rules of any other supervisory authority, specifically any authority having jurisdiction in the territory where such limited promotional action of the Offering will be conducted.

No action has been or will be taken by the Issuer, the Selling Shareholders or the Banks in any jurisdiction other than Poland that would permit a public offering of the Offer Shares, or the possession or distribution of this Prospectus or any other offering material relating to the Issuer or the Offer Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offering may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction.

The promotion of the Offering in certain jurisdictions may be restricted by law. Therefore, persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions on the promotional activity related to the Offering or the distribution of this Prospectus and the Offering, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

This Prospectus does not constitute an offer to subscribe for or buy any of the Offer Shares, directed at any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

### United States

Neither the Offer Shares nor any other securities of the Issuer described in this Prospectus have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act. In connection with the Offering, information concerning the Offering will be provided only: (i) to certain investors outside of the United States in offshore transactions, as defined in Regulation S under the U.S. Securities Act and (ii) to QIBs in the United States as defined under and in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements thereof. In addition, until 40 days after the commencement of the Offering, any offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to the exemption from the registration requirement provided for by the U.S. Securities Act.

Neither the U.S. Securities and Exchange Commission nor any securities regulatory authority of any state or other jurisdiction of the United States nor any non-U.S. securities authority has approved or disapproved of the Offer Shares offered in the Offering or determined that this Prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

### European Economic Area

This Prospectus has been approved by the CSSF, the financial sector supervisory authority in Luxembourg. No offer of the Offer Shares to the public is being made in any other Member State (except for Poland). However, the Banks may decide to promote the Offering in another Member State under certain exemptions from the obligation to prepare a prospectus under the Prospectus Regulation, provided that any such offering of the Offer Shares will not result in a requirement to publish the Prospectus by the Issuer or any of the Selling Shareholders or the Banks under Article 3 of the Prospectus Regulation or a supplement to this Prospectus pursuant to Article 23 of the Prospectus Regulation.

In relation to each Member State of the European Economic Area (other than Poland) and the United Kingdom, there will be no offer of the Offer Shares to the public in that Relevant State other than:

- to a legal entity that is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons other than to qualified investors as defined in Article 2(e) of the Prospectus Regulation; or
- in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of the Offer Shares shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplement to this Prospectus pursuant to Article 23 of the Prospectus Regulation within the territory of the Relevant State and each person who initially acquire Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Banks, the Selling Shareholders and the Issuer that it is a "qualified investor" within the meaning of the Prospectus Regulation.

For the purposes of this Prospectus, the expression an "offer of the Offer Shares to the public" in relation to any Offer Shares in any Relevant State means the communication, in any form and by any means, of sufficient information on the terms of the Offering and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares.

The Issuer, the Selling Shareholders, the Banks and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Banks of such fact in writing may, with the consent of the Banks, be permitted to purchase Offer Shares in the Offering.

### **United Kingdom**

This Prospectus and any other material in relation to the Offer Shares described herein is only being distributed in the United Kingdom to, and is only directed at, persons that are qualified investors ("**qualified investors**") within the meaning of Article 2(e) of the Prospectus Regulation (as defined below) that also (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") or (ii) who fall within Article 49(2)(a) to (d) of the Order or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Offer Shares are only available in the United Kingdom to, and any invitation, offer or agreement to purchase or otherwise acquire the Offer Shares will be engaged in only with, relevant persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this Prospectus or any of its contents.

### **Switzerland**

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Offer Shares. The Offer Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Offer Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Offer Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material related to the Offering, the Issuer or the Offer Shares has been filed or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Offer Shares has not been authorized and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Offer Shares.

### **Canada**

The Offer Shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements,

Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Banks are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## **Japan**

The Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948, as amended). The Offer Shares are not and may not be subject of an indirect or direct offering or sale in the territory of Japan or to a Japanese resident (which term as used herein includes any corporation or other entity organized under the laws of Japan), or to others for direct or indirect offering or sale, directly or indirectly, in Japan or to a resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and in compliance with any other provisions thereof; and (ii) in compliance with any other applicable requirements of laws of Japan.

## **Hong Kong**

The Offer Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Offer Shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

## **Singapore**

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.



## **Dubai International Financial Centre**

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre ("**DIFC**"), this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

## **Australia**

This Prospectus: (i) does not constitute a prospectus or a product disclosure statement under the Australian Corporations Act 2001 of the Commonwealth of Australia (Cth), as amended, (the "**Australian Corporations Act**"); (ii) does not purport to include the information required of a prospectus under Part 6D.2 of the Australian Corporations Act or a product disclosure statement under Part 7.9 of the Australian Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("**ASIC**"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (iii) may not be provided in Australia other than to select investors ("**Exempt Investors**") who are able to demonstrate that they: (a) fall within one or more of the categories of investors under Section 708 of the Australian Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Australian Corporations Act; and (b) are "wholesale clients" for the purpose of Section 761G of the Australian Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchase or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Australian Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each prospective investor in Offer Shares represents and warrants to the Issuer, the Selling Shareholders, the Banks and their affiliates that such prospective investor is an Exempt Investor.

## TRANSFER RESTRICTIONS

*Prospective purchasers are advised to contact legal counsel prior to making any resale, pledge or transfer of the Offer Shares.*

The Offer Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Each purchaser of the Offer Shares outside the United States in compliance with Regulation S will be deemed to have represented, acknowledged and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;
- the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;
- the purchaser is not an affiliate of the Issuer or a person acting on behalf of such affiliate;
- the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- the Issuer shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions;
- if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- the Issuer, the Selling Shareholders, the Banks and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States purchasing pursuant to an exemption from the registration requirements of the U.S. Securities Act will be deemed to have represented, acknowledged and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to restrictions on transfer;
- the purchaser:
  - (i) is a Qualified Institutional Buyer (as defined in Rule 144A under the U.S. Securities Act);
  - (ii) is aware that the sale to it is being made pursuant to an exemption from the registration requirements of the U.S. Securities Act; and
  - (iii) is acquiring such Offer Shares for its own account or for the account of a Qualified Institutional Buyer;

- the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;
- if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, such Offer Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A; or (ii) in compliance with Regulation S under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares;
- the purchaser will not deposit or cause to be deposited such Offer Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- the Issuer shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;
- the Issuer is not and will not be registered under the U.S. Investment Company Act;
- if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and
- the Issuer, the Selling Shareholders, the Banks and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a member state of the EEA (a "**Relevant Member State**"), other than persons receiving offers contemplated in this Prospectus in Poland, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Banks, the Selling Shareholders and the Issuer that it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer" in relation to any of the Offer Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares.

## THE CAPITAL MARKETS IN LUXEMBOURG AND POLAND AND CERTAIN LUXEMBOURG AND POLISH REGULATIONS RELATED TO THE PURCHASE AND SALE OF SHARES

*Information included in this section is of a general nature and describes the legal status as of the date of this Prospectus. Therefore, investors should review the relevant regulations and consult their own legal advisor about the laws and regulations concerning the purchase, ownership and sale of the Offer Shares.*

### **Luxembourg Capital Markets Regulations**

#### ***Luxembourg Transparency Law***

Holders of the Shares and derivatives or other financial instruments linked to the Shares may be subject to notification obligations pursuant to the Luxembourg law of 11 January 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended (the "**Luxembourg Transparency Law**"). The following description summarizes these obligations. The Issuer's shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

#### *Voting Rights held Directly or Indirectly*

The Luxembourg Transparency Law provides that, once the Listing Date has occurred, if a person acquires or disposes of Shares, including depositary receipts representing Shares, in the Issuer, whose shares are admitted to trading on a regulated market and for which Luxembourg is the home Member State (as defined in the Luxembourg Transparency Law) and to which voting rights are attached, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% (each, a "**Relevant Threshold**") of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Issuer and the CSSF of the proportion of voting rights held by it further to such event.

The voting rights shall be calculated on the basis of all the Shares, including depositary receipts representing shares, to which voting rights are attached even if the exercise thereof is suspended. Moreover, this information shall also be given in respect of all the Shares, including depositary receipts representing shares, which are in the same class and to which voting rights are attached.

A person must also notify the Issuer and the CSSF of the proportion of its or his or her voting rights if that proportion reaches, exceeds or falls below the abovementioned thresholds as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Issuer.

The same notification requirements apply to a natural person or legal entity to the extent he, she or it is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

- (a) voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Issuer;
- (b) voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;
- (c) voting rights attaching to shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his, her or its intention of exercising them;
- (d) voting rights attaching to shares in which that person or entity has the life interest (*usufruit*);
- (e) voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by that person or entity;
- (f) voting rights attaching to shares deposited with that person or entity which the person or entity can exercise at his, her or its discretion in the absence of specific instructions from the shareholders;
- (g) voting rights held by a third party in its own name on behalf of that person or entity;
- (h) voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his, her or its discretion in the absence of specific instructions from the shareholders.

### *Voting Rights Relating to Financial Instruments*

The above notification requirements also apply to a natural person or legal entity that holds, directly or indirectly:

- (i) financial instruments that, on maturity, give the holder, under a formal agreement, either the unconditional right to acquire or the discretion as to his right to acquire Shares, to which voting rights are attached, already issued by the Issuer, or
- (ii) financial instruments which are not included in point (i) but which are referenced to the Shares referred to in that point and with an economic effect similar to that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement.

The notification required shall include the breakdown by type of financial instruments held in accordance with point (i) above and financial instruments held in accordance with point (ii) above, distinguishing between the financial instruments which confer a right to a physical settlement and the financial instruments which confer a right to a cash settlement.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instrument except where the financial instrument provides exclusively for a cash settlement, in which case the number of voting rights shall be calculated on a "delta-adjusted" basis, by multiplying the notional amount of underlying shares by the delta of the instrument. For this purpose, the holder shall aggregate and notify all financial instruments relating to the same underlying company. Only long positions shall be taken into account for the calculation of voting rights. Long positions shall not be netted with short positions relating to the same underlying company.

For the purposes of the above, the following shall be considered to be financial instruments, provided they satisfy any of the conditions set out in points (i) or (ii) above:

- (a) transferable securities;
- (b) options;
- (c) futures;
- (d) swaps;
- (e) forward rate agreements;
- (f) contracts for differences; and
- (g) any other contracts or agreements with similar economic effects which may be settled physically or in cash.

The notification requirements described above shall also apply to a natural person or a legal entity when the number of voting rights held directly or indirectly by such person or entity aggregated with the number of voting rights relating to financial instruments held directly or indirectly reaches, exceeds or falls below a Relevant Threshold. Any such notification shall include a breakdown of the number of voting rights attached to Shares and voting rights relating to financial instruments.

Voting rights relating to financial instruments that have already been notified to that effect shall be notified again when the natural person or the legal entity has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same company reaching or exceeding a Relevant Threshold.

The notification to the Issuer and the CSSF must be effected promptly, but not later than four trading days after the date on which the shareholder, or the natural person or legal entity referred to in the previous paragraph (i) learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect or (ii) is informed of an event changing the breakdown of voting rights by the Issuer. Upon receipt of the notification, but not later than three trading days thereafter, the Issuer must make public all the information contained in the notification as regulated information within the meaning of the Luxembourg Transparency Law.

As long as the notifications have not been made to the Issuer in the manner prescribed, the exercise of voting rights relating to the Shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted as of the moment the shareholder makes the notification.

Where within the 15 days preceding the date for which the general shareholders' meeting has been convened, the Issuer receives a notification or becomes aware of the fact that a notification has to be or should have been made in accordance with the Luxembourg Transparency Law, the Issuer's Board may postpone the general shareholders' meeting for up to four weeks.

In accordance with Article 8(4) of the Luxembourg Transparency Law, the disclosure requirements do not apply to the acquisition or disposal of a major holding by a market maker (*teneur de marché*), acting in its capacity as market maker, in Shares insofar as the acquisition or disposal is effected in his capacity as a market maker in the Shares and insofar as the acquisition is not used by the market maker to intervene in the management of the Issuer nor to exert any influence on the Issuer to buy such Shares or back the Share price.

In accordance with article 8(6) of the Luxembourg Transparency Law, the disclosure requirements do not apply to voting rights attached to securities for stabilization purposes as defined in Commission Regulation (EC) 2273/2003 of the Commission of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments (subsequently repealed and replaced by the MAR), provided that the voting rights attaching to these shares are not exercised or otherwise used to intervene in the management of the Issuer.

For further details, please refer to the Luxembourg Transparency Law and the Luxembourg Grand Ducal regulation of 11 January 2008 on transparency requirements for issuers of securities, as amended.

### ***Disclosure of Transactions of Persons Holding Management Responsibilities***

Once the request for Admission has been made, pursuant to Article 19 of MAR and the Luxembourg Market Abuse Law, persons discharging managerial responsibilities within the Issuer, as well as persons closely associated with them, must notify the CSSF and the Issuer of every transaction conducted on their own account relating to the Shares or debt instruments of that Issuer or to derivatives or other financial instruments linked thereto. The obligations applies to any subsequent transaction once a total amount of EUR 5,000 has been reached within a calendar year, calculated by adding without netting all relevant transactions relating to the Shares (the CSSF may decide to increase the threshold to EUR 20,000, in which case such decision would be published on the ESMA website). The notification must be made promptly and no later than three business days after the date of the transaction. The Issuer must ensure that any information on relevant transactions notified to it is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis.

The Issuer shall (i) notify the person discharging managerial responsibilities of their obligations in writing and (ii) draw up a list of all persons discharging managerial responsibilities and persons closely associated with them.

A person discharging managerial responsibilities within the Issuer shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the Shares or debt instruments of the Issuer or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which must be made publicly available.

For the purpose of MAR, a "person discharging managerial responsibilities" means a person who is (a) a member of the administrative, management or supervisory body of that entity, or (b) a senior executive who is not a member of the bodies referred to in point (a), who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.

For the purpose of MAR, a "person closely associated" means (a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law; (b) a dependent child, in accordance with national law; (c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or (d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in the preceding letters (a), (b) or (c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

### ***Mandatory Takeover, Squeeze-Out and Sell-Out Rights under the Luxembourg Takeover Law***

The Directive 2004/25/EC of the European Parliament and the Council of 21 April 2004 on takeover bids (the "**Takeover Directive**") requires each Member State to ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price. The Takeover Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of the

Member State in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

The Takeover Directive has been implemented in Luxembourg by the Luxembourg law of 19 May 2006 on takeover bids, as amended (the "**Luxembourg Takeover Law**") which provides that, once the Listing Date has occurred, if a person, acting alone or in concert, obtains voting securities of the Issuer which, when added to any existing holdings of the Issuer's voting securities, give such person voting rights representing 33 1/3% of all of the voting rights attached to the voting securities in the Issuer, this person is obliged to make an offer for the remaining voting securities in the Issuer at a fair price as determined in accordance with Article 5(4) of the Luxembourg Takeover Law. Such offer shall be addressed at the earliest opportunity to all the remaining securities' holders of the Issuer. The consideration of such offer shall consist either in securities, cash or a combination of both.

The decision to make such an offer shall be made public by the offeror immediately after the decision to make the offer is taken and the CSSF shall be informed of the offer before the decision is made public. The offeror is also required to draw up and make public in good times an offer document, which shall be communicated within ten working days after the publication of the offer to the CSSF for its approval, containing all the necessary information to enable the remaining securities' holders of the Issuer to reach a properly informed decision on the offer. The offer document must at least contain the information listed in article 6(3) of the Luxembourg Takeover Law.

The time allowed for the acceptance of such offer may not be less than two weeks nor more than ten weeks from the date of the publication of the offer. Except in case of a mandatory offer and in case the offeror acquires the control of the Issuer, the remaining holders of securities of the Issuer have the opportunity to accept the offer within 15 days as from the evening of the last day of the offer period.

Any mandatory or voluntary bid, which follows or has as its objective the acquisition of control of the Issuer, will be subject to shared regulation by the CSSF pursuant to the Luxembourg Takeover Law and by the Polish Financial Supervisory Authority. Matters regarding company law (and related questions), such as, for instance, the question relating to the percentage of voting rights which give control over a company and any derogation from the obligation to launch a bid or regarding information to be provided to employees of the offeree company, and to the extent applicable, any sell-out or squeeze-out procedures further to a voluntary or mandatory takeover bid, will exclusively be governed by Luxembourg law and in particular the 1915 Law, and the Luxembourg Mandatory Squeeze-Out and Sell-Out Law as defined below.

The Luxembourg Takeover Law provides that, when as a result of an offer (mandatory or voluntary) addressed to all of the holders of voting securities of the Issuer, the offeror holds voting securities representing not less than 95% of the share capital that carry voting rights to which the offer relates and 95% of the voting rights of the Issuer, the offeror may require the holders of the remaining voting securities to sell those securities to the offeror. The price offered for such securities must be a "fair price." The price offered in a voluntary offer would be considered a "fair price" in the squeeze-out proceedings if at least 90% of the securities representing share capital that carry voting rights and which were comprised in the bid were acquired in such voluntary offer. The price paid in a mandatory offer is deemed a "fair price." The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. The CSSF shall, in any case, ensure that such "fair price" is guaranteed. Moreover, an all-cash option must be offered to the remaining shareholders of the Issuer. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

The Luxembourg Takeover Law provides that, when as a result of an offer (mandatory or voluntary) addressed to all of the holders of voting securities of the Issuer, the offeror (and any person acting in concert with the offeror) holds voting securities carrying more than 90% of the voting rights, the remaining security holders may require that the offeror purchase the remaining voting securities. The price offered in a voluntary offer would be considered "fair" in the sell-out proceedings if at least 90% of the securities representing share capital that carry voting rights of the company to which the offer relates were acquired in such voluntary offer. The price paid in a mandatory offer is deemed a "fair price." The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash.

Moreover, an all-cash option for sell-out proceedings must be offered to the remaining shareholders of the Issuer. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

#### ***Luxembourg Mandatory Squeeze-Out and Sell-Out Law***

The Issuer may also be subject to the Luxembourg law of 21 July 2012 on mandatory squeeze-out and sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the

public (the "**Luxembourg Mandatory Squeeze-Out and Sell-Out Law**"). The Luxembourg Mandatory Squeeze-Out and Sell-Out Law provides that, subject to the conditions for the application of the Luxembourg Mandatory Squeeze-Out and Sell-Out Law being met, if any individual or legal entity, acting alone or in concert with another, becomes the owner (otherwise than by way of a voluntary or mandatory takeover bid pursuant to the Luxembourg Takeover Law) directly or indirectly of at least 95% of the Issuer's capital carrying voting rights and 95% of the Issuer's voting rights (a "**Majority Shareholder**"): (i) such owner may require the holders of the remaining shares or other voting securities to sell those remaining securities (the "**Mandatory Squeeze-Out**"); and (ii) the holders of the remaining shares or securities may require such owner to purchase those remaining shares or other voting securities (the "**Mandatory Sell-Out**").

Pursuant to Article 3 of the Luxembourg Mandatory Squeeze-Out and Sell-Out Law, any individual or legal entity, acting alone or in concert with another, who (i) becomes a Majority Shareholder owning directly or indirectly a number of Shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the Issuer, (ii) falls below one of the thresholds under (i) above or (iii) acquires additional shares or other voting securities while having already crossed the thresholds under (i) above, such person must notify the Issuer and the CSSF of the exact percentage of its holding, the transaction that triggered the notification requirement, the effective date of such transaction, its identity and the ways the Shares or other voting securities are being held as soon as possible, but not later than four working days after obtaining knowledge of the effective acquisition or disposal or of the possibility of exercising or not exercising the voting rights. Upon receipt of such notification and in any case not later than three working days thereafter, the Issuer shall make public all the information contained in the notification in a manner ensuring fast access to such information and on a non-discriminatory basis and the CSSF shall publish during a period of at least twelve months a list of the companies for which this information has been validly notified.

#### *Mandatory Squeeze-Out*

Pursuant to Article 4 of the Luxembourg Mandatory Squeeze-Out and Sell-Out Law, in case a holder of securities of a company is or becomes a Majority Shareholder, he, she or it may require all the holders of the remaining securities to sell him, her or it their securities of the company. The holder must ensure that he, she or it can fulfil in full any cash consideration for the mandatory squeeze-out.

As soon as the Majority Shareholder decides to exercise his, her or its right of mandatory squeeze-out, he, she or it must inform the CSSF in first instance and beforehand and commit to bringing this mandatory squeeze-out to conclusion. The Majority Shareholder shall then inform the concerned company and make his, her or its decision public without delay in a manner ensuring fast access to this decision and on a non-discriminatory basis. The concerned company shall ensure that the information is also communicated to the holders of transferable securities covered by the Mandatory Squeeze-Out and that are not admitted to trading on a regulated market in one or several member states.

The Mandatory Squeeze-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. Within the month following the notification of the exercise of the right of Mandatory Squeeze-Out, the Majority Shareholder shall communicate to the CSSF the proposed price and a valuation report of the securities. The Majority Shareholder shall then provide the company concerned with the Mandatory Squeeze-Out with, and make public without delay, the proposed price together with the valuation. This valuation report, the costs of which shall be borne by the Majority Shareholder, shall be drawn up by an expert of his choice, independent from any party concerned, and who is not subject to any conflict of interest. The independent expert appointed by the Majority Shareholder shall have professional experience in the field of valuing transferable securities and draw up his valuation report according to objective and adequate methods.

Every remaining holder of securities concerned by the Mandatory Squeeze-Out may oppose the Mandatory Squeeze-Out project. The deadline to file an opposition is one month as from the date on which the proposed price has been made public as set out above. The reasoned opposition shall be made by registered letter with acknowledgement of receipt sent to the CSSF. A copy of the letter shall be sent within the same time period via registered letter with acknowledgement of receipt to the Majority Shareholder and to the company concerned.

In the absence of any opposition made, the CSSF accepts the proposed price as a fair price and informs the Majority Shareholder and the company concerned thereof. After having been informed by the CSSF, the Majority Shareholder shall, as soon as possible and in a manner ensuring fast access to this information and on a non-discriminatory basis, make public the information on the final date and payment conditions.

Whilst a Mandatory Squeeze-Out procedure is ongoing, no sell-out procedure shall be made until the Mandatory Squeeze-Out is completed.



### *Mandatory Sell-Out*

Pursuant to Article 5 of the Luxembourg Mandatory Squeeze-Out and Sell-Out Law, in case a holder of securities of a company is or becomes a Majority Shareholder, one or several holders of the remaining securities of the company may require this Majority Shareholder to buy these securities on the condition however that the date on which the CSSF is informed of the exercise of the Mandatory Sell-Out is at a time where (i) the publication of the acquisition of the Majority Shareholder has not been made more than three months earlier and (ii) the last mandatory sell-out initiated by a holder of the securities of the company must have been at least two years earlier than the publication on its website of the CSSF's decision related to any opposition related to the proposed price for the Mandatory Sell-Out.

The holder(s), who intend to exercise their Mandatory Sell-Out right, must inform the Majority Shareholder (via registered letter), the Issuer and the CSSF of the exercise of this right. The transmitted information must contain, at least, (i) the identity and the contact details of the holder(s) that exercise the right and (ii) evidence of the quality of the holder(s), the number of securities held as well as the class of securities to which these securities belong.

The Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to assets disposal. Within one month following the notification of the exercise of the Mandatory Sell-Out, the Majority Shareholder shall communicate to the CSSF the proposed price and a valuation report on the securities covered by the Mandatory Sell-Out. The Majority Shareholder shall then provide the company concerned with the Mandatory Sell-Out with, and make public without delay, the proposed price together with the valuation report. This valuation report, the costs of which shall be borne by the Majority Shareholder, shall be drawn up by an expert of his choice, independent from any party concerned, and who is not subject to any conflict of interest. The independent expert appointed by the Majority Shareholder shall have professional experience in the field of valuing transferable securities and draw up his valuation report according to objective and adequate methods. The Issuer shall ensure that the information is also communicated to the holders of transferable securities covered by the Mandatory Sell-Out and that are not admitted to trading on a regulated market in one or several member states.

The holder(s) may oppose the proposed price within one month as from the date on which the proposed price is made public through a registered letter to be sent to the CSSF, the Issuer and the Majority Shareholder which must set out the reasons of the opposition. In the absence of any opposition, the CSSF accepts the proposed price as fair price and informs the Majority Shareholder and the Issuer thereof. After having been informed by the CSSF, the Majority Shareholder shall, as soon as possible and in a manner ensuring fast access to such information and on a non-discriminatory basis, make public the information on the final date and payment conditions. The Issuer shall ensure that the information is also communicated to the holders of transferable securities covered by the Mandatory Sell-Out and that are not admitted to trading on a regulated market in one or several member states. The price accepted by the CSSF shall be published by the CSSF on its website.

The Majority Shareholder, to whom the information relating to the exercise of the Mandatory Sell-Out is addressed, may exercise his, her or its right of Mandatory Squeeze-Out until the publication of the fair price by the CSSF. In case a Mandatory Squeeze-Out is exercised before the publication of the fair price by the CSSF, the Mandatory Sell-Out becomes devoid of purpose.

The Luxembourg Mandatory Squeeze-Out and Sell-Out Law shall not apply to takeover bids made in accordance with the Takeover Directive until expiry of any deadline laid down for any ensuing rights resulting from such a bid and for a period of six months as from the expiry of such deadline.

### ***Non-Compliance with Market Abuse Rules***

In accordance with MAR, the Polish Financial Supervisory Authority has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements.

Non-compliance with the market abuse rules set out above could also constitute an economic offense and/or a crime and could lead to the imposition of administrative fines by the Polish Financial Supervisory Authority. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and *vice versa*.

The Polish Financial Supervisory Authority shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of MAR.

The Issuer and any person acting on its behalf or on its account is obligated to draw up an insider list, to promptly update the insider list and provide the insider list to the CSSF or PFSA upon its request. The Issuer and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges

in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

## **Polish Capital Markets Regulations**

### ***Introduction***

The principle regulations governing the Polish securities market are set out in three acts of July 2005, that is: (i) the Act on Public Offering; (ii) the Act on Trading in Financial Instruments; and (iii) the Act on Supervision over the Capital Market. Since September 19, 2006, supervision over the capital market is also regulated by the Act on Financial Supervision. Furthermore, the Polish capital market is governed by regulations provided for in secondary legislation adopted on the basis of the above-mentioned laws and EU rules, which, similarly to the EU regulations, apply directly in Poland such as, for example, MAR.

The authority that oversees the capital market in Poland is the PFSA.

Trading in shares on the regulated (main) market operated by the WSE within the territory of Poland is subject to EU and Polish law regulations, including specifically, MAR, which applies directly throughout the European Union and covers such issues as, in particular: market manipulation, inside information and the acquisition of shares in public companies during black-out periods, the Act on Public Offering and the Act on Trading in Financial Instruments as well as certain regulations of the WSE and the NDS, including the WSE Rules and the NDS Rules. The procedure and organization of supervision over the Polish capital market which is exercised by the PFSA is determined by the Act on Supervision over the Capital Market, the Act on Supervision over the Financial Market, the Act on Public Offering and the Act on Trading in Financial Instruments.

### ***Disclosure Rules***

According to the Act on Public Offering, if the host Member State for the issuer is in Poland, the scope and deadlines of reporting and financial obligations of the issuer should be governed by the home Member State law.

Please see "*—Luxembourg Capital Markets Regulations*" above.

### ***Disclosure Obligations Related to the Acquisition and Sale of a Significant Block of Shares***

According to the Act on Public Offering, in case of a public company for which Poland is the host Member State, the disclosure obligations connected with the acquisition and sale of a significant block of shares should be governed by the home Member State law.

Please see "*—Luxembourg Capital Markets Regulations*" above.

### ***Tender Offers***

The Takeover Directive governs takeover bids for companies not listed in the member state of the European Union in which they have their registered office. The Shares will be listed on the WSE, but the Issuer has its registered office in a member state other than in Poland.

As a general rule, in accordance with the above provisions:

- matters relating to the consideration offered in the context of a takeover bid, the takeover bid procedure with which the offeror should comply and the content of the offering document shall be dealt with in accordance with Polish law, in particular the Act on Public Offering. These matters shall be supervised by the PFSA; and
- matters relating to the information to be provided to the employees of the company and to company law (in particular relating to the percentage of voting rights that confers control over the Issuer any derogation from the obligation to launch an offer or the conditions under which the Issuer's Board may undertake any action which may result in the frustration of a bid) shall be governed by Luxembourg law. These matters shall be supervised by the CSSF.

Given the fact that Shares will be admitted solely to the WSE and the Issuer is a company incorporated in Luxembourg, the authorities competent to supervise mandatory offer rules as described below, applicable with respect to the Shares of the Issuer and under the Takeover Directive, shall be both the CSSF and the PFSA. The investors should also take into account the respective rules under the Act on Public Offering which are described below.

For the information on matters related to the squeeze-out and sell-out, see "*Luxembourg Capital Markets Regulations*" above.

#### *Exceeding the 33% and 66% Threshold*

In general, under the Act of Public Offering: (i) exceeding the threshold of 33% of the total number of votes in a public company may take place solely by launching a tender offer for the sale or exchange of the shares in such company in a number allowing for the achievement of 66% of the total number of votes, except for the case where exceeding 33% of the total number of votes takes place as a result of launching a tender offer for the sale or exchange of all the remaining shares in the company and (ii) exceeding the threshold of 66% of the total number of votes in a public company may take place solely by virtue of launching a tender offer for the sale or exchange of all of the remaining shares in the company.

According to the Act on Public Offering when a WSE-listed company has its registered office in a member state of the EEA other than in Poland whose shares have been admitted to trading on a regulated market solely within the territory of Poland, the tender offer obligations relating to exceeding the 33% threshold or the 66% threshold in the total number of votes under the Act of Public Offering do not apply thereto. In such case, the entity acquiring shares is obliged to announce a tender offer for sale or exchange of the shares in the company in accordance with the legislation in force in the member state where the WSE-listed company has its registered office, (i.e., Luxembourg law with respect to the Issuer). However, if the tender offer obligation is triggered in accordance with the legislation in force in the member state where the WSE-listed company has its registered office (i.e., Luxembourg with respect to the Issuer), the Polish provisions will apply to the tender offer announced in the territory of Poland, in particular with respect to the consideration offered in the tender offer and procedure of conducting the tender offer, including those relating to the content of the tender offer and the procedures governing its announcement.

Please also see "*Luxembourg Capital Markets Regulations*" above.

#### *Terms of the Tender Offer*

A tender offer may be launched and made through an entity conducting brokerage activity in Poland, which is required – no later than 14 business days before the date of the commencement of the subscription – to simultaneously notify the PFSA and the company operating the regulated market on which the given shares are listed about the intention to announce the tender offer. Such entity attaches a copy of the tender offer to the notification. A copy of the tender offer should be subsequently published through an information agency and in at least one national newspaper.

A tender offer may be launched only after establishing collateral of a value of not less than 100% of the value of the shares that are to be subject to the tender offer. The collateral should be documented with a certificate issued by a bank or other financial institution providing the collateral or intermediating in its provision.

It is not possible to withdraw from a launched tender offer unless after launching the tender offer a third party launches a tender offer regarding the same shares. A withdrawal from a tender offer announced with regard to all of the remaining shares in a public company is permitted only when another entity announces a tender offer for all of the remaining shares in the company at a price not lower than the price in the first tender offer.

Upon the receipt of a notification announcing a tender offer, the PFSA may – at the latest, three business days before the beginning of the subscription period – request necessary changes and supplements to the text of the tender offer or the provision of explanations regarding the text of the tender offer within the period specified in the request; however, such period may not be shorter than two days.

The beginning of the subscription period indicated in the tender offer shall be suspended until the completion of the activities mentioned in the aforesaid request by the company required to announce the tender offer.

Following the completion of the tender offer, the offeror is required to announce, in the manner set forth in Article 69 of the Act on Public Offering, the number of shares purchased in the tender offer and the share in the total number of votes which has been reached in the tender offer.

In the period between the announcement of a tender offer and the completion of the tender offer, the entity required to announce the tender offer and all of its subsidiaries, dominant entities or entities which are party to any arrangements therewith concerning the acquisition of the shares in the public company by such party or entities which are party to any understanding therewith concerning voting in concert at any general meeting or exercising a standing policy with respect to the company:

- may acquire shares in the company to which the tender offer applies exclusively within the scope of that specific tender offer and in the manner defined therein;
- cannot sell shares in the company to which the tender offer applies or enter into any agreements which would require them to sell any such shares during the term of the tender offer; and
- cannot indirectly acquire the shares in the public company to which the tender offer relates.

*Price of Shares in the Tender Offer*

If any of the shares in the company are subject to trading on the regulated market, the price of the shares proposed in the tender offer may not be lower than:

- the average market price in the period of the six months preceding the tender offer announcement during which the shares were traded on the main market; or
- the average market price in a shorter period if the trading of the shares on the main market was shorter than the period set out in the point above.

The price of the shares proposed in the tender offer may also not be lower than:

- the highest price for which the shares subject to the tender offer were purchased within twelve months before the tender offer announcement by the entity required to announce the tender offer, the entities dependent on the entity required to announce the tender offer or by the parent entity of the same, or by the entity being a party to an arrangement concluded with the entity required to announce the tender offer with regard to the purchase by such entity of the shares in a public company or voting in concert at the general meeting regarding the major affairs of the company or exercising a standing policy with respect to the company; or
- the highest value of the assets or rights issued by the entity required to announce the tender offer or the entities mentioned in the point above in exchange for the shares subject to the tender offer within twelve months before the tender offer announcement.

The price of the shares proposed in the tender offer for the sale or exchange of all the remaining shares in a public company may also not be lower than the average market price within three months of trading in the shares on the regulated market preceding the tender offer announcement.

In the case where the average market price of the shares determined in accordance with the above-mentioned rules significantly differs from the fair value of such shares due to:

- the granting to the shareholders of a pre-emption right, a right to dividend, a right to acquire shares in the acquirer in connection with the division of a public company by unbundling or other property rights connected with the possession of shares in a public company;
- a significant deterioration in the financial or proprietary situation as a result of events or circumstances which cannot be predicted or prevented by the company; or
- the company being threatened by permanent insolvency,

the offeror may apply to the PFSA for consent to propose a price in the tender offer which does not comply with the criteria set forth above. The PFSA may grant its consent thereto, provided that the proposed price is not lower than the fair value of these shares and the call for tender does not breach the legitimate interests of the shareholders.

In the case where it is not possible to determine the price pursuant to the rules set forth above or in the case of a company subject to composition proceedings or bankruptcy proceedings, the share price cannot be lower than the fair value of such shares.

The price of the shares proposed in a tender offer may be lower with regard to shares constituting at least 5% of all the shares in the company that will be purchased within the tender offer from an identified person responding to the tender offer should the entity be required to announce the tender offer and should said person so decide.

### *Entities with Duties with Respect to Tender Offers*

The duties determined in the provisions regarding tender offers are also vested:

- (1) in an entity that achieves or exceeds the threshold of the total number of votes determined under applicable law due to the purchase or sale of depository certificates issued in connection with the shares in such public company;
- (2) in an investment fund – also in the case where the achievement or exceeding of the given threshold of the total number of votes determined in the regulations takes place with regard to the joint holding of shares by other investment funds managed by the same investment fund company or alternative investment funds or other investment funds established outside the territory of Poland and managed by the same entity;
- (3) in an alternative investment company – also in the case where the achievement or exceeding of the given threshold of the total number of votes determined in the regulations takes place with regard to the joint holding of shares by other alternative investment companies managed by the same investment manager of alternative investment companies within the meaning of the act on investment funds or other alternative investment established outside the territory of Poland and managed by the same entity;
- (4) in a pension fund – also if attaining or exceeding the threshold of votes specified in these regulations results in relation to the holding of shares jointly with other pension funds managed by the same fund management company;
- (5) in an entity in respect of which the achievement or exceeding of the given threshold of the total number of votes set out in the provisions of the Act on Public Offering takes place in reference to the holding of shares by: (i) a third party in its own name, however, at the instruction or for the benefit of such entity, excluding shares purchased as part of the performance of activities which involve the buying and selling of a broker's financial instruments for the benefit of the person giving the instruction, (ii) within the framework of activities which involve the management of a portfolio that includes one or a greater number of financial instruments determined in the Act on Trading in Financial Instruments and the Investment Funds Act – in reference to the shares included in the managed securities portfolios in respect of which the entity as a management company may enforce the right to vote at the general meeting on behalf of the instructing parties, and (iii) a third party with which the entity has concluded an agreement the subject of which is the transfer of the right to vote at the general meeting;
- (6) in a proxy who under a power of attorney to represent the shareholder at the general meeting was authorized to vote based on the rights attached to the shares in a public company if the shareholder has not issued any binding instructions as to the manner of voting;
- (7) jointly in all the entities bound by a written or oral arrangement regarding the purchase (directly or indirectly) by such entities or acquiring (as a result of the offer that is not a public offer) by such entities or by a third party in its own name, however, at the instruction or for the benefit of another entity of the shares in a public company or voting in concert at the general meeting of the shareholders regarding the major affairs of the company or implementing a standing policy with respect to the company if at least one of such entities carried out or planned to carry out activities resulting in such duties; and
- (8) in entities that conclude the type of arrangement mentioned in the item above which hold shares in a public company in a number ensuring the joint achievement or exceeding of a given threshold of the total number of votes set out in the regulations.

In the cases mentioned in items (7) and (8) above, the obligations provided in the regulations regarding major stakes of shares in public companies may be fulfilled by one of the parties to the arrangement designated by the parties to such arrangement.

The obligations set forth in the provisions concerning tender offers arise also in the case where the voting rights are related to securities deposited or registered with the entity that may dispose of them at its own discretion.

### **MAR**

#### *Manipulation*

MAR prohibits manipulation involving financial instruments, which is understood as:

- entering into a transaction, placing an order to trade or any other behavior which: (i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot

commodity contract or an auctioned product based on emission allowances; or (ii) secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level; unless the person entering into a transaction, placing an order to trade or engaging in any other behavior establishes that such transaction, order or behavior have been carried out for legitimate reasons, and conform with an accepted market practice as established in accordance with Article 13 of MAR;

- entering into a transaction, placing an order to trade or any other activity or behavior which affects or is likely to affect the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances, which employs a fictitious device or any other form of deception or contrivance;
- disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances or secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level, including the dissemination of rumors, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading;
- transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behavior which manipulates the calculation of a benchmark.

Pursuant to MAR, the following behavior shall, *inter alia*, be considered as market manipulation:

- the conduct by a person, or persons acting in collaboration, to secure a dominant position over the supply of or demand for a financial instrument, related spot commodity contracts or auctioned products based on emission allowances which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions;
- the buying or selling of financial instruments, at the opening or closing of the market, which has or is likely to have the effect of misleading investors acting on the basis of the prices displayed, including the opening or closing prices;
- the placing of orders to a trading venue, including any cancellation or modification thereof, by any available means of trading, including by electronic means, such as algorithmic and high-frequency trading strategies, and which has one of the effects referred to in paragraph 1(a) or (b), by: (i) disrupting or delaying the functioning of the trading system of the trading venue or being likely to do so; (ii) making it more difficult for other persons to identify genuine orders on the trading system of the trading venue or being likely to do so, including by entering orders which result in the overloading or destabilization of the order book; or (iii) creating or being likely to create a false or misleading signal about the supply of, or demand for, or price of, a financial instrument, in particular by entering orders to initiate or exacerbate a trend;
- the taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a financial instrument, related spot commodity contract or an auctioned product based on emission allowances (or indirectly about its issuer) while having previously taken positions on that financial instrument, a related spot commodity contract or an auctioned product based on emission allowances and profiting subsequently from the impact of the opinions voiced on the price of that instrument, related spot commodity contract or an auctioned product based on emission allowances, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way; and
- the buying or selling on the secondary market of emission allowances or related derivatives prior to the auction held pursuant to Commission Regulation (EU) No 1031/2010 with the effect of fixing the auction clearing price for the auctioned products at an abnormal or artificial level or misleading bidders bidding in the auctions.

Under MAR, market manipulation may apply not only to financial instruments, but also to related spot commodity contracts or auctioned products based on emission allowances.

MAR provides for maximum administrative pecuniary sanctions for infringements in terms of market manipulation of: (i) EUR 5.0 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of natural persons; and (ii) EUR 15.0 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) or 15% of the total annual turnover of the legal person according

to the last available accounts approved by the management body in respect of legal persons, although where the legal person is a parent undertaking or a subsidiary undertaking which is required to prepare consolidated financial accounts, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant accounting directives according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking.

Although MAR applies directly throughout the European Union, although in terms of the rules for administrative sanctions referred to in MAR, Member States shall, in accordance with national law, provide for competent authorities to have the power to take appropriate administrative sanctions and other administrative measures. The Act on Trading in Financial Instruments imposes for manipulation penal sanctions of a fine of PLN 5.0 million or imprisonment for three months to five years, or both these sanctions simultaneously.

The Act on Trading in Financial Instruments also grants the PFSA the power to impose a cash penalty of PLN 2,072,800 on a natural person or PLN 4,145,600 or up to 2% of the total annual revenue as shown in the most recent audited financial statements for a financial year if it is greater than PLN 4,145,600 on other entities for producing or disseminating investment recommendations or other information recommending or suggesting an investment strategy in breach of MAR, or for the improper performance or a breach of the obligations under MAR concerning conducting transactions on one's own account by persons discharging managerial responsibilities. The PFSA may impose on such entities a fine of up to three times the benefit obtained or loss avoided if it is possible to determine the amount of such a benefit or loss, in lieu of the sanctions referred to above.

Pursuant to the Act on Trading in Financial Instruments, failure to comply with specific obligations under MAR is subject to a cash penalty of up to PLN 4,145,600 or up to the equivalent of 2% of the total annual revenue as shown in the most recent audited financial statements for a financial year if it is greater than PLN 4,145,600.

#### *Inside Information*

According to MAR, it is prohibited to:

- engage or attempt to engage in insider dealing;
- recommend that another person engage in insider dealing or induce another person to engage in insider dealing; and
- unlawfully disclose inside information.

According to MAR, inside information includes the following kinds of information:

- information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;
- in relation to commodity derivatives, information of a precise nature, which has not been made public, relating, directly or indirectly to one or more such derivatives or relating directly to the related spot commodity contract, and which, if it were made public, would be likely to have a significant effect on the prices of such derivatives or related spot commodity contracts, and where this is information which is reasonably expected to be disclosed or is required to be disclosed in accordance with legal or regulatory provisions at the EU or national level, market rules, contract, practice or custom, on the relevant commodity derivatives markets or spot markets;
- in relation to emission allowances or auctioned products based thereon, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more such instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such instruments or on the prices of related derivative financial instruments;
- for persons charged with the execution of orders concerning financial instruments, it also means information conveyed by a client and relating to the client's pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.

Information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. Therefore, in the case of a protracted process which aims at or leads to the occurrence of certain circumstances or a certain event, any future circumstances or future events, and also intermediate phases of the process, related to the occurrence or causing of such future circumstances or events may be deemed as information of a precise nature.

An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information.

The information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments, derivative financial instruments, related spot commodity contracts, or auctioned products based on emission allowances shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

Pursuant to MAR, an issuer is required to inform the public as soon as possible of inside information which directly concerns that issuer.

The issuer shall ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public and, where applicable, in the officially appointed mechanism. The issuer shall not combine the disclosure of inside information to the public with the marketing of its activities. The issuer shall post and maintain on its website for a period of at least five years, all inside information it is required to disclose publicly.

An issuer may, at its own responsibility, delay the public disclosure of confidential information, if the following conditions are jointly satisfied:

- immediate disclosure is likely to prejudice the legitimate interests of the issuer or emission allowance market participant;
- delay of disclosure is not likely to mislead the public;
- the issuer or emission allowance market participant is able to ensure the confidentiality of that information

Where an issuer has delayed the disclosure of inside information, it shall inform the PFSA that disclosure of the information was delayed and provide a written explanation of how the conditions set out in this paragraph are satisfied, immediately after the information is disclosed to the public.

The issuers or persons acting on their behalf are required to:

- draw up a list of all persons who have access to inside information and who work for the issuer under an employment contract or otherwise perform duties which give them access to inside information, such as advisors, accountants or rating agencies ("a complete list of the persons with access to inside information");
- keep the list of persons with access to inside information up to date;
- at PFSA's request, promptly provide it with the list of persons with access to inside information.

With respect to insider trading, the Act on Trading in Financial Instruments imposes the following penal and administrative pecuniary sanctions:

- fine up to PLN 2.0 million or imprisonment for up to four years (or both these sanctions jointly) for unlawfully disclosing inside information;
- fine up to PLN 5.0 million or imprisonment for three months up to five years (or both these sanctions jointly) for unlawfully using inside information; and
- fine up to PLN 2.0 million or imprisonment for up to four years (or both these sanctions jointly) for making recommendation or inducing others to buy or sell financial instruments concerned by the inside information (or both these sanctions jointly).



Under the Act on Public Offering, the PFSA may impose for the non-performance or misperformance of the issuer's obligations related to the disclosure or delay of the inside information under MAR administrative penalty in the form of: (i) excluding the securities from trading on the regulated market; or (ii) an administrative fine of PLN 10,364,000 or an amount equivalent to 2% of the total annual turnover reported in the last audited annual financial statements if it exceeds PLN 10,364,000 or (iii) both sanctions referred to in points (i) and (ii) above jointly; or (iv) a fine up to three times the benefit obtained or loss avoided if it is possible to determine the amount of such a benefit or loss, in lieu of the sanctions referred to in items (i)-(iii) above.

If the issuer fails to perform or improperly performs its obligations related to the list of persons with access to inside information, the PFSA may, by way of a decision, impose a pecuniary penalty up to PLN 4,145,600 or an equivalent to 2% of the total annual turnover reported in the last audited annual financial statements if it exceeds PLN 4,145,600. For a breach of these obligations, the PFSA may impose a pecuniary penalty on the person who at that time performed the functions of a management board member of the issuer, a pecuniary penalty up to PLN 2,072,800. Where the amount of the benefits gained or losses avoided by the entity due to the infringements referred to above can be determined, the PFSA may, instead of the penalty referred to in this paragraph, impose a pecuniary penalty of up to three times the amount of the benefits gained or losses avoided.

#### *Obligations related to the purchase or sale of shares during restricted periods*

Under MAR, during a closed period, persons discharging managerial responsibilities for an issuer may not trade on their own account or for the account of a third party during a closed period, directly or indirectly, with respect to the shares or debt instruments of such issuer or to derivatives or other financial instruments linked thereto.

In addition, under MAR, a closed period is the period of 30 calendar days before the announcement of an interim financial report or a year-end report which the issuer is required to make public according to: (i) the rules of the trading venue where the issuer's shares are admitted to trading; or (ii) national law.

Under MAR, persons discharging managerial responsibilities, as well as persons closely associated with them, must notify the issuer and the CSSF of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto. Such notifications should be made immediately, but no later than within three working days of the transaction date. The issuer must ensure that the information that is notified in accordance with the rules specified above is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis in accordance with the implementing technical standards regulated under MAR.

MAR provides for the maximum administrative pecuniary sanctions for infringement of the obligations related to:

- closed periods of (i) EUR 0.5 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of natural persons and (ii) EUR 1.0 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of legal persons; and
- notifications of insider dealing of (i) EUR 0.5 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of natural persons and (ii) EUR 1.0 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of legal persons,

although where the legal person is a parent undertaking or a subsidiary undertaking which is required to prepare consolidated financial accounts, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant accounting directives according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking.

#### **Warsaw Stock Exchange**

The Polish financial instruments exchange market is operated by the Warsaw Stock Exchange. The WSE runs its business pursuant to applicable laws, including the Act on Trading in Financial Instruments and its internal regulations, including the articles of association of the WSE and the WSE Rules.

The exchange market operated by the WSE constitutes a regulated market for the purposes of the relevant regulations of EU law and the Act on Trading in Financial Instruments. Moreover, the WSE organizes and operates an Alternative Trading System which is a non-regulated market. The exchange market operated by the WSE includes the main floor (the official stock exchange market) and the parallel market.

According to the WSE's website (www.gpw.pl), as of September 18, 2020, shares of 436 companies were listed on the WSE, including 48 foreign companies. The total capitalization of the companies listed on the WSE was PLN 815,485.5 million as of September 18, 2020.

As of the date hereof, the Issuer is not a public company and the rights and obligations listed below shall apply to the Issuer from the moment it becomes a public company (i.e., from the moment of admitting of at least one share of the Issuer to trading on the regulated market in Poland or introducing at least one share of the Issuer to trading in the alternative trading system in Poland).

### ***Dematerialization of Securities***

Securities that are subject to a public offering within the territory of Poland or those subject to admission to trading on the regulated market in Poland cease to exist in certificate form upon their registration and thereafter exist only in book-entry form pursuant to an agreement with the NDS, the Polish deposit and clearing institution (dematerialization of the securities), except for securities offered to the public which will not be subject to admission to trading on the regulated market or introduced exclusively to an alternative trading system, which may keep their certificate form if the issuer so decides.

For the purposes of dematerialization, an issuer of securities must sign an agreement with the NDS on the registration of such securities in the depository for securities maintained by the NDS.

Rights attached to such dematerialized securities arise and are vested upon their recording for the first time in the securities account of the holder of such account. Securities registered in omnibus accounts constitute an exception to the above rule – in such case, the holder of the account is not entitled to those securities. The person entitled to the securities registered in an omnibus account is the person indicated to the entity maintaining such account by the holder thereof as being entitled to a given number of securities. An agreement setting forth the obligation to transfer dematerialized securities conveys the title to such securities when the appropriate entry is made in the relevant securities account. With respect to securities held in an omnibus account, a depository certificate will be a document having identical wording to that of the depository certificate issued in Polish or in English by the holder of such account. If dematerialized securities are acquired on the basis of a legal transaction in which their transfer occurs by operation of law, an entry on the securities account of the transferee is made at the transferee's request.

The entity maintaining the securities account, such as a brokerage house, custodian or custodian bank, will issue, at the request of the account holder, a separate registered depository certificate for each type of securities registered in the account. The depository certificate confirms the powers to exercise the rights attached to the securities indicated therein that are not, or may not be, exercised exclusively on the basis of entries in the securities account, except to participate in the general meeting of the shareholders. Depository certificates may be issued by brokerage houses, banks conducting brokerage activities, trustee banks, foreign investment companies and foreign legal entities conducting brokerage activities in Poland, the NDS and the NBP, provided that the relevant accounts are designated in a manner sufficient to identify the persons with whom the rights attached to the securities are vested.

From the moment of the issuance of a registered depository certificate, the securities, in the number indicated in the registered depository certificate, may not be traded until the end of the validity period of a registered depository certificate or until the certificate is returned to the issuer, whichever occurs first. During this period, the issuer of the registered depository certificate will lock-up the appropriate securities in that account.

The same securities may be indicated in several registered depository certificates, provided that the purpose of the issuance of each of these registered depository certificates is different. In such case, information is also provided in individual registered depository certificates as regards the lock-up of the securities due to an earlier issuance of other registered depository certificates.

### ***Withdrawal of the Shares from Trading (Delisting)***

The PFSA, at the request of an issuer, grants consent for withdrawing the shares from organized trading following the satisfaction of the relevant conditions provided for in the Act on Public Offering. The legal consequences of the grant of such consent include no longer being subject to the obligations under the Act of Public Offering established in connection with the public offering of shares or the admission thereof to trading on the regulated market within the territory of Poland and the obligations specified in the chapter of the Act on Public Offering regarding significant blocks of shares in public companies, and such consequences come into effect upon the lapse of a deadline of no more than one month as stated in the decision pursuant to which the PFSA granted its consent. It is permissible to submit a relevant request to the PFSA if the general meeting of a public company, by a majority of nine-tenths of the votes cast in the presence of shareholders

representing at least half of the share capital, adopted a resolution on the delisting of the shares. The request for the convocation of an extraordinary general meeting and including the matter of the adoption of a resolution regarding the delisting of the shares on the agenda thereof may be made by one or several shareholders representing at least one-twentieth of the share capital.

One or several shareholders demanding the inclusion of the matter of the adoption of a resolution regarding the delisting of shares on the agenda are required to first announce a public tender for subscription for the sale of the shares in such company by all the other shareholders. In case of the issuer for which Poland is the host Member State, however whose securities are admitted to trading only on a regulated market in Poland, the obligation to announce a public tender applies to the shares of that company which were acquired in transactions executed on a regulated market in Poland and are entered in securities accounts maintained in Poland at as the end of the second day after the announcement of that takeover bid. One or several shareholders demanding the inclusion of the matter of the adoption of a resolution regarding the delisting of shares on the agenda may acquire shares in that company in the period between the submission of the request and the completion of the tender offer only by way of such tender offer. There is no obligation to announce a tender offer if the demand for the inclusion of the matter of the adoption of a resolution regarding the delisting of shares on the agenda is made by all shareholders of a public company.

### ***Settlement***

Under the current regulations, all transactions on the regulated market of the WSE are carried out on a delivery versus payment basis, with the transfer of rights to securities occurring upon settlement on a T+2 basis. In principle, each investor must hold a securities account and a cash account with an investment firm or an entity conducting depository activities in Poland, and each investment firm and entity conducting depository activities must hold relevant accounts (*konta* and *rachunki*) with the NDS and a main cash account with a settlement bank. Entities authorized to maintain securities accounts may also maintain, within the scope of a security deposit or a securities registration system maintained by the National Bank of Poland, what are known as omnibus accounts (i.e., accounts in which it is possible to register dematerialized securities which are not owned by the persons for whom such accounts are maintained, but which are owned by another person or persons). Omnibus accounts may be maintained exclusively for the entities listed in the Act on Trading in Financial Instruments.

In accordance with the rules and regulations of the WSE and the NDS, KDPW CCP S.A., a subsidiary of the NDS, is required to arrange, based on a list of transactions provided by the WSE (compiled post-session), the settlement of transactions effected by WSE members. In turn, WSE members coordinate the settlement with the investors on whose account the transactions were executed.

### ***Stock Exchange Trading Mechanisms***

Pursuant to the WSE Rules, WSE sessions are held regularly from Monday to Friday from 8:30 a.m. to 5:05 p.m. Warsaw time, unless the management board of the WSE decides otherwise.

Depending on the market on which the relevant securities are listed, quotations are made in a continuous trading system (the main floor) or in a single-price system with one or two auctions (the parallel market). In addition, for large blocks of securities, so-called block transactions outside of the public order book in the continuous trading system or a single-price system are possible.

Information as to price, trading volume and any specific rights (pre-emption or dividend rights) attached to the relevant securities is available on the WSE's official website at [www.gpw.pl](http://www.gpw.pl).

Brokerage commissions in Poland are not fixed by the WSE or other regulatory bodies and are set by the brokerage house executing the transaction.

### **Merger Clearance**

#### ***The Competition Act***

Under the Competition Act the following transactions constitute a concentration which is subject to the mandatory merger control by the UOKiK President under the conditions described below:

- mergers;
- acquisitions (acquisition or purchase of shares, other securities, stocks or otherwise) of direct or indirect control over one or more undertakings and/or assets; and

- the creation of a joint venture (including non-full-function joint ventures).

The merger control applies to undertakings, including, *inter alia*: (i) entities or persons that are entrepreneurs, as defined in the Entrepreneur Law Act; as well as (ii) individuals, even if such individuals do not engage in business activity as defined in the Entrepreneur Law Act, exercising control over at least one entrepreneur, if such entities or persons perform further actions which are subject to merger control under the Competition Act.

The Competition Act defines the exercise of control as being all forms of direct or indirect acquisition of rights which separately or jointly enable a decisive influence to be exerted over a specific entrepreneur, while taking into account all legal and actual circumstances.

The intention of concentration is subject to the prior notification to the UOKiK President if: (i) the total global turnover of the undertakings concerned for the financial year preceding the notification exceeds the equivalent of EUR 1.0 billion (approximately PLN 4.5 billion); or (ii) the total turnover in Poland of the undertakings concerned for the financial year preceding the notification exceeds EUR 50.0 million (approximately PLN 222.9 million), unless certain exemptions as stipulated in the Competition Act apply. The notification obligation is triggered if either of these thresholds is met. The thresholds can be met by one party only.

Pursuant to the Competition Act, the turnover referred to in points (i-ii) above covers the turnover of: (i) undertakings directly participating in the concentration; (ii) other undertakings within the capital groups of such undertakings; (iii) undertakings over which the undertakings referred to in (i) and (ii) above exercise control jointly with any other undertaking or undertakings – on a *pro rata* basis to the number of undertakings exercising control; and (iv) undertakings which jointly control the group of the undertakings that directly participates in the concentration – on a *pro rata* basis to the number of undertakings exercising control. However, in the event of an acquisition of control, the relevant turnover on the seller's side only includes the target's turnover (and the entities solely or jointly controlled by the target) (i.e., it does not include the seller's entire group). Also, in the event of an acquisition by one undertaking of the assets of another undertaking, the relevant turnover on the seller's side only includes the turnover generated by such assets.

A concentration does not have to be notified to the UOKiK President, if any of the following exemptions apply:

- in the case of the acquisition of control and/or assets – if the target's turnover in Poland did not exceed EUR 10.0 million (approximately PLN 44.6 million) in either of the two financial years preceding the concentration;
- in the case of mergers as well as the creation of a joint venture – if the turnover of any party to the merger or joint venture did not exceed EUR 10.0 million (approximately PLN 44.6 million) in Poland in either of the two financial years preceding the concentration; and
- in the case of inter-related transactions (simultaneous or subsequent acquisitions from one and the same capital group of assets and/or control over an undertaking or undertakings that occur within a two-year period) – if the combined turnovers of all the acquired targets/assets generated in Poland did not exceed EUR 10.0 million (approximately PLN 44.6 million) in either of the two financial years preceding the most recent concentration.

Furthermore, pursuant to Article 14(2)-(5) of the Competition Act, notification is not required with regard to an intended concentration: (a) consisting in a temporary purchase or acquisition of shares by a financial institution for the purpose of their resale, if the institution's business activity includes investing in the shares of other entrepreneurs in its own name or on commission, provided that such resale takes place before one year from the date of purchase or acquisition, and provided that: (i) the institution does not exercise the rights vested in such shares other than the right to dividends and (ii) it only exercises these rights for the purpose of preparing to sell all or part of the enterprise, its assets or the said shares, (b) consisting in a temporary purchase or acquisition of shares by an entrepreneur as security against receivables, provided that the entrepreneur does not exercise the rights vested in those shares, other than the right to sell them, (c) of entrepreneurs from the same capital group and (d) arising in the course of insolvency proceedings, excluding the cases where control is to be taken over by the competitor or a participant of the capital group to which belong the competitors of the entrepreneur to be taken over.

The UOKiK President shall consent to a concentration if as a result thereof the competition on the market will not be materially restricted, especially through the establishment or strengthening of a dominant market position.

Pursuant to Article 97 of the Competition Act, entrepreneurs involved in a concentration that is subject to notification are obliged to refrain from completing the concentration until the UOKiK President issues a merger clearance or as long as the time limit during which such a decision should be issued has not lapsed. However, the implementation of the public offering

to purchase or exchange shares, of which the UOKiK President has been notified, does not constitute a breach of the statutory obligation to refrain from completing the concentration before the UOKiK President's merger decision or before the lapse of the time limit during which such decision should be issued, if the purchaser does not exercise the voting rights vested in the shares or does so solely for the purpose of preserving the full value of its capital investment or to prevent a material loss that might affect the entrepreneurs involved in the concentration.

The UOKiK President may, *inter alia*, impose a fine on the entrepreneur, by virtue of a decision, in an amount not higher than 10% of the turnover generated in the financial year preceding the year of imposing the fine, if the entrepreneur, even unintentionally, completed the concentration without the required consent of the UOKiK President for such concentration.

### ***EU Concentration Control***

Under EU Merger Regulation, transactions having community dimension are subject to the merger control by the European Commission. EU Merger Regulation only encompasses such concentrations in which a change of control on a lasting basis results from: (i) the merger of two or more previously independent undertakings or parts of undertakings; or (ii) the acquisition, by one or more persons already controlling at least one undertaking, or by one or more undertakings, whether by purchase of securities or assets, by contract or by any other means, of direct or indirect control of the whole or parts of one or more other undertakings.

Under the EU Merger Regulation, a concentration between undertakings has a community dimension if:

- the total global turnover of all undertakings concerned amounts to more than EUR 5.0 billion, and
- the total turnover in the European Union of each of at least two undertakings concerned amounts to more than EUR 250.0 million,

unless each of the undertakings concerned achieves more than two-thirds of its total turnover in the European Union within a single member state.

A concentration that does not satisfy the above criteria also has a community dimension if:

- the total global turnover of all the enterprises concerned amounts to more than EUR 2.5 billion,
- in each of at least three member states, the total turnover of all the enterprises concerned amounts to more than EUR 100.0 million,
- in each of at least three member states, specified for the purposes indicated above, the total turnover of each of at least two of the enterprises concerned amounts to at least EUR 25.0 million, and
- the total turnover in the European Union of each of at least two of the enterprises concerned amounts to more than EUR 100.0 million,

unless each of the enterprises concerned achieves more than two-thirds of its total turnover in the European Union in one and the same member state.

A concentration having a community dimension is subject to the notification to the European Commission, which must issue a merger clearance before the final implementation of such concentration.

According to the EU Merger Regulation, the European Commission may impose fines of up to 10% of the aggregated turnover of undertakings which intentionally or negligently breach the notification obligation and/or implement the concentration prior to the merger clearance.

In specific cases, a concentration not having a community dimension may be, in accordance with the EU Merger Regulation, referred to the European Commission for merger clearance.

A concentration which is notified and cleared by the European Commission under the EU Merger Regulation is not subject to merger clearance from the UOKiK President.

## TAXATION

*The following general information does not constitute an exhaustive analysis of the tax results related to the acquisition, holding or disposal of the Shares under Polish, Luxembourg and United States tax laws. Therefore, investors should always consult their own tax, financial or legal advisers. The term "dividend" used below, as well as any other term applied in this information, shall have the meaning ascribed thereto under Polish, Luxembourg and United States tax law, as applicable.*

*The tax consequences described in this general overview may not apply to a holder of the Shares. Investors should therefore consult their own tax advisers for more information about the tax consequences of acquiring, owning and disposing of the Shares.*

This overview is based on current legislation, existing administrative and judicial interpretations thereof and practice in force in Luxembourg, Poland and the United States on the date of this Prospectus, all of which are subject to change.

If there is a change in the legislation, the prevailing administrative or judicial interpretation thereof or in the practice, in each case including changes having retroactive effect, the information included herein will need to be re-assessed in light of any such changes. The Issuer or its advisors are under no obligation to update this Prospectus for any such changes occurring after its date of issuance or to inform any person, of any changes of law, administrative or judicial interpretation thereof or practice or other matters coming to their knowledge and occurring after the date hereof, which may affect this Prospectus in any respect. Neither the Issuer nor its advisors are liable for any loss which may arise as a result of current, or changes in, applicable tax laws, administrative or judicial interpretation thereof or practice.

In particular, the introduction of new tax legislation in multiple jurisdictions, including Luxembourg and Poland, in response to the Organisation for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) project, the Anti-Tax Avoidance Directives proposed by the European Union ("EU") Commission, as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS, could result in significant changes to local tax authority and judicial interpretation and practices, after the date of this Prospectus and could therefore have significant future impact on the information given in this Prospectus.

Investors should be aware that the tax legislation of any jurisdiction where an investor is resident, where the investment is located or where the investor is otherwise subject to taxation may also have an impact on the tax consequences of an investment in the Offer Shares, including in respect of any income received from the Offer Shares.

### **Polish Taxation**

*The following is a discussion of certain Polish tax considerations relevant to an investor residing in Poland or which is otherwise subject to Polish taxation. This information should not be deemed to be tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as of the date of this Prospectus, it may thus be subject to change including a change with retroactive effect. Any change may negatively affect the tax treatment described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their personal circumstances. Prospective purchasers of the Offer Shares are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, or other circumstances related to the Offer Shares. The information provided below does not cover tax consequences concerning income tax exemptions applicable to specific taxable items or specific taxpayers (e.g., domestic or foreign investment funds).*

*The reference to "dividend" as well as to any other terms in the paragraphs below means "dividend" or any other term as understood in Polish tax law.*

### **Income Earned on the Disposal of Securities by Individuals who are Polish Tax Residents**

In accordance with Article 3, section 1 of the PIT Act, natural persons, provided that they reside within the territory of Poland, are required to pay tax on all of their income (revenue) regardless of the location of the source of revenue (unlimited tax obligation). A person is deemed to be "residing within the territory of Poland" if: (i) such person's center of personal or economic interests (the center of vital interests) is within the territory of Poland; or (ii) such person stays within the territory of Poland more than 183 days in a calendar year.

The above-mentioned rules should be applied subject to the relevant double tax treaties to which Poland is a party (Article 4a of the PIT Act). Such treaties may specifically contain a different definition of the term "residence" in respect of a natural person or further clarify the notion of tax residency in case of a conflict.

If a Polish resident disposes of property located in another country, the tax treaty between Poland and that country applies.

Pursuant to Article 30b, section 1 of the PIT Act, income from the disposal of securities (including shares) or financial derivatives for consideration is taxed at a flat rate of 19%. Capital gains are calculated as the difference between the proceeds from the disposal of the securities (in principle, the value of the securities at the price set forth in a contract) and the tax-deductible costs (in principle, the expenditure related to the acquisition of the securities or their subscription).

In principle, capital gains arise at the moment of transferring the ownership of the shares and securities to the buyer.

Such income (or loss) is not aggregated with income from other sources and is taxed separately.

If a taxpayer performs a gainful disposal of securities acquired at different prices and it is not possible to establish the purchase price of the securities disposed of, in determining the income from that disposal, the rule holding that every disposal refers to securities acquired on a first-in, first-out basis applies. Generally, the rule mentioned above applies separately to each securities account.

During the tax year, individuals who obtain capital gains are not required to make any income tax prepayment. Neither tax nor prepayment on the above-mentioned income is withheld by tax remitters. However, after the end of a given tax year, which in the case of individuals is the same as the calendar year, taxpayers earning income from the disposal of securities for consideration are required to disclose such income in their capital gains annual tax return, calculate the due amount of tax and pay it to the account of the relevant tax office by the end of April of the year immediately following the tax year in which the disposal of securities for consideration was made.

In the case of a tax loss generated on the disposal of securities in a given tax year, such loss may decrease the income generated from such source (i.e., from the disposal of securities) for the next five consecutive tax years; however, the amount of such decrease in any particular year cannot exceed 50% of the loss. Alternatively, a one-off deduction of a loss of up to PLN 5.0 million is allowed; any tax loss over that amount may be deducted according to the general rules (i.e., within a period of five tax years and up to 50% of the loss in any particular year). A tax loss generated on the disposal of securities cannot be combined with tax losses generated by the taxpayer from other titles (sources of revenue; e.g., employment income).

The above regulations do not apply if the securities are sold as a result of the performance of any business activities as in such case the revenue from the sale of securities should be qualified as originating from the performance of such activities and should be settled pursuant to general terms (applicable to taxation of business activity income). In such a case, the individual should pay the tax at the 19% flat rate or the progressive rate of from 17% to 32%, depending on the individual's choice and the meeting of certain conditions. The income will be treated as from the business activity if the sale of securities takes place in the course of conducting business activities (e.g., as a brokerage house). Otherwise, it should be treated as capital gains. Shares can be considered as sold in the course of business activity if the individuals conduct activities in the sale of shares in companies.

#### ***Income Earned on the Disposal of Securities by Individuals who are not Polish Tax Residents***

In accordance with Article 3, section 2a of the PIT Act, individuals who do not reside within the territory of Poland are required to pay tax exclusively on income (revenue) obtained within the territory of Poland (limited tax liability). Pursuant to Article 4a of the PIT Act, the above-mentioned regulation should be applied taking into account the relevant double tax treaties to which Poland is a party.

In accordance with Article 3, section 2b of the PIT Act, income (revenue) earned in the territory of Poland in particular means income (revenue) from: (i) work performed in the territory of Poland based on a service relationship, employment relationship, telecommuting system and cooperative employment relationship irrespective of the place where remuneration is paid; (ii) activity performed in person in the territory of Poland irrespective of the place where remuneration is paid; (iii) economic activity pursued in the territory of Poland, including through a foreign establishment located in the territory of Poland; (iv) immovable property located in the territory of Poland or rights to such property, including income (revenue) generated from its disposal in whole or in part, or from the disposal of any rights to such property; (v) securities and financial derivatives which are admitted to public trading in the territory of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities or financial derivatives, and the exercise of the rights arising from any of the above; (vi) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions or any other legal person or the receivables being the consequence of owned shares, all rights and obligations or participation titles where real-estate property located in the territory of Poland or rights to such property, directly or indirectly, constitute at least 50% of their assets; (vii) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organizational units without legal personality, having their place of residence, seat, or management in the

territory of Poland, irrespective of the place of conclusion of the agreement and place of performance; and (viii) the unrealized gains as defined in Article 30da of the PIT Act.

The list of income (revenue) gained in Poland, as provided in Article 3, section 2b of the PIT Act is not exhaustive; therefore, other income (revenue) may also be considered as earned in Poland.

Individuals subject to limited tax liability who earn income from the disposal of securities in Poland should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which Poland is a party. In light of Article 30b, section 3 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such treaty is possible provided that the taxpayer proves their place of residence for tax purposes with a relevant certificate of tax residence.

As a rule, if the place of residence for tax purposes was documented with a certificate of tax residence with no validity period indicated, the tax remitter applies such certificate for the period of twelve consecutive months from the date of issuance. In the event that within the period of twelve months from the date of issuance of the certificate of tax residence the place of residence of the taxpayer has changed, the taxpayer is obliged to immediately document their place of residence for tax purposes with a new certificate.

If tax is payable in Poland, individuals subject to limited tax liability should be registered for taxation purposes in Poland and meet applicable filing requirements.

#### ***Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Individuals who are Polish Tax Residents***

Under Polish tax law, income from a share in the profits of legal persons is the income actually generated from such a share, including, *inter alia*, income from the redemption of shares, the value of the assets received in connection with the liquidation of the legal person, income intended for a share capital increase, and income which is the equivalent of the amounts contributed to the share capital from other funds of the legal person.

Pursuant to Article 30a, section 1, item 4 of the PIT Act, income (revenue) earned by individuals from dividends and other revenue from a share in the profits of legal persons is subject to taxation at a flat rate of 19%. If the price of the securities, without a justified reason, significantly differs from the market value thereof, capital gains will be determined by a tax authority at a level that reflects their market value.

The income (revenue) from the share in the profits of a legal person is the income (revenue) actually earned from that share (Article 24, section 5 of the PIT Act).

Pursuant to Article 41, section 4 of the PIT Act, a flat rate of income tax on payments made or cash or pecuniary values placed at a taxpayer's disposal (such as dividend payments and other income from shares in the profits of legal persons) is withheld by the entities that perform such actions. Although this is not clearly regulated in the Polish tax law, foreign entities should not act as Polish withholding tax remitters.

Under Article 41, section 4d of the PIT Act, tax on dividends and income received as a result of a redemption of shares, the value of property gained as a result of the liquidation of a legal person or a company and, in the case of a merger or division of companies – additional payments received in cash by shareholders of the target company, or the merged or divided companies, is withheld by the entities keeping the securities accounts for taxpayers, in their capacity as tax remitters, if the income (revenue) is earned in the territory of Poland and is associated with the securities registered in those accounts and, further, if the relevant payments are made to the taxpayers through those entities. Under Article 41, section 10 of the PIT Act, in terms of securities registered in omnibus accounts, the tax remitters of the flat rate income tax on dividends and income from the redemption of shares, the value of property gained as a result of the liquidation of a legal person or a company and – in the case of a merger or division of companies – the additional cash payments received by the shareholders of the target company, or the merged or divided companies, are the entities keeping the omnibus accounts through which the payments are made. The tax is withheld on the date on which the relevant dividend payment is released to the omnibus account holder.

Tax remitters must pay the due tax by the 20th day of the month following the month in which the tax was withheld to the account of the relevant tax office. By the end of January of the year following the tax year, the tax remitters referred to in Article 41 of the PIT Act are required to send to the tax office headed by the chief of the tax office territorially competent for the registered office of the tax remitters an annual tax return on a standard form.

Income (revenue) from dividends and other revenue from a share in the profits of legal persons residing in Poland where a flat rate tax was withheld is not aggregated with income from any other sources and is not disclosed in an annual tax return.



Nevertheless, pursuant to Article 45, section 3b of the PIT Act, if the tax remitter does not withhold the tax, the individual is required to disclose the income tax due in its annual tax return filed by the end of April of the year following the given tax year and pay the tax.

Separate rules apply to dividends and other income from a share in the profits of legal persons on securities held in omnibus accounts. Under Article 30a, section 2a of the PIT Act, with respect to income (revenue) from dividends and other revenue from a share in the profits of legal persons transferred to taxpayers holding rights attached to securities registered in omnibus accounts whose identity has not been disclosed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19% flat rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the omnibus account holder. Annual tax returns regarding this income are filed by the tax remitter (i.e., by the entities maintaining the omnibus accounts) with the tax office headed by the chief of the competent tax office. Under Article 45, section 3c of the PIT Act, taxpayers are required to disclose the amount of dividends in an annual tax return if securities were registered in an omnibus account and the taxpayer's identity was not disclosed to the tax remitter.

Dividend income obtained by an individual who is a Polish resident from a company resident in another country will be taxed taking into account the double tax treaties to which Poland is a party.

### ***Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Individuals who are not Polish Tax Residents***

In accordance with Article 3, section 2a of the PIT Act, individuals who do not reside within the territory of Poland are required to pay tax exclusively on income (revenue) obtained within the territory of Poland (limited tax liability). Pursuant to Article 4a of the PIT Act, the above-mentioned regulation should be applied taking into account the relevant double tax treaties to which Poland is a party.

Income (revenue) earned in the territory of Poland in particular means income (revenue) from: (i) work performed in the territory of Poland based on a service relationship, employment relationship, telecommuting system and cooperative employment relationship irrespective of the place where remuneration is paid; (ii) activity performed in person in the territory of Poland irrespective of the place where remuneration is paid; (iii) economic activity pursued in the territory of Poland, including through a foreign establishment located in the territory of Poland; (iv) immovable property located in the territory of Poland or rights to such property, including income (revenue) generated from its disposal in whole or in part, or from the disposal of any rights to such property; (v) securities and financial derivatives which are admitted to public trading in the territory of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities or financial derivatives, and the exercise of the rights arising from any of the above; (vi) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions or any other legal person or the receivables being the consequence of owned shares, all rights and obligations or participation titles where property located in the territory of Poland or rights to such real-estate property, directly or indirectly, constitute at least 50% of their assets; (vii) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organizational units without legal personality, having their place of residence, seat, or management in the territory of Poland, irrespective of the place of conclusion of the agreement and place of performance; and (viii) the unrealized gains as defined in Article 30da of the PIT Act.

Individuals subject in Poland to limited tax liability who earn income from the income from a share in the profits of a legal person should follow similar taxation rules governing dividends and other income from a share in the profits of a legal person as specified above in respect of Polish tax residents, save as otherwise stated in the relevant double tax treaties to which Poland is a party. Polish tax regulations apply; however, in light of Article 30a, section 2 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such treaty is possible if the taxpayer proves their place of residence for tax purposes with a relevant certificate of tax residence.

As a rule, if the place of residence, for tax purposes, was documented with a certificate of tax residence with no validity period indicated, the tax remitter applies such certificate for the period of twelve consecutive months from the date of issuance. In the event that within the period of twelve months from the date of issuance of the certificate of tax residence the place of residence of the taxpayer has changed, the taxpayer is obliged to immediately document their place of residence, for tax purposes, with a new certificate.

Separate rules apply to dividends and other income from a share in the profits of legal persons on securities held in omnibus accounts. Under Article 30a, section 2a of the PIT Act, with respect to income (revenue) from dividends and other revenue from a share in the profits of legal persons transferred to taxpayers holding rights attached to securities registered in omnibus accounts whose identity has not been disclosed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19% flat rate tax is withheld by the tax remitter from the aggregate income (revenue) released for

the benefit of all such taxpayers through the omnibus account holder. Annual tax returns regarding this income are filed by the tax remitter (i.e., by the entities maintaining the omnibus accounts) with the tax office headed by the chief of the tax office competent for the taxation of foreign entities.

If the tax remitter does not withhold the tax and Polish tax is due, the individual is required to be registered for Polish taxation, disclose the income tax due in its annual tax return filed by the end of April of the year following the given tax year and pay the tax.

### ***Solidarity Duty***

All Polish-resident individual taxpayers with annual income exceeding PLN 1.0 million are required to pay an additional solidarity duty at a rate of 4% of the calculation base.

When determining the base for calculating the solidarity duty, income (i.e., revenue minus deductible costs and social security contributions paid) in excess of the aforementioned PLN 1.0 million threshold is taken from the following tax declarations: PIT-36, PIT-36L, PIT-37, PIT-38, PIT-40A and PIT-CFC.

Individuals subject to the solidarity duty should file the DSF-1 tax declaration and pay the tax by April 30 of the following tax year. For example, solidarity duty in respect of 2020 income is payable by April 30, 2021.

### ***Conversion of Amounts in Foreign Currencies into Polish Zloty***

The amounts of revenue received or costs incurred in foreign currencies should be converted into Polish zloty at the average exchange rate published by the National Bank of Poland on the last working day before the revenue was derived or the cost was incurred.

This rule applies even if the actual foreign exchange rates (e.g., those used by banks or other financial institutions) were different.

### ***Income Earned on the Disposal of Securities by Corporate Persons who are Polish Tax Residents***

Pursuant to Article 1, sections 1 and 2 of the CIT Act, corporate income tax is paid by legal persons, companies in organization and organizational entities that have no legal personality (except for companies that have no legal personality, although the CIT Act also applies to limited joint-stock partnerships having their seat or management within the territory of Poland).

In accordance with Article 3, section 1 of the CIT Act, taxpayers having their seat or management within the territory of Poland are required to pay tax on all of their income, irrespective of where the income is earned (unlimited tax liability).

Under the CIT Act, income is determined separately for each relevant basket (i.e., income from capital gains is separated from income from other sources). Correspondingly, the tax losses are determined separately for each of these baskets, whereby a tax loss from one basket may not be deducted from the income in another basket.

As a rule, tax losses within the same basket can be deducted over the next five consecutive tax years, in an amount not exceeding 50% of the loss in any of those years. Alternatively, a one-off deduction of a loss of up to PLN 5.0 million is allowed within the five-year limitation period, with any exceeding tax loss over that amount deductible over the period of five consecutive tax years from the year the loss is recorded and up to 50% of the loss.

Gains on the disposal of securities by a corporate income taxpayer having its seat or management within the territory of Poland are subject to taxation under the general rules stipulated in the CIT Act. Taxable income is the difference between the proceeds from the disposal of securities (in principle, the price of securities stated in the agreement) and the tax-deductible costs (in principle, the expenditure related to the acquisition of the securities or their subscription). If the price of the securities, without a justified reason, significantly differs from the market value thereof, capital gains may be determined by a tax authority at a level that reflects their market value. Income from the disposal of securities for consideration is aggregated with the income of the taxpayer earned from capital sources gains to form the taxable base (cannot be aggregated with income from other sources). Pursuant to Article 19, section 1 of the CIT Act, the income of a corporate income taxpayer is taxed at a rate of 19% of the taxable base (with exceptions for so-called small and new taxpayers whose tax rate is reduced to 9%).

In the case of income from the disposal of securities for consideration, taxpayers are required to settle the tax themselves as the tax is not collected by the entity that pays for the securities. Taxpayers are required to make advance payments towards tax during the tax year and settle the income tax in an annual income tax return (Article 27, section 1 of the CIT

Act). The deadline for filing such a tax return is the end of the third month following the tax year. The same deadline applies to the taxpayers' obligation to pay the due tax.

#### ***Income Earned on the Disposal of Securities by Corporate Persons who are not Polish Tax Residents***

Pursuant to Article 3, section 2 of the CIT Act, taxpayers who do not have their seat or management within the territory of Poland are required to pay tax exclusively on income earned within the territory of Poland (Polish source income). Income (revenue) earned in the territory of Poland in particular means income (revenue) from: (i) all types of activity pursued in the territory of Poland, including through a foreign establishment located in the territory of Poland; (ii) immovable property located in the territory of Poland or rights to such property, including income (revenue) generated from its disposal in whole or in part, or from the disposal of any rights to such property; (iii) securities and financial derivatives which are admitted to public trading in the territory of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities or financial derivatives, and the exercise of the rights arising from any of the above; (iv) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions or any other legal person or the receivables being the consequence of owned shares, all rights and obligations or participation titles where real-estate property located in the territory of Poland or rights to such real-estate property, directly or indirectly, constitute at least 50% of their assets; (v) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organizational units without legal personality, having their place of residence, seat, or management in the territory of Poland, irrespective of the place of conclusion of the agreement and place of performance; and (vi) the unrealized gains as defined in Article 24f of the CIT Act.

Provisions of the CIT Act also apply to income obtained in the territory of Poland by unincorporated partnerships without legal personality with their seat or management in another state if they are treated as legal persons according to the tax legislation of that state and their entire income is taxable in that state, irrespective of where that income is earned (Article 1, section 3, point 2 of the CIT Act).

Taxpayers subject to limited tax liability who earn income from the disposal of securities in Poland should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which Poland is a party.

Applicability of the double tax treaty requires keeping a certificate of tax residency.

As a rule, if the place of residence for tax purposes was documented with a certificate of tax residence with no validity period indicated, the tax remitter (if any) applies such certificate for the period of twelve consecutive months from the date of issuance. In the event that within the period of twelve months from the date of issuance of the certificate of tax residence the place of residence of the taxpayer has changed, the taxpayer is obliged to immediately document their place of residence for tax purposes, with a new certificate.

If tax is payable in Poland, taxpayers subject to limited tax liability should be registered for taxation purposes in Poland and meet applicable filing requirements.

#### ***Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Legal Persons who are Polish Tax Residents***

As a rule, dividend income and other income from a share in the profits of legal persons with seat or management outside Poland is subject to taxation at a flat rate of 19% of the income earned. However, this rule is modified by the provisions of the relevant double tax treaty.

Pursuant to Article 20, section 3 of the CIT Act, income (revenue) from dividends and other revenue from participation in profits generated by legal persons with seat or management outside Poland are tax exempt in Poland if all of the following conditions are satisfied jointly: (i) the payer of dividends and other revenue from a share in the profits of legal persons is a company whose entire income, irrespective of where it is earned, is subject to income tax in a Member State of the European Union or another Member State of the European Economic Area other than Poland; (ii) the recipient of income (revenue) from dividends and other revenue from a share in the profits of legal persons as referred to in section (i) is a company that is an income tax payer and has its seat or management in the territory of Poland; (iii) the company referred to in section (ii) directly holds no less than 10% of shares in the equity of a company as referred to in section (i); and (iv) the company referred to in section (ii) does not enjoy an exemption from income tax on its entire income, irrespective of the sources from which the income is earned.

The exemption referred to above applies if the company gaining income (revenue) from dividends and other revenue from participation in profits generated by legal persons having their seat or management within the territory of Poland has at

least a 10% shareholding in the company paying out dividends continuously for two years. The exemption also applies if the two-year period of continuous holding of shares in the required amount by a company generating income (revenue) from participation in profits generated by a legal person having its registered seat or management within the territory of Poland ends after the date of obtaining such income (revenue). In the case of failure to satisfy the condition of holding shares in the required amount continuously for two years, the taxpayer will be required to pay 19% tax, including default interest, on the income (revenue) by the 20th day of the month following the month in which it was deprived of the right of exemption. Late payment interest is calculated as of the day following the day on which the taxpayer first exercised the right to an exemption.

In accordance with Article 20, section 15 of the CIT Act, the tax deduction and exemption referred to above apply, in particular: (i) if the shareholding referred to in Article 20, section 2, item 3, and Article 20, section 3, item 3 of the CIT Act is based on a title of ownership; and (ii) with respect to income earned from shares held on the basis of a title of ownership or other than a title of ownership, provided the exemption would apply to such income (revenue) if the shares were not transferred.

Moreover, the exemption based on Article 20, section 3 of the CIT Act does not apply to dividends and other income (revenue) derived from shares in the profit of legal persons to the extent in which in the country of the company referred to in Article 20 section 3, item 1 of the CIT Act the amounts paid are subject in any way to inclusion in tax-deductible expenses, deduction from income, the taxable base, or the tax of the company paying them.

The exemption does not apply if dividends or other amounts due on account of a share in the profits of legal persons are paid as a result of the paying company's liquidation.

According to Article 22b of the CIT Act, the above-referenced exemption under Article 20, section 3 of the CIT Act applies on the condition that there are legal grounds for it under a double tax treaty or another ratified international agreement to which Poland is a party for the tax authority to obtain tax information from a tax authority of a state other than Poland where the taxpayer has its registered seat or where the income was generated.

Pursuant to the Article 22c, section 1 of the CIT Act, Article 20, section 3 of the CIT Act does not apply if income (revenue) from dividends and other revenue from the participation in profits of legal persons is earned in connection with the conclusion of an agreement or performance of another legal act or many related legal acts whose main objective or one of the main objectives was to obtain an income tax exemption under Article 20, section 3 of the CIT Act, and obtaining such exemption does not result only in the elimination of double taxation of such income (revenue), and if the manner of conduct referred to above was artificial. For the purposes of Article 22c, section 1 of the CIT Act, the manner of acting is artificial unless on the basis of existing circumstances, it should be assumed that an entity acting reasonably and with legitimate aims would use this mode of action predominantly for justified economic reasons. In particular, this refers to the situation where, by the actions referred to in Article 22c, section 1 of the CIT Act, the ownership of shares in a company distributing dividends is transferred or the company earns revenue (income) which is then paid in the form of a dividend or in the form of other revenue from the participation in the profits of legal persons.

Please note that the applicability of the above exemption is not clear taking into account recently introduced source of income regulations. The Investors who intend to apply the exemption should consult their tax advisors.

Although in principle there are no withholding tax obligations for Polish remitters in connection with the payment of dividends and other income from a share in the profits of non-Polish legal persons, separate rules might apply to income from securities held in omnibus accounts, with the remitter being obliged to pay the withholding tax. In such cases, the Investors should seek advice from their tax advisors. In particular, the advice should be sought with respect to any payments made for the benefit of an entity having its registered office or management in a territory or state that applies practices of harmful tax competition (i.e., listed in regulations issued pursuant to Article 11j.2 of the Polish CIT Act).

### ***Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Legal Persons who are not Polish Tax Residents***

Pursuant to Article 3, section 2 of the CIT Act, taxpayers who do not have their seat or management within the territory of Poland are required to pay tax exclusively on income earned within the territory of Poland (limited tax liability). Income (revenue) earned in the territory of Poland in particular means income (revenue) from: (i) all types of activity pursued in the territory of Poland, including through a foreign establishment located in the territory of Poland; (ii) immovable property located in the territory of Poland or rights to such property, including income (revenue) generated from its disposal in whole or in part, or from the disposal of any rights to such property; (iii) securities and financial derivatives which are admitted to public trading in the territory of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities or financial derivatives, and the exercise of the rights arising from any of the

above; (iv) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions or any other legal person or the receivables being the consequence of owned shares, all rights and obligations or participation titles where real-estate property located in the territory of Poland or rights to such real-estate property, directly or indirectly, constitute at least 50% of their assets; (v) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organizational units without legal personality, having their place of residence, seat, or management in the territory of Poland, irrespective of the place of conclusion of the agreement and place of performance; and (vi) unrealized gains as defined in Article 24f of the CIT Act.

Provisions of the CIT Act also apply to income obtained in the territory of Poland by unincorporated partnerships without legal personality with their seat or management in another state if they are treated as legal persons according to the tax legislation of that state and their entire income is taxable in that state, irrespective of where that income is earned (Article 1, section 3, point 2 of the CIT Act). In the case of taxation, taxpayers subject to limited tax liability who earn income from dividends and other income from a share in the profits of legal persons should follow similar taxation rules governing the income from dividends and other income from a share in the profits of legal persons obtained by Polish tax residents specified above, save as otherwise stated in the relevant double tax treaties to which Poland is a party. Applicability of the double tax treaty requires keeping a certificate of tax residency.

As a rule, if the place of residence for tax purposes was documented with a certificate of tax residence with no validity period indicated, the tax remitter (if any) applies such certificate for the period of twelve consecutive months from the date of issuance. In the event that within the period of twelve months from the date of issuance of the certificate of tax residence the place of residence of the taxpayer has changed, the taxpayer is obliged to immediately document their place of residence for tax purposes with a new certificate.

Although in principle there are no withholding tax obligations for Polish remitters in connection with the payment of dividends and other income from a share in the profits of non-Polish legal persons, separate rules might apply to income from securities held in omnibus accounts, with the remitter being obliged to pay the withholding tax. In such cases, investors should seek advice from their tax advisors. In particular, the advice should be sought with respect to any payments made for the benefit of an entity having its registered office or management in a territory or state that applies practices of harmful tax competition (i.e., listed in regulations issued pursuant to Article 11j.2 of the Polish CIT Act).

If tax is payable in Poland and not withheld by the remitter, tax-payers subject to limited tax liability should be registered for taxation purposes in Poland and meet applicable filing requirements.

### ***Withholding Tax Regime***

#### *Corporate Income Tax*

According to Article 26, section 1 of the CIT Act, the application of a tax rate resulting from the relevant double tax treaty or the non-collection of tax in accordance with such a treaty shall be possible provided that the location of the taxable person's seat is documented for tax purposes by a certificate of tax residency obtained from that taxable person. When verifying the conditions for the application of a reduced tax rate or for an exemption, or conditions for the non-collection of a tax, arising from special provisions or double tax treaty, including verification of the beneficial owner status of the recipient of payments, a tax remitter shall be obliged to exercise due diligence. In the assessment whether due diligence has been exercised, the character and the scale of the tax remitter's activity shall be taken into account.

Beneficial owner means an entity that meets all of the following conditions:

- (i) it receives receivables for its own benefit, among other things, it decides independently on their allocation and bears the economic risk related to the loss of those receivables or part thereof;
- (ii) it is not an intermediary, representative, trustee or another entity obliged legally or factually to transfer the receivables in whole or in part to another entity; and
- (iii) it conducts Genuine Economic Activity in the state where its seat is located, if receivables are obtained in connection with its economic activity.

Under Article 26, section 1m of the CIT Act, if tax remitters pay out any amounts resulting from the sale of shares, including sales made for the purpose of their redemption, as well as revenue obtained as a result of exchange of shares, for the benefit of an entity having its registered office or management in a territory or state that applies practices of harmful tax competition (i.e., listed in regulations issued pursuant to Article 11j.2 of the Polish CIT Act), they are obliged to collect flat-rate income tax in the amount of 19% of the amount of the payment made.

Under Article 26, section 2e of the CIT Act, if the total amount paid out on account of the items listed in Article 21, section 1 of the CIT Act (including interest) and Article 22, section 1 of the CIT Act (including dividends) to the same taxpayer exceeds PLN 2.0 million in the tax year of the payer, remitters are, as a general rule, required to withhold (the "**Obligation to Withhold Tax**"), on the day of payment, a flat rate income tax at the basic rate (20% in the case of interest and 19% in case of dividends) from the excess over that amount, without being able not to withhold that tax on the basis of an appropriate double tax treaty, and also without taking into account exemptions or rates resulting from special regulations or double tax treaties (the "**New Withholding Tax Regime**").

Under Article 26, section 2i and Article 26, section 2j of the CIT Act, if the payer's tax year is longer or shorter than twelve months, the amount to which the Obligation to Withhold Tax applies is calculated by multiplying 1/12 of PLN 2.0 million and the number of months that have begun in the tax year in which the payment was made; if the calculation of that amount is not possible by reference to the payer's tax year, the Obligation to Withhold Tax shall apply accordingly to the payer's current financial year and, in its absence, with respect to the payer's other period with features specific to the financial year, not longer, however, than 23 consecutive months.

Under Article 26, section 2k of the CIT Act, if the payment was made in a foreign currency, to determine whether the amount to which the Obligation to Withhold Tax applies was exceeded, the amounts paid are converted into zloty at the average exchange rate published by the National Bank of Poland on the last business day preceding the payment day.

Under Article 26, section 2l of the CIT Act, if it is not possible to determine the amount paid to the same taxpayer, it is presumed that it exceeded the amount from which the Obligation to Withhold Tax applies.

Under Article 26, section 7a of the CIT Act, the New Withholding Tax Regime does not apply if the payer has declared that:

- (i) it holds the documents required by the tax law for the application of the tax rate or tax exemption or non-taxation under special regulations or double tax treaties (basically, a certificate of tax residency);
- (ii) after the verification of the conditions to apply an exemption or reduced withholding tax rate resulting from special regulations or double tax treaties, it is not aware of any grounds for the assumption that there are circumstances that exclude the possibility of applying the tax rate or tax exemption or non-taxation under special regulations or double tax treaties, in particular it is not aware of the existence of circumstances preventing the fulfillment of certain conditions referred to in other regulations, including the fact that the recipient of the distributions is their beneficial owner and, if the distributions are obtained in connection with the business activity conducted by the taxpayer, that in the country of tax residence the taxpayer carries on the actual business activity.

In the case of withholding tax as a result of the New Withholding Tax Regime, if double tax treaties or special regulations provide for a tax exemption or reduced tax rate, the taxpayer or tax remitter (if the taxpayer has paid tax with its own funds and has borne the economic burden of such tax (e.g., as a result of a gross-up clause)) may apply for a refund of that tax by submitting the relevant documents and declarations. When recognizing that the refund is justified, the tax authorities shall carry it out within six months.

In case of distributions to the qualified shareholders a tax authority may issue, on condition that the requestor proves that a given taxable person meets the conditions set out in Articles 21, section 3 to 21, section 9 or Articles 22, section 4 to 22, section 6 of the CIT Act, an opinion on the application by the tax remitter of an exemption from the collection of a lump-sum income tax on amounts due paid to that taxable person (an opinion on the application of an exemption).

The application of the New Withholding Tax Regime is suspended until December 31, 2020.

#### *Personal Income Tax*

Analogous provisions apply to personal income tax, including Article 41, sections 4aa and 12 of the PIT Act which provides for analogous requirements for the verification of the beneficial owner status and the new withholding tax regime.

#### *Transfer Tax (Tax on Civil Law Transactions)*

Pursuant to Article 1, section 1, item 1, letter a), in conjunction with Article 1, section 4 of the Tax on Civil Law Transactions Act, transfer tax applies to agreements for the sale or exchange of property and property rights, provided that they cover property located in Poland or property rights exercised in Poland, including securities. In principle, shares in a foreign (non-Polish) company are considered as rights exercisable outside of Poland. These rights are considered to be subject to the Tax on Civil Law Transactions Act only if the buyer has its permanent address or registered seat in Poland and the transaction is performed in Poland.

Transfer tax applies to sale or exchange contracts if the rights which are the subject of the transaction are to be exercised within the territory of Poland (e.g., shares in a Polish company), or if the rights are exercised outside Poland, provided that the agreement evidencing the sale or exchange is concluded in Poland and the purchaser is a Polish resident. The tax is 1% of the market value of the securities which are the subject of the transfer and the tax should be paid within 14 days after the sale or exchange agreement is entered into with the corresponding registration for tax and filing requirements. In principle, the tax liability is borne by the buyer in the case of a sale agreement and by the parties to the exchange in the case of an exchange agreement.

In certain situations, the tax authorities may adjust the taxable base.

In accordance with Article 9, item 9 of the Tax on Civil Law Transactions Act, the sale of property rights which are financial instruments:

- (i) to investment companies or foreign investment companies, or
- (ii) through the intermediation of investment companies or foreign investment companies, or
- (iii) through organized trading, or
- (iv) outside organized trading by investment companies or foreign investment companies if such financial instruments were acquired by such companies as a part of organized trading,

within the meaning of the provisions of the Act of 29 July 2005 on Trading in Financial Instruments, shall be exempt from the tax on civil law transactions.

### ***Taxation of Gifts and Inheritance***

Pursuant to Article 1, section 1 of the Gifts and Inheritance Tax Act, inheritance and gift tax is imposed on the acquisition of title to any tangible property located in the territory of Poland and any property rights exercised in the territory of Poland by natural persons, by among others inheritance, general legacy, further legacy, specific legacy, testamentary instruction, gift and donor's instruction. Pursuant to Article 2 of the Gifts and Inheritance Tax Act, inheritance and gift tax is also imposed on the acquisition of tangible property located abroad or of property rights exercised abroad if, on the date of the opening of the succession or conclusion of a gift agreement, the donee was a citizen or permanent resident of Poland.

The taxable base is the value of the property rights received after deducting debts and charges (i.e., the net value), assessed based on the condition of the property rights on the day of their receipt and based on the market prices applicable on the day the tax liability arose. The tax amount is calculated according to the tax group to which the recipient was assigned. A relevant tax group is assigned according to the recipient's personal relationship with the person from whom the property rights were received or inherited. Inheritances and gifts are taxed at a progressive rate from 3% to 20% of the taxable base, depending on the tax group to which the recipient was assigned and the value of the taxable base. There are certain amounts which are exempt from tax in each group. Except for cases in which the tax is collected and remitted by the tax remitter, taxpayers are required to file a tax return specifying the receipt of the property rights with the competent head of the tax office. The tax return should be accompanied by documents justifying the amount of the taxable base. The tax is paid within 14 days from receiving the decision issued by the head of the tax office assessing the amount of tax liability.

Under Article 4a, section 1 of the Gifts and Inheritance Tax Act, the receipt of title to property or property rights (including securities) by a spouse, descendant, ascendant, step child, siblings, stepfather and stepmother is tax exempt, provided that they notify the competent head of the tax office of the receipt of title to the property rights within six months from the date the tax liability arose, or, in the case of their receipt by right of succession, within six months from the date the court decision on accession to the estate becomes final and binding. The tax exemption applies if, on the acquisition date, the acquirer was a citizen of Poland or of any Member State of the European Union or the European Free Trade Association (EFTA), a party to the European Economic Area agreement, or resided on a permanent basis in the territory of Poland or any such Member State.

In the case of failure to meet these conditions, the receipt of title to the property rights is subject to taxation on general terms.

In addition, tax is not imposed on the acquisition of any property rights exercised in Poland if, on the acquisition date, neither the donee nor the decedent or donor were Polish citizens and had their permanent place of residence or seat in Poland.

### ***Remitter's Liability***

Pursuant to Article 30, paragraph 1 of the Tax Ordinance, a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, up to the value of all its assets. The tax remitter is not liable if the relevant provisions provide otherwise or the tax has not been withheld due to the taxpayer's fault. In such a case, the relevant tax authority issues a decision concerning the taxpayer's liability and not tax remitter's liability.

### **Luxembourg Taxation**

Where in this overview English terms and expressions are used to refer to Luxembourg concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Luxembourg concepts under Luxembourg tax law. A reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*). Corporate shareholders may be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may also apply.

This overview is based on current legislation, existing administrative and judicial interpretations thereof and practice in force in Luxembourg on the date of this prospectus, all of which are subject to change.

If there is a change in the legislation, the prevailing administrative or judicial interpretation thereof or in the practice, in each case including changes having retroactive effect, the information included herein will need to be re-assessed in light of any such changes. The Issuer or its advisors are under no obligation to update this Prospectus for any such changes occurring after its date of issuance or to inform any person, of any changes of law, administrative or judicial interpretation thereof or practice or other matters coming to their knowledge and occurring after the date hereof, which may affect this prospectus in any respect. Neither the Issuer nor its advisors are liable for any loss which may arise as a result of current, or changes in, applicable tax laws, administrative or judicial interpretation thereof or practice.

In particular, the Organisation for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) project, the Anti-Tax Avoidance Directives proposed by the European Union ("EU") Commission, as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS, could result in significant changes to tax laws and practices in multiple jurisdictions, including Luxembourg, after the date of this prospectus and could therefore have the most significant future impact on the information given in this prospectus.

#### *Taxation of the Issuer – Income Tax*

The net taxable profit of the Issuer is subject to Luxembourg corporate income tax and municipal business tax. Corporate income tax is levied at a rate of 18% in 2020, where the taxable income exceeds EUR 30,000 (plus a 7% thereof surcharge for the contribution to the employment fund). Municipal business tax is levied at a variable rate according to the municipality in which the company is located (6.75% in Luxembourg City). The 2020 aggregate corporate income tax and municipal business tax rate consequently amounts to 24.94% for companies established in Luxembourg City, with a taxable income exceeding EUR 30,000. The use of carried-forward losses realized as from fiscal year 2017 are time-restricted to 17 years. The carry back of tax losses is however prohibited.

Under the participation exemption regime ("**Participation Exemption Regime**"), dividends and liquidation proceeds received by the Issuer are exempt from income tax if (i) the distributing company is a qualified subsidiary ("**Qualified Subsidiary**") and (ii) at the time the dividend becomes available to the Issuer, the latter has held or commits itself to hold for an uninterrupted period of at least twelve months, a qualified shareholding ("**Qualified Shareholding**"). A 'Qualified Subsidiary' is, *inter alia*, (a) a company covered by Article 2 of the amended Directive 2011/96/EU of the Council of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States ("**EU Parent-Subsidiary Directive**"), (b) a Luxembourg resident capital company, fully subject to tax, and (c) a non-resident capital company (*société de capitaux*) liable to a tax corresponding to Luxembourg corporate income tax. Based on Luxembourg Parliamentary preparatory work, an effective foreign corporate income tax rate of at least half of the Luxembourg corporate income tax, and levied under a set of rules similar to the ones applicable in Luxembourg is considered as corresponding to Luxembourg corporate income tax. A Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least EUR 1.2 million. The participation exemption may not



apply to profit distributions by EU companies that (i) are tax deductible for the distributing EU resident entity or (ii) are made in the framework of an arrangement which, having been put in place with the (or one of the) main purpose(s) of obtaining a tax advantage defeating the objects and purposes of the EU Parent-Subsidiary Directive, is not genuine having regard to all its relevant facts and circumstances.

Participations held through a tax transparent entity are considered to be held directly and proportionally to the percentage held in the net assets of the transparent entity.

Insofar as a dividend from a Qualified Shareholding is Luxembourg tax exempt in a given fiscal year, is non-tax deductible up to the dividend amount (a) any expenses incurred during the same fiscal year, in economic relation with this exempt income (e.g., interest on debt financing the Qualified Shareholding, operating expenses, foreign withholding tax, write down), as well as (b) the potential write down on the Qualified Shareholding, recorded after the distribution of the tax-exempt dividend. The amount of expenses exceeding the tax exempt dividend or expenses related to the qualifying participation and incurred in the absence of a dividend distribution are tax deductible but subject to recapture upon the disposal of the Qualified Shareholding at a gain (see below). If the Participation Exemption Regime does not apply, 50% of the gross amount of dividends received by the issuer is exempt from income tax, under certain conditions.

Capital gains (determined as positive the difference between the price for which shares have been disposed of and their cost or book value) realized by the Issuer on shares are subject to income tax at ordinary rates, unless the conditions of the Participation Exemption Regime are satisfied: in that case, Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least EUR 6.0 million. If the company realizing the Luxembourg tax-exempt capital gain incurred in previous fiscal year(s) tax deductible expenses in economic relation with a Qualified Shareholding (e.g., interest on debt financing the Qualified Shareholding, operating expenses, foreign withholding tax and write down), these expenses must be recaptured at the time of the sale of the participation, up to the amount of the gain. The capital gain will be subject to tax up to the amount of the expenses subject to recapture which have decreased the taxable basis of the company in any prior fiscal year, including the year of the sale. Carried forward tax losses can be deducted from the taxable basis of the company, against these expenses so-recaptured (bearing in mind that tax losses may be carried forward during a period of maximum 17 years, as mentioned above).

In certain circumstances, a group of companies may benefit from the tax consolidation regime. This allows the group to combine or offset the respective taxable profit of each company in the group and to be taxed on the overall sum, as if they were a single taxpayer. This means that losses incurred by some consolidated companies are offset by the profits made by others. The tax consolidation regime is applicable for Luxembourg corporate income tax and municipal business tax.

#### *Taxation of the Issuer – Net Wealth Tax*

The Issuer is subject to annual Luxembourg net wealth tax at the rate of 0.5% (or at a rate of 0.05% for the portion of the net wealth exceeding EUR 500.0 million) on its net assets. The net wealth tax basis is the so called "unitary value" (*valeur unitaire*), determined at January 1, of each year as the difference between: (i) assets, valued in accordance with Luxembourg valuation rules and (ii) liabilities (excluding the equity of the Issuer (e.g., share capital, share premium, legal reserve, freely distributable reserve(s), capital surplus etc.)). Under the participation exemption regime (described above), a Qualified Shareholding held in a Qualified Subsidiary by the Issuer is exempt; the minimum holding period requirement is not relevant for net wealth tax purposes. Debts funding a Qualified Shareholding are non-deductible for net wealth tax purposes, up to the amount of the Qualified Shareholding.

Even if the Issuer is not subject to the regular annual net wealth tax, it is subject to the annual minimum net wealth tax ("**Minimum Net Wealth Tax**"). The Minimum Net Wealth Tax amounts to EUR 4,815 in 2020, for Luxembourg collective entities where the total of the company's financial fixed assets, receivables held against affiliated companies and companies in which they hold a shareholding, transferable securities, cash at bank, cash in postal checking accounts, checks, and cash in hand (i.e., assets booked under captions 23, 41, 50 and 51 of the Luxembourg Standard Chart of Accounts) exceed 90% of the total balance sheet and EUR 350,000. If the total balance sheet does not exceed EUR 350,000, the annual Minimum Net Wealth Tax will be limited to EUR 535.

All other companies that do not meet the aforementioned conditions are subject to the annual minimum NWT on the basis of their total balance sheet according to a progressive tax scale varying from EUR 535 to EUR 32,100. For companies subject to the regular annual net wealth tax, the annual liability will be the higher of the Minimum Net Wealth Tax and the annual Luxembourg net wealth tax.

The tax consolidation regime does not apply on the annual Luxembourg net wealth tax. Each group company therefore remains liable for the net wealth tax applicable to its own taxable wealth. The sum of the Minimum Net Wealth Tax in a tax consolidation is capped at EUR 32,100.

#### *Taxation of the Issuer – Other Taxes*

The issue of the Shares against contributions in cash as well as amendments to the articles of association are currently subject to a EUR 75 fixed duty. The disposal of the Shares is not subject to a Luxembourg registration tax or stamp duty, unless recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

#### *Taxation of the Shareholders – Withholding Tax*

Dividends (including deemed dividends) paid by the Issuer to its shareholders are, generally, subject to a 15% withholding tax in Luxembourg, if levied on the gross dividend amount, or 17.65% if levied on the net dividend amount put at the disposal of the beneficiary. A domestic withholding exemption may apply if, at the time the income is made available, (i) the receiving entity is an eligible parent that (ii) has held or commits itself to hold for an uninterrupted period of at least twelve months a participation of at least 10% of the share capital of the Issuer or a participation of an acquisition price of at least EUR 1.2 million. Eligible parents include, *inter alia*, (a) companies covered by Article 2 of the amended EU Parent-Subsidiary Directive and permanent establishments thereof, (b) companies resident in States having a double tax treaty with Luxembourg and subject to a tax corresponding to Luxembourg corporate income tax, and Luxembourg permanent establishment thereof, (c) capital companies (*société de capitaux*) or cooperative companies (*société coopérative*) resident in the European Economic Area other than an EU Member State and liable to a tax corresponding to Luxembourg corporate income tax, and Luxembourg permanent establishment thereof and (d) Swiss capital companies (*société de capitaux*) that are effectively subject to corporate income tax in Switzerland without benefiting from an exemption. The exemption may not apply to profit distributions to EU companies that are made in the framework of an arrangement which, having been put in place with the (or one of the) main purpose(s) of obtaining a tax advantage defeating the objects and purposes of the EU Parent-Subsidiary Directive, is not genuine having regard to all its relevant facts and circumstances.

Capital gains and liquidation proceeds are not subject to a withholding tax.

The 15% withholding tax, if applicable, may be reduced pursuant to the provisions of the relevant double tax treaty, if any.

There is no withholding tax on ordinary arm's length interest payments (except for interest on certain profit sharing bonds, hybrid instruments treated as equity and interest paid by thinly capitalized companies holding shares and interest paid to Luxembourg resident individuals as per the Law of 23 December 2005 (as amended)).

No withholding tax applies upon repayment of the principal of a loan (except for hybrid instruments treated as equity under certain circumstances).

#### *Directors' Fees - Withholding Tax*

Directors' fees (*tantièmes*) paid by a Luxembourg company to its directors in consideration for their executive positions (i.e., not within the context of an employment agreement for the day-to-day management) and related non-deductible VAT for Luxembourg tax purposes, are non-deductible for corporate income tax and municipal business tax purposes at the level of the Luxembourg company and are subject to withholding tax at a rate of 20% on the gross amount of such fees (25% on the net amount).

#### *Taxation of Luxembourg Resident Shareholders*

##### (a) *Individual Shareholders*

Luxembourg resident individual shareholders, acting in the course of the management of either their private wealth or their professional / business activity, are subject to income tax at the progressive ordinary rate (with a top effective marginal rate of currently 22.89% including solidarity surcharges on dividends, and other payments derived from Share ownership). A 50% exemption applies to the gross amount of dividends received by resident individuals from (i) a fully taxable Luxembourg resident capital company (*société de capitaux*), (ii) a capital company (*société de capitaux*) resident in a State having a double tax treaty in place with Luxembourg and subject to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in an EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive. A total lump-sum of EUR 1,500 (doubled for individual taxpayers who are jointly taxable) is also deductible from total investment income (dividends and interest) received during the tax year. In addition, either actual income related expenses (e.g., bank fees) are

deducted provided they are supported by documents, or a lump-sum deduction of EUR 25 applies (also doubled for individual taxpayers who are jointly taxable).

A tax credit is usually granted for the 15% withholding tax.

Capital gains realized on the disposal of the Shares by Luxembourg resident individual shareholders, acting in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either (i) as speculative gains or (ii) as gains on a substantial participation.

- (i) Capital gains are deemed to be speculative gains and are subject to income tax at miscellaneous income ordinary rates for resident individuals (with a top marginal rate of 45.78% for the year 2020) if the Shares are disposed of within six months post acquisition or if disposal precedes acquisition.
- (ii) A participation is deemed to be substantial where a resident shareholder holds, either alone or together with his spouse/partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Issuer. Capital gains realized on a substantial participation more than six months after the acquisition thereof are subject to income tax as miscellaneous income according to the half-global rate method (i.e., the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation leading to a top effective rate of 22.89% for the year 2020) and may benefit from an allowance of up to EUR 50,000 granted for a ten-year period (doubled for individual taxpayers who are jointly taxable). Capital gains realized on the disposal of the Shares by resident individual shareholders, acting in the course of their professional / business activity, are subject to income tax at ordinary rates.

A disposal may include a sale, exchange, contribution or any other kind of alienation of the Shares. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

(b) *Corporate Shareholders*

Dividends and liquidation proceeds derived from, and capital gains realized on the Shares held by a Luxembourg fully taxable resident company are in principle subject to corporate income tax and municipal business tax, unless the conditions of the Participation Exemption Regime are satisfied. Should such conditions not be fulfilled, a 50% exemption of the dividends received by a Luxembourg fully taxable resident company still applies for corporate income tax and municipal business tax purposes, under certain circumstances.

A tax credit is usually as granted for the 15% withholding tax, if any applicable.

(c) *Tax-Exempt Shareholders*

Certain shareholders, such as entities governed by (a) the law of 15 June 2004 on the investment company in risk capital (as amended), or (b) the law of 11 May 2007 on family estate management companies (as amended) or (c) the law of 13 February 2007 on specialized investment funds (as amended), or (d) undertakings for collective investment subject to the law of 17 December 2010 (as amended) or (e) reserved alternative investment funds within the meaning of the law of 23 July 2016 (as amended) may be exempt on income derived from, and capital gains realized on, the Shares for Luxembourg income tax purposes.

*Taxation of Luxembourg Non-Residents Individual and Corporate Shareholders*

Non-resident shareholders who have neither a permanent establishment nor a permanent representative/dependent agent in Luxembourg to which the Shares are allocable, are generally not liable for Luxembourg income tax on dividends received or on capital gains realized upon sale of Shares.

As an exception, capital gains realized (i) on a substantial participation within the first six months after the acquisition thereof and (ii) capital gains realized by a shareholder who was a Luxembourg resident for more than 15 years and has become a non-resident for less than five years prior to the realization of the capital gain, are subject to income tax in Luxembourg at ordinary rates (i.e., 18.19% for non-resident corporate shareholders in 2020 and at progressive rates for non-resident individual shareholders). Most double tax conventions in force prevent such capital gain taxation.

Dividends received from, and capital gains (determined as the difference between the price for which the Shares have been disposed of and the lower of their cost or book value) realized on, Shares held by a Luxembourg permanent establishment

of a non-resident shareholder are subject to Luxembourg income tax, unless the conditions for the application of the Participation Exemption Regime are satisfied. In particular, a full exemption is available if cumulatively (i) the Shares are attributable to a qualified permanent establishment ("**Qualified Permanent Establishment**") and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold for an uninterrupted period of at least twelve months a Qualified Shareholding. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a capital company (*société de capitaux*) resident in a State having a tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a capital company (*société de capitaux*) or a cooperative company (*société coopérative*) resident in the European Economic Area other than an EU Member State. Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least EUR 1.2 million. If the Participation Exemption Regime does not apply, 50% of the gross amount of dividends received by a Luxembourg permanent establishment is exempt from income tax, under certain conditions. A tax credit is further granted for the 15% withholding tax, if any.

#### *Other Taxes – Net Wealth Tax*

Corporate shareholders resident in Luxembourg are subject to annual net wealth tax, levied at a rate of 0.5% (or at a rate of 0.05% for the portion of the net wealth exceeding EUR 500.0 million) on its net assets, unless they are entities governed by (a) the law of 17 December 2010 on undertakings for collective investment (amending the law of 20 December 2002), or (b) the law of 22 March 2004 on securitization (as amended), or (c) the law of 15 June 2004 on the investment company in risk capital (as amended), or (d) the law of 11 May 2007 on family estate management companies (as amended) or (e) the law of 13 July 2005 on Luxembourg pension structures (as amended) or (f) the law of 13 February 2007 on specialized investment funds (as amended) or (g) reserved alternative investment funds within the meaning of the law of 23 July 2016. However, please note that securitization companies governed by the law of 22 March 2004, or investment company in risk capital governed by the law of 15 June 2004, or Luxembourg pension structures governed by the law of 13 July 2005 (SEPCAV or ASSEP), or reserved alternative investment funds governed by the law of 23 July 2016 may, under certain conditions, be subject to Minimum Net Wealth Tax. A Qualified Shareholding held in a Qualified Subsidiary by the Issuer is exempt; the minimum holding period requirement is not relevant for net wealth tax purposes.

Non-resident corporate shareholders are only subject to net wealth tax in Luxembourg in respect of the Shares if such holding is effectively connected to a permanent establishment through which the holder carries on a business in Luxembourg.

Individuals are not subject to Luxembourg net wealth tax.

#### *Inheritance and Gift Tax*

Under Luxembourg Inheritance and gift tax law, where an individual shareholder is a resident of Luxembourg at the time of his or her death, the Shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the Shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of the Shares, if the gift is embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg, which is generally not required.

#### *Other Taxes and Duties*

The holding or disposal of the Shares is, in principle, not subject to a Luxembourg registration tax or stamp duty. A fixed or *ad valorem* registration duty may, however, apply upon voluntary registration of a document in relation to the Shares in Luxembourg or if such document is annexed to a document which is registrable with the *Administration de l'Enregistrement des Domaines et de la TVA*, for instance in case of notification by a bailiff, or if it is deposited with the official records of the notary ("*déposé au rang des minutes d'un notaire*"), or is attached to a notarial deed.

#### *Common Reporting Standard*

The OECD has developed the Common Reporting Standard ("**CRS**") which aims at implementing automatic exchange of financial account information among participating countries.

On December 9, 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU ("**DAC 2**") was adopted in order to implement the CRS among the EU Member States. The DAC 2 was implemented into Luxembourg law by the law of 18 December 2015 ("**CRS Law**"). The CRS Law requires Luxembourg financial institutions to identify financial account

holders and to determine whether they are tax resident in an EU Member State and/or a country with which Luxembourg has an exchange of information agreement. Luxembourg financial institutions will need to report financial account information of such account holders to the Luxembourg tax authorities which will remit such information to the competent foreign tax authorities of the other country.

It is the intention of the Issuer to procure that it is treated as complying with the requirements that the CRS Law places upon it. However, no assurance can be provided that the Issuer will be able to comply with the CRS Law and, in the event that it is not able to do so, it could be exposed to fines which may reduce the amounts available to it to make payments to Investors. Investors will be required to provide certain information to the Issuer to comply with the reporting obligations under the CRS Law. To ensure compliance with the CRS Law in accordance with the foregoing, it may:

- (a) request information or documentation, including self-certification forms, a tax identification number (if applicable), or any other relevant information in order to ascertain such Investor's status; and
- (b) report information concerning an Investor and its account holding in the Issuer to the Luxembourg tax authorities if such Investor is a reportable accountholder under the CRS Law.

Investors should contact their own tax advisers regarding the application of the CRS Law to their particular circumstances and their investment in the Issuer.

### **Mandatory Disclosure Regime**

On May 15, 2018, the EU Council Directive 2018/822 (the "**DAC 6**") was adopted. Under the DAC 6 intermediaries which meet certain EU nexus criteria and taxpayers and required to disclose to the relevant Tax Authorities certain cross-border arrangements, which contain one or more of a prescribed list of hallmarks, performed from June 25, 2018 onwards.

Specifically in relation to Poland, with effect from January 1, 2019, Title III of the Tax Code was supplemented with new Chapter 11a - Mandatory Disclosure Rules ("**MDR**"), being an implementation of Council Directive (EU) 2018/822 of 25 May 2018, and introducing other obligations not covered by the Directive (in particular, the Polish legislator has extended the list hallmarks as included in the Directive by so called "other specific hallmarks").

If the statutory conditions are met, the investors may be required to fulfil additional MDR reporting obligations as referred to in Chapter 11a of the Tax Code. The reporting obligations may also concern other entities and persons, also in cases where such entities do not have their place of residence, registered office or place of management in the territory of Poland.

### **Certain U.S. Federal Income Tax Considerations**

The following discussion describes certain U.S. federal income tax consequences of the investment in Shares, and is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the U.S. Treasury regulations promulgated thereunder, judicial decisions, revenue rulings and revenue procedures of the Internal Revenue Service ("**IRS**"), and other administrative pronouncements of the IRS, all available as of the date hereof. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below. No ruling will be sought from the IRS with respect to any statement in this discussion and there can be no assurance that the IRS will not challenge such statements, or, if challenged, that a court will uphold such statement. This discussion is applicable to U.S. Holders (as defined below) that hold the Shares as capital assets for U.S. federal income tax purposes (generally property held for investment). This discussion does not address any U.S. federal estate or gift tax consequences, the alternative minimum tax, the Medicare tax on net investment income or any state, local, or non-U.S. tax consequences.

For purposes of this discussion a "U.S. Holder" is a beneficial owner of an ordinary share that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion does not address all U.S. federal income tax consequences applicable to any particular investor, and does not address the tax consequences applicable to persons subject to special treatment under the U.S. federal income tax laws, including, for example, a person who is:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding the Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting;
- a person liable for alternative minimum tax;
- a U.S. expatriate or former U.S. citizen or long-term resident;
- persons who acquired Shares pursuant to the exercise of any employee share option or otherwise as compensation;
- partnerships or other pass-through entities, or persons holding Shares through such partnerships or other pass-through entities;
- a person who actually or constructively owns 10% or more of all classes of the Issuer's equity as measured by voting power or value; or
- a person whose functional currency is not the U.S. dollar.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Shares, the tax treatment of a partner will depend upon the status of the partner and the activities of the partnership. Partnerships considering an investment in the Shares should consult their own tax advisors as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of the Shares.

Investors are urged to consult their tax advisors about the application of the U.S. federal tax rules to their particular circumstances as well as the state, local, non-U.S. and other tax consequences to them of the purchase, ownership, and disposition of Shares.

The Issuer expects, and this summary assumes, that the Issuer was not a passive foreign investment company for U.S. federal income tax purposes for the previous taxable year and it will not be a passive foreign investment company for U.S. federal income tax purposes. See the discussion below under "*—Passive Foreign Investment Company.*"

#### *Taxation of Distributions*

Distributions will be includible in a U.S. Holder's income as dividends to the extent paid out of the Issuer's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. However, the Issuer does not maintain calculations of its earnings and profits for U.S. federal income tax purposes. Accordingly, U.S. Holders should assume that any distribution by the Issuer with respect to the Shares will constitute ordinary dividend income. Such dividends will not be eligible for the dividends received deduction allowed to U.S. corporations for dividends received from other U.S. corporations. Similarly, such dividends are not expected to be eligible for the lower rates applicable to qualified dividend income of non-corporate shareholders.

Subject to certain limitations, a U.S. Holder may claim a credit for withholding taxes on distributions made with respect to the Shares. Alternatively, a U.S. Holder may take a deduction for non-U.S. income taxes if it does not elect to claim a foreign tax credit for any foreign taxes paid or accrued during the taxable year. The rules relating to the treatment of non-

U.S. taxes imposed on a U.S. Holder and foreign tax credits and deductions are complex, and U.S. holders should consult their tax advisors about the impact of these rules in their particular situations.

U.S. Holders should consult their own tax advisors regarding how to account for dividends that are paid in a currency other than the U.S. dollar.

#### *Sale or Other Taxable Disposition of Shares*

A U.S. Holder will recognize U.S. source capital gain or loss upon the sale or other taxable disposition of Shares in an amount equal to the difference between the U.S. dollar value of the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such Shares. Any capital gain or loss will be long-term capital gain or loss if the Shares have been held for more than one year at the time of the sale or other taxable disposition. Certain non-corporate U.S. Holders, including individuals, are eligible for reduced rates of taxation on long-term capital gains. The deductibility of capital losses is subject to limitations.

In the event any non-U.S. tax (including withholding tax) is imposed upon the sale or other taxable disposition of Shares, a U.S. Holder may not be able to utilize foreign tax credits unless such U.S. Holder has foreign source income or gain in the same category from other sources. However, as an alternative, such foreign tax may be taken as a deduction if such U.S. Holder does not elect to claim a foreign tax credit for any foreign taxes paid or accrued during the taxable year. The rules relating to the determination of the foreign tax credit and deduction are complex, and U.S. Holders should consult their tax advisors to determine whether a credit or deduction would be available in their particular circumstances.

U.S. Holders should consult their own tax advisors regarding how to account for amounts paid or received in a currency other than the U.S. dollar.

#### *Passive Foreign Investment Company Rules*

In general, a non-U.S. corporation is a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes for any taxable year if at least (i) 75% of its gross income consists of passive income or (ii) 50% of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns directly or indirectly at least 25% by value of the Shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents, royalties and gains from the disposition of passive assets.

Based on the nature of the Issuer's business, the Issuer does not believe it was a PFIC for the previous taxable year and it does not expect to be a PFIC for the current taxable year or in the foreseeable future, although there can be no assurance in this regard because the Issuer's status as a PFIC depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. A non-U.S. corporation is classified as a PFIC in any year in which it meets either the income or asset test discussed above, which depends on the actual financial results for each year in question. Accordingly, it is possible that the Issuer may become a PFIC in the current or any future taxable year due to changes in the Issuer's asset or income composition.

In general, if the Issuer were a PFIC for any taxable year during which a U.S. Holder owned Shares, gain recognized by a U.S. Holder on a sale or other disposition (including certain pledges) of the Shares, would be allocated ratably over the U.S. Holder's holding period for the Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Issuer became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amounts. Further, to the extent that any distribution received by a U.S. Holder on its Shares exceeds 125% of the average of the annual distributions on the Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the Shares. U.S. holders should consult their own independent tax advisors to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

A U.S. Holder will be required to provide additional information with its U.S. federal income tax return if such U.S. Holder holds the Shares in any year in which the Issuer is a PFIC. The rules relating to PFICs are complex and each U.S. Holder is urged to consult its own tax advisor concerning the U.S. federal income tax consequences of holding Shares if the Issuer is a PFIC in any taxable year during its holding period.

### *Information Reporting and Backup Withholding*

A U.S. Holder may be subject to information reporting on amounts received by such U.S. Holder from a distribution on, or disposition of Shares, unless such U.S. Holder establishes that it is exempt from these rules. If a U.S. Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding is not an additional tax and the amount of any backup withholding from a payment that is received will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisors about any reporting obligations that may apply as a result of the acquisition, holding or disposition of the Shares. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.



## ADDITIONAL INFORMATION

### Entities Involved in the Offering

The following entities are involved in the Offering:

#### *Legal Advisors to the Issuer and the Selling Shareholders*

The Issuer and the Selling Shareholders are being represented by (i) Clifford Chance LLP, with its registered office in London at 10 Upper Bank Street, London E14 5JJ, United Kingdom, with respect to legal matters of the United States and England and Wales; (ii) Clifford Chance, Janicka, Krużewski, Namiotkiewicz i wspólnicy spółka komandytowa, with its registered office in Warsaw at ul. Lwowska 19, 00-660 Warsaw, Republic of Poland, with respect to legal matters of Poland and listing on the WSE; and (iii) Clifford Chance S.C.S., with its registered office in Luxembourg at 10 boulevard G.D. Charlotte, B.P. 1147, L-1011 Luxembourg, Grand Duchy of Luxembourg, with respect to legal matters of Luxembourg including the validity of the ordinary registered shares dematerialized through NDS offered in this Offering (jointly referred to as "**Clifford Chance**"). The remuneration of Clifford Chance does not depend on the proceeds from the sale of the Offer Shares.

Clifford Chance has been rendering and may render in the future other legal services to the Issuer, the Group, the Selling Shareholders or to the Banks with respect to their business activities pursuant to relevant agreements for the provision of legal advisory services. Clifford Chance does not hold any material interests in the Issuer. In particular, on the date of this Prospectus, it does not hold shares in the Issuer.

#### *Legal Advisors to the Joint Bookrunners and the Co-Lead Managers*

The Joint Bookrunners and the Co-Lead Managers are being represented by (i) Allen & Overy LLP, with its registered office in London at One Bishops Square, London E1 6AD, United Kingdom, with respect to legal matters of the United States and England and Wales, (ii) Allen & Overy, A. Pędzich sp. k., with its registered office in Warsaw at Rondo ONZ 1, 34 floor, 00-124 Warsaw, Republic of Poland with respect to legal matters of Poland, (iii) Allen & Overy, S.C.S., with its registered office in Luxembourg at 5, avenue John F. Kennedy, L-1855, Luxembourg, Grand Duchy of Luxembourg, with respect to legal matters of Luxembourg (jointly referred to as, "**Allen & Overy**") and (iv) Greenberg Traurig Grzesiak sp.k., with its registered office in Warsaw at ul. Książęca 4, 00-498 Warsaw, Republic of Poland, with respect to legal matters of Poland and listing on the WSE ("**Greenberg Traurig**"). The remuneration of Allen & Overy and Greenberg Traurig does not depend on the proceeds from the sale of the Offer Shares.

Allen & Overy has been rendering and may render in the future other legal services to the Issuer, the Group, the Selling Shareholders or to the Banks with respect to their business activities pursuant to relevant agreements for the provision of legal advisory services. Allen & Overy does not hold any material interests in the Issuer. In particular, on the date of this Prospectus, it does not hold shares in the Issuer.

Greenberg Traurig has been rendering and may render in the future other legal services to the Issuer, the Group, the Selling Shareholders or to the Banks with respect to their business activities pursuant to relevant agreements for the provision of legal advisory services. Greenberg Traurig does not hold any material interests in the Issuer. In particular, on the date of this Prospectus, it does not hold shares in the Issuer.

#### *Global Coordinators*

Goldman Sachs International with its registered seat in the United Kingdom and Morgan Stanley & Co. International plc with its registered seat in the United Kingdom act as the Global Coordinators and as Joint Bookrunners. The Global Coordinators are responsible for coordinating operations with regard to the preparation and execution of the Offering.

In connection with the Offering, the Global Coordinators will provide services to the Issuer and the Selling Shareholders, including services related to the preparation, management and conduct of the Offering. They are also charged with coordinating the marketing efforts with respect to the Offering, coordinating contacts and arranging meetings with investors, organizing the book building process, as well as with other tasks that are typically performed by underwriters of public share offerings.

For the avoidance of doubt, the Global Coordinators are acting in connection with the offering to Institutional Investors only and are not providing any advice or services in respect of the Retail Offering.

Neither of the Global Coordinators hold any Shares in the Issuer.

### ***Joint Bookrunners***

Barclays Bank PLC with its registered seat in the United Kingdom, BofA Securities Europe SA with its registered seat in France, Citigroup Global Markets Limited with its registered seat in the United Kingdom and Dom Maklerski Banku Handlowego S.A. with its registered seat in Poland act as Joint Bookrunners.

In connection with the Offering, the Joint Bookrunners will be responsible for assisting with coordinating the marketing efforts with respect to the Offering, coordinating contacts and arranging meetings with investors, organizing the book building process, as well as with other tasks that are typically performed by underwriters of public share offerings.

For the avoidance of doubt, Barclays Bank PLC, BofA Securities Europe SA and Citigroup Global Markets Limited are acting in connection with the offering to Institutional Investors only and are not providing any advice or services in respect of the Retail Offering.

None of the Joint Bookrunners hold any Shares in the Issuer.

### ***Joint Bookrunners and Co-Offering Agents***

Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie with its registered seat in Poland and Santander Bank Polska S.A. – Santander Biuro Maklerskie with its registered seat in Poland, act as Joint Bookrunners and Co-Offering Agents.

In connection with the Offering, the Co-Offering Agents will be responsible for assisting with: coordinating the marketing efforts with respect to the Offering to investors in Poland, coordinating contacts and arranging meetings with investors in Poland, and organizing the book building process in Poland, as well as with other tasks that are typically performed by underwriters of public share offerings in Poland.

Neither of the Co-Offering Agents hold any Shares in the Issuer.

### ***Co-Lead Managers***

Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao with its registered seat in Poland, Crédit Agricole Corporate and Investment Bank with its registered seat in France, Erste Group Bank AG with its registered seat in Austria, Pekao Investment Banking S.A. with its registered seat in Poland and Raiffeisen Centrobank AG with its registered seat in Austria act as Co-Lead Managers.

In connection with the Offering, the Co-Lead Managers will be responsible for assisting with tasks that are typically performed by underwriters or investment firms in public share offerings.

For the avoidance of doubt, the Co-Lead Managers are acting in connection with the offering to Institutional Investors only and are not providing any advice or services in respect of the Retail Offering.

None of the Co-Lead Managers hold any Shares in the Issuer.

### ***Financial Advisor***

Lazard & Co., Limited ("**Lazard**") is acting as financial advisor to the Issuer in connection with the Offering.

Lazard does not hold any material interests in the Issuer's share capital. In particular, on the date of this Prospectus, it does not hold shares in the Issuer. Lazard is an indirect subsidiary undertaking of Lazard Ltd which is also the ultimate parent company of Lazard Asset Management, which at any time may hold shares in the Issuer on behalf of its clients. Lazard and Lazard Asset Management are separate companies with an information barrier between them.

### ***Independent Statutory Auditors***

The consolidated financial statements of the Issuer and its subsidiaries as of and for the years ended December 31, 2019, 2018 and 2017 have been audited by PricewaterhouseCoopers, *Société coopérative*, independent statutory auditors (*réviseur d'entreprises agréé*), as stated in their report included elsewhere in this Prospectus. PricewaterhouseCoopers, *Société coopérative* are members of the Luxembourg *Institut Des Réviseurs d'Entreprises*.

The unaudited interim condensed consolidated financial statements of the Issuer and its subsidiaries as of June 30, 2020 and for the six-month periods ended June 30, 2020 and 2019, prepared in accordance with IAS 34 "Interim Financial Reporting," the standard of IFRS applicable to the preparation of interim financial statements, PricewaterhouseCoopers,

*Société coopérative* reported that they have applied limited procedures in accordance with the professional standard applicable for a review of interim financial statements. However, their separate report included elsewhere in this Prospectus state that they did not audit, and they do not express an opinion on such interim condensed consolidated financial statements. Accordingly, the degree of reliance on their report on such interim condensed consolidated financial statements should be restricted in light of the limited nature of the review procedures applied.

There were no events of resignation or dismissal of an independent statutory auditor appointed to audit the consolidated financial statements of the Issuer in the period covered by the Financial Statements included in this Prospectus.

### Consents

OC&C has given and has not withdrawn its written consent to the inclusion of the information in this document which has been sourced to OC&C, in the form and context in which it appears.

### Documents Available for Inspection

Copies of the following documents will, when published, be available for inspection during the validity period of this Prospectus (which is twelve months from the date of this Prospectus) free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer: (i) the Issuer's Articles of Association; (ii) the Financial Statements; and (iii) copies of corporate resolutions mentioned in this Prospectus. The following documents will also be available through the Issuer's website ([www.allegro.eu/ipo](http://www.allegro.eu/ipo)): (i) this Prospectus, together with its summary translated into the Polish language; (ii) the current articles of association; and (iii) copies of the documents required to be published on the Issuer's website pursuant to the WSE Best Practices.

### Previous Positions Held by Resigning Directors

The table below presents information on other companies and partnerships in which the Resigning Directors previously: (i) held positions in management or supervisory bodies; (ii) held shares (in the case of companies listed on the WSE or on any other regulated market in Poland or abroad, and in a number representing more than 1% of the votes at the general meeting of such company); or (iii) were partners.

Name	#	Name of Company	Position	Does the Director continue to serve in this capacity?
Danielle Arendt-Michels	1.	Andise S.à r.l	Manager	No
	2.	Artemis Acquisition (Lux) S.à r.l	Manager	No
	3.	BCV Management SA	Manager	No
	4.	Borcin Holdeo S.à r.l	Manager	No
	5.	CCI (F3) S.à r.l	Manager	No
	6.	CCI (F4) S.à r.l.	Manager	No
	7.	CCI (J) S.à r.l.	Manager	No
	8.	Celosia Holding S.à r.l	Manager	No
	9.	Cinrhein Luxembourg S.à r.l	Manager	No
	10.	Cinven France S.A.	Administrateur	No
	11.	Cintinori S.à r.l	Manager	No
	12.	Diacine Holding S.à r.l	Manager	No
	13.	Diacine Investments S.à r.l	Manager	No
	14.	Faenza Holding S.à r.l	Manager	No
	15.	Faenza Luxembourg S.à r.l	Manager	No
	16.	Faenza Midco S.à r.l	Manager	No
	17.	Helioven One S.à r.l	Manager	No
	18.	Helioven Two S.à r.l	Manager	No
	19.	Idamante S.à r.l	Manager	No
	20.	Jantinori 1 S.à r.l	Manager	No
	21.	Jantinori 2 S.à r.l.	Manager	No
	22.	Jost-Global GP S.à r.l.	Manager	No
	23.	Loire Bidco S.à r.l	Manager	No

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	24.	Melon Finco S.à r.l	Manager	No
	25.	Melon Holdco S.à r.l	Manager	No
	26.	Montecin Luxembourg S.à r.l	Manager	No
	27.	Montecin Holding S.à r.l	Manager	No
	28.	Montecin Midco S.à r.l.	Manager	No
	29.	NewDay Group Holding S.à r.l	Director	No
	30.	Pertento (Top) Luxembourg S.à r.l	Manager	No
	31.	Pertento S.à r.l	Manager	No
	32.	Pertento Holding S.à r.l	Manager	No
	33.	PHM Holdco 27 S.à r.l.	Manager	No
	34.	PHM Lowerco 27 S.à r.l.	Manager	No
	35.	PHM Midco 27 S.à r.l.	Manager	No
	36.	PHM Topco 27 S.à r.l.	Manager	No
	37.	Piran Investments S.à r.l	Manager	No
	38.	Placin Management SCSp	Manager	No
	39.	Platinvest S.à r.l	Manager	No
	40.	Pomona S.à r.l.	Manager	No
	41.	Reveal Feeder S.à r.l.	Manager	No
	42.	Reveal Holdco S.à r.l.	Manager	No
	43.	Reveal Midco S.à r.l.	Manager	No
	44.	Reveal Super Feeder S.à r.l.	Manager	No
	45.	Reveal Topco S.à r.l.	Manager	No
	46.	Rheinmid Luxembourg S.à r.l	Manager	No
	47.	Rheintop Luxembourg S.à r.l	Manager	No
	48.	Roofin S.à r.l	Manager	No
	49.	Skycin S.à r.l.	Manager	No
	50.	Smiler S.à r.l	Manager	No
	51.	TI Luxembourg S.A. (Harvester Notesco S.A.)	Manager	No
	52.	Wolke Holding S.à r.l	Manager	No
<b>Gautier Laurent</b>	1.	Amadecin S.à r.l	Manager	No
	2.	Artemis Acquisition (Lux) S.à r.l	Manager	No
	3.	BCV Management SA	Manager	No
	4.	Bertholet Holding Luxembourg SAS	Supervisory Board	No
	5.	Borcin Holdco S.à r.l	Manager	No
	6.	Cadima	Manager	No
	7.	Celosia Holding S.à r.l	Manager	No
	8.	Cilantro Luxembourg S.à r.l	Manager	No
	9.	Cinoor S.à r.l	Manager	No
	10.	Cinrhein Luxembourg S.à r.l	Manager	No
	11.	Cinven France S.A.	Administrateur	No
	12.	Faenza Holding S.à r.l	Manager	No
	13.	Faenza Luxembourg S.à r.l	Manager	No
	14.	Faenza Midco S.à r.l	Manager	No
	15.	Fashion Holding Luxembourg SCA	Manager	No
	16.	Idamante S.à r.l	Manager	No
	17.	Jost-Global & Co SCA	Supervisory Board Member	No
	18.	Loire Bidco S.à r.l	Manager	No
	19.	Maxeda DIY Interco S.à r.l	Manager	No
	20.	Melon Finco S.à r.l	Manager	No
	21.	Melon Holdco S.à r.l	Manager	No
	22.	Modaven S.à r.l	Manager	No

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	23.	NewDay Group Holding S.à r.l	Director	No
	24.	Pertento (Top) Luxembourg S.à r.l	Manager	No
	25.	Pertento Holding S.à r.l	Manager	No
	26.	Pertento S.à r.l	Manager	No
	27.	Philomelos S.à r.l	Manager	No
	28.	PHM Holdco 27 S.à r.l.	Manager	No
	29.	PHM Lowerco 27 S.à r.l.	Manager	No
	30.	PHM Midco 27 S.à r.l.	Manager	No
	31.	Piran Investments S.à r.l	Manager	No
	32.	Platinvest S.à r.l	Manager	No
	33.	Pomona S.à r.l.	Manager	No
	34.	Raiva	Manager	No
	35.	Reveal Feeder S.à r.l.	Manager	No
	36.	Reveal Holdco S.à r.l.	Manager	No
	37.	Reveal Midco S.à r.l.	Manager	No
	38.	Reveal Super Feeder S.à r.l.	Manager	No
	39.	Reveal Topco S.à r.l.	Manager	No
	40.	Rheinmid Luxembourg S.à r.l	Manager	No
	41.	Rheintop Luxembourg S.à r.l	Manager	No
	42.	Roofin S.à r.l	Manager	No
	43.	Simovia S.à r.l	Manager	No
	44.	Skycin S.à r.l.	Manager	No
	45.	Smiler S.à r.l	Manager	No
	46.	TI Luxembourg S.A. (Harvester Notesco S.A.)	Manager	No
	47.	Victoria DIY Holding S.à r.l.	Manager	No
	48.	Victoria Retail Group BV	Manager	No
	49.	Viktoria Holding BV	Manager	No
Séverine Michel	1.	Alexandertopco S.à r.l.	Manager	No
	2.	Alexlux S.à r.l.	Manager / Liquidator	No
	3.	Ancelux S.à r.l. S.A.	Director	No
	4.	Anvilux 2 S.à r.l.	Manager	No
	5.	Anvilux 3 S.à r.l.	Manager	No
	6.	ArcticLux S.à r.l.	Manager / Liquidator	No
	7.	Artemilux Midco S.à r.l.	Manager / Liquidator	No
	8.	Bluedrip S.à r.l.	Manager / Liquidator	No
	9.	Bluedrip Midco S.à r.l.	Manager / Liquidator	No
	10.	Bluedrip Topco S.à r.l.	Manager / Liquidator	No
	11.	Castlex S.à r.l.	Manager	No
	12.	Cotriton S.à r.l.	Manager	No
	13.	Crevette S.à r.l.	Manager	No
	14.	DHI Lux S.A.S.	Supervisory Board Member	No
	15.	Edoralux S.à r.l.	Manager	No
	16.	Flaritella S.à r.l.	Manager	No
	17.	Greeneden Lux 4 S.à r.l.	Manager	No
	18.	Iceboxtopco S.à r.l.	Manager	No
	19.	Ithacalux 2 S.à r.l.	Manager / Liquidator	No
	20.	Lucazoom S.à r.l.	Manager	No
	21.	Luxgoal 2 S.à r.l.	Manager	No
	22.	Luxgoal 3 S.à r.l.	Manager	No
	23.	Markmidco S.à r.l.	Manager	No
	24.	Marktopco S.à r.l.	Manager	No

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	25.	Metamorphlux S.à r.l.	Manager / Liquidator	No
	26.	Metamorphlux Topco S.à r.l.	Manager / Liquidator	No
	27.	MIV Greeneden LP Holding SCA	Supervisory Board Member / Manager: Greeneden S.à r.l.	No
	28.	NTC Holding G.P. & Cie S.C.A.	Member Supervisory Board	No
	29.	PCS R-P S.à r.l.	Manager	No
	30.	Permira Credit Solutions II L.S. S.A.	Director	No
	31.	Permira Credit Solutions II Master L.S. S.A.	Director	No
	32.	Permira Credit Solutions II Master Sub S.A.	Director	No
	33.	Permira Credit Solutions II Senior S.A.	Director	No
	34.	Permira Credit Solutions II Financing LS S.à r.l.	Manager	No
	35.	Permira Credit Solutions II Financing Master LS S.à r.l.	Manager	No
	36.	Permira Credit Solutions II Restructuring S.à r.l.	Manager	No
	37.	Permira Credit Solutions N S.à r.l.	Manager	No
	38.	Permira Credit Solutions III Master Euro S.à r.l.	Manager	No
	39.	Permira Credit Solutions III Senior Euro S.à r.l.	Manager	No
	40.	Permira Credit Solutions III Senior GBP S.à r.l.	Manager	No
	41.	Permira Credit Solutions III Sub Master Euro S.à r.l.	Manager	No
	42.	Permira Credit Solutions III Master Euro Midco S.à r.l.	Manager	No
	43.	Permira Credit Solutions III Senior Euro Midco S.à r.l.	Manager	No
	44.	Permira Credit Solutions III Senior GBP Midco S.à r.l.	Manager	No
	45.	Permira Credit Solutions N Midco S.à r.l.	Manager	No
	46.	Permira Sigma IV S.à r.l.	Manager	No
	47.	Permira Sigma V S.à r.l.	Manager	No
	48.	PILI Portfolio S.à r.l. RAIF	Manager	No
	49.	PTGInvest S.à r.l.	Manager	No
	50.	PTGLUX S.à r.l.	Manager	No
	51.	PTGMidco S.à r.l.	Manager	No
	52.	PTGTopco S.à r.l.	Manager	No
	53.	Pumvila S.à r.l.	Manager / Liquidator	No
	54.	Red & Black Lux S.à r.l.	Manager	No
	55.	Red & Black Topco S.à r.l.	Manager	No
	56.	Springlux S.à r.l.	Manager	No
	57.	TigerLuxOne Topco S.à r.l.	Manager / Liquidator	No
	58.	Ancelux 2 S.à r.l.	Manager	No
	59.	Ancelux 3 S.à r.l.	Manager	No
	60.	Ancelux 4 S.à r.l.	Manager	No
	61.	Anvilux 1 S.à r.l.	Manager	No
	62.	Asterolux S.à r.l.	Manager / Liquidator	No
	63.	Avallux S.à r.l.	Manager / Liquidator	No
	64.	Castlelux Two S.à r.l.	Manager	No
	65.	Consumer Equity Investments Limited	Alternate Director	No
	66.	Cregstar Lux S.à r.l.	Manager / Liquidator	No
	67.	Cregstar Topco S.à r.l.	Manager / Liquidator	No
	68.	Elchfield S.à r.l.	Manager	No
	69.	Fita 2 S.à r.l.	Manager / Liquidator	No
	70.	Foodco S.à r.l.	Manager	No

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	71.	Foodco Debt S.à r.l.	Manager	No
	72.	Foodco Finance S.à r.l.	Manager	No
	73.	Foodco Invest S.à r.l.	Manager	No
	74.	Glazelux S.à r.l.	Liquidator	No
	75.	Greeneden U.S. Holdings I, LLC USA	Advisor	No
	76.	Ithacalux 3 S.à r.l.	Manager	No
	77.	Ithacalux 4 S.à r.l.	Manager	No
	78.	Legico S.à r.l.	Manager / Liquidator	No
	79.	LuxLemans S.à r.l.	Manager	No
	80.	Magenlux S.à r.l.	Manager / Liquidator	No
	81.	Magenlux Finco S.à r.l.	Manager	No
	82.	Magenlux MIPCo S.à r.l.	Manager / Liquidator	No
	83.	Magenlux Mirror MIPCo S.à r.l.	Manager	No
	84.	Magenlux Topco S.à r.l.	Manager / Liquidator	No
	85.	MEP S.à r.l.	Liquidator	No
	86.	MEP II S.à r.l.	Manager	No
	87.	Nalozo S.à r.l.	Liquidator	No
	88.	Nalozo Topco S.à r.l.	Manager / Liquidator	No
	89.	Nuclobel Lux 1 S.à r.l.	Liquidator	No
	90.	Nuclobel Lux 2 S.à r.l.	Liquidator	No
	91.	Nuclobel Topco 1 S.à r.l.	Liquidator	No
	92.	Nuclobel Topco 2 S.à r.l.	Liquidator	No
	93.	P-Investments Luxembourg S.à r.l.	Liquidator	No
	94.	P&I II Holding S.à r.l.	Manager	No
	95.	Permira Credit Solutions III Master Euro Investment S.à r.l.	Manager	No
	96.	Permira Credit Solutions III Senior Euro Investment S.à r.l.	Manager	No
	97.	Permira Credit Solutions III Senior GBP Investment S.à r.l.	Manager	No
	98.	Permira Credit Solutions N Investment S.à r.l.	Manager	No
	99.	Permira Growth Opportunities Scheme 2 SCSp	Manager (Permira Co-Investment GP S.à r.l.)	No
	100.	Permira Ireland Limited	Alternate Director	No
	101.	Permira SCF S.à r.l.	Manager	No
	102.	Permira SCF Feeder S.C.A.	Liquidator: Permira SCF S.à r.l.	No
	103.	Riaz S.à r.l.	Liquidator	No
	104.	Skywheeler S.à r.l.	Manager / Liquidator	No
	105.	Telefood S.à r.l.	Manager	No
	106.	Torisa S.à r.l.	Manager / Liquidator	No
	107.	Toro Investment S.à r.l.	Manager / Liquidator	No
	108.	Victoria Holding B.V.	Director	No
Cédric Pedoni	1.	Alexandertopco S.à r.l.	Manager	No
	2.	Alexlux S.à r.l.	Manager / Liquidator	No
	3.	Ancelux S.A.	Manager / Director	No
	4.	Anvilux 2 S.à r.l.	Manager	No
	5.	Anvilux 3 S.à r.l.	Manager	No
	6.	ArcticLux S.à r.l.	Manager / Liquidator	No
	7.	Artemilux Midco S.à r.l.	Manager / Liquidator	No
	8.	Bluedrip S.à r.l.	Manager / Liquidator	No
	9.	Bluedrip Midco S.à r.l.	Manager	No
	10.	Bluedrip Topco S.à r.l.	Manager / Liquidator	No

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	11.	Castlelux S.à r.l.	Manager	No
	12.	Cotriton S.à r.l.	Manager	No
	13.	Crevette S.à r.l.	Manager	No
	14.	DHI Lux S.A.S.	Member of the Supervisory Board	No
	15.	Edoralux S.à r.l.	Manager	No
	16.	Flaritella S.à r.l.	Manager	No
	17.	Greeneden Lux 4 S.à r.l.	Manager	No
	18.	Iceboxtopco S.à r.l.	Manager	No
	19.	Ithacalux 2 S.à r.l.	Manager	No
	20.	Lucazoom S.à r.l.	Manager	No
	21.	Luxgoal 2 S.à r.l.	Manager	No
	22.	Luxgoal 3 S.à r.l.	Manager	No
	23.	Markmidco S.à r.l.	Manager	No
	24.	Markttopco S.à r.l.	Manager	No
	25.	Metamorphlux S.à r.l.	Manager	No
	26.	Metamorphlux Topco S.à r.l.	Manager	No
	27.	MIV Greeneden LP Holding SCA	Supervisory Board Member / Manager: Greeneden S.à r.l.	No
	28.	NTC Holding G.P. & Cie S.C.A.	Member Supervisory Board	No
	29.	PCS R-P S.à r.l.	Manager	No
	30.	Permira Credit Solutions II L.S. S.A.	Director	No
	31.	Permira Credit Solutions II Master L.S. S.A.	Director	No
	32.	Permira Credit Solutions II Master Sub S.A.	Director	No
	33.	Permira Credit Solutions II Senior S.A.	Director	No
	34.	Permira Credit Solutions II Financing LS S.à r.l.	Manager	No
	35.	Permira Credit Solutions II Financing Master LS S.à r.l.	Manager	No
	36.	Permira Credit Solutions II Restructuring S.à r.l.	Manager	No
	37.	Permira Credit Solutions N S.à r.l.	Manager	No
	38.	Permira Credit Solutions III Master Euro S.à r.l.	Manager	No
	39.	Permira Credit Solutions III Senior Euro S.à r.l.	Manager	No
	40.	Permira Credit Solutions III Senior GBP S.à r.l.	Manager	No
	41.	Permira Credit Solutions III Sub Master Euro S.à r.l.	Manager	No
	42.	Permira Credit Solutions III Master Euro Midco S.à r.l.	Manager	No
	43.	Permira Credit Solutions III Senior Euro Midco S.à r.l.	Manager	No
	44.	Permira Credit Solutions III Senior GBP Midco S.à r.l.	Manager	No
	45.	Permira Credit Solutions N Midco S.à r.l.	Manager	No
	46.	Permira Sigma IV S.à r.l.	Manager	No
	47.	Permira Sigma V S.à r.l.	Manager	No
	48.	PILI Portfolio S.à r.l. RAIF	Manager	No
	49.	PTGInvest S.à r.l.	Manager	No
	50.	PTGLUX S.à r.l.	Manager	No
	51.	PTGMidco S.à r.l.	Manager	No
	52.	PTGTopco S.à r.l.	Manager	No
	53.	Pumvila S.à r.l.	Manager / Liquidator	No
	54.	Red & Black Lux S.à r.l.	Manager	No
	55.	Red & Black Topco S.à r.l.	Manager	No
	56.	Springlux S.à r.l.	Manager	No



<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	57.	TigerLuxOne Topco S.à r.l.	Manager / Liquidator	No
	58.	Allegro.pl sp. z o.o.	Director	No
	59.	Ancelux 2 S.à r.l.	Manager	No
	60.	Ancelux 3 S.à r.l.	Manager	No
	61.	Ancelux 4 S.à r.l.	Manager	No
	62.	Anvilux 1 S.à r.l.	Manager	No
	63.	Avallux S.à r.l.	Manager / Liquidator	No
	64.	Castlelux Two S.à r.l.	Manager	No
	65.	Ceneo.pl sp. z o.o.	Director	No
	66.	Consumer Equity Investments Limited	Director	No
	67.	Cregstar Finance Limited	Director	No
	68.	Cregstar Holdco Limited	Director	No
	69.	Cregstar Lux S.à r.l.	Manager / Liquidator	No
	70.	Cregstar Topco S.à r.l.	Manager	No
	71.	Elchfield S.à r.l.	Manager	No
	72.	Foodco S.à r.l.	Manager	No
	73.	Foodco Debt S.à r.l.	Manager	No
	74.	Foodco Finance S.à r.l.	Manager	No
	75.	Foodco Invest S.à r.l.	Manager	No
	76.	Industrial Equity Acquisitions Ltd	Director	No
	77.	Ithacalux 3 S.à r.l.	Manager / Liquidator Ithacalux GP S.à r.l.	No
	78.	Ithacalux 4 S.à r.l.	Manager / Liquidator Ithacalux GP S.à r.l.	No
	79.	Kansas HoldCo, Inc.	Director	No
	80.	Kansas Holdco 1 Inc.	Director	No
	81.	Legico S.à r.l.	Manager / Liquidator	No
	82.	LuxELIT S.à r.l.	Liquidator	No
	83.	LuxLemans S.à r.l.	Manager	No
	84.	MagenIreco Limited	Manager	No
	85.	Magenlux S.à r.l.	Manager	No
	86.	Magenlux Finco S.à r.l.	Manager	No
	87.	Magenlux MIPCo S.à r.l.	Manager	No
	88.	Magenlux Topco S.à r.l.	Manager	No
	89.	Magento Commerce International Limited	Manager	No
	90.	Metalogix Europe S.à r.l.	Manager	No
	91.	Nalozo S.à r.l.	Liquidator	No
	92.	Nalozo Guernsey G.P. Limited	Director	No
	93.	Nalozo Topco S.à r.l.	Manager / Liquidator	No
	94.	Nuclobel Lux 1 S.à r.l.	Liquidator	No
	95.	Nuclobel Lux 2 S.à r.l.	Liquidator	No
	96.	Nuclobel Topco 1 S.à r.l.	Liquidator	No
	97.	Nuclobel Topco 2 S.à r.l.	Liquidator	No
	98.	P&I II Holding S.à r.l.	Manager	No
	99.	Permira Credit Solutions III Master Euro Investment S.à r.l.	Manager	No
	100.	Permira Credit Solutions III Senior Euro Investment S.à r.l.	Manager	No
	101.	Permira Credit Solutions III Senior GBP Investment S.à r.l.	Manager	No
	102.	Permira Credit Solutions N Investment S.à r.l.	Manager	No
	103.	Permira Growth Opportunities Scheme 2 SCSp	Manager (Permira Co-Investment GP S.à r.l.) / Liquidator	No
	104.	Permira Ireland Limited	Director	No

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	105.	Permira SCF S.à r.l.	Manager / Liquidator	No
	106.	Permira SCF III SCA	Liquidator: Permira SCF S.à r.l.	No
	107.	Permira SCF IV SCA	Liquidator	No
	108.	Permira SCF Feeder S.C.A.	Liquidator: Permira SCF S.à r.l.	No
	109.	Salar Midco AS	Director	No
	110.	Salar Topco AS	Director	No
	111.	Salarlux Parent S.à r.l.	Manager / Liquidator	No
	112.	Sardilux S.à r.l.	Manager	No
	113.	Skywheeler S.à r.l.	Manager / Liquidator	No
	114.	Telefood S.à r.l.	Manager	No
Gilles Willy Duroy	1.	Aedon S.A.	Manager	No
	2.	Altrio Finance S.à r.l.	Manager	No
	3.	Altura S.à r.l.	Manager	No
	4.	Amusement Activities International S.à r.l.	Manager	No
	5.	Baltamon S.à r.l.	Manager	No
	6.	BBG Financial Services S.à r.l.	Manager	No
	7.	Czech Property Holdings S.à r.l.	Manager	No
	8.	Domus Development S.A.	Manager	No
	9.	Ducal Property Investments S.à r.l.	Manager	No
	10.	E.P.F. EUROPEAN PROPERTY FOUNDATION S.à r.l.	Manager	No
	11.	EECF Arena S.à r.l.	Manager	No
	12.	EECF Istra S.à r.l.	Manager	No
	13.	Eighteen Bellflower S.à r.l.	Manager	No
	14.	Eighteen Boston Ivy S.à r.l.	Manager	No
	15.	Gerlach Investments S.à r.l.	Manager	No
	16.	Goldtree S.à r.l.	Manager	No
	17.	Greenoaks Properties Luxembourg S.à r.l.	Manager	No
	18.	Gries S.A.	Manager	No
	19.	Halmstaat Capital S.A.	Manager	No
	20.	HYDRUS INVESTMENTS S.à r.l.	Manager	No
	21.	Iceberg Maze S.à r.l.	Manager	No
	22.	IDC Investments S.A.	Manager	No
	23.	Kalkalit-Lux 5 S.à r.l.	Manager	No
	24.	Kalkalit-Lux 6 S.à r.l.	Manager	No
	25.	Kalkalit-Lux 7 S.à r.l.	Manager	No
	26.	Kalkalit-Lux S.à r.l.	Manager	No
	27.	Kareta Car S.A.	Manager	No
	28.	Le Camas S.à r.l.	Manager	No
	29.	Llacolén S.à r.l.	Manager	No
	30.	Mandrinvest Finance S.A.	Manager	No
	31.	Maranello Properties Luxembourg S.à r.l.	Manager	No
	32.	Mildsun Investments S.à r.l.	Manager	No
	33.	Odemar Holding S.à r.l.	Manager	No
	34.	Omnam S.à r.l. (ex-Belmont Immobilières S.à r.l.)	Manager	No
	35.	Paradox Luxembourg S.à r.l. (ex. Ildan International S.à r.l.)	Manager	No
	36.	Platina Nimbus S.à r.l.	Manager	No
	37.	Polro S.à r.l.	Manager	No
	38.	Roseway Global Luxembourg S.à r.l.	Manager	No

<b>Name</b>	<b>#</b>	<b>Name of Company</b>	<b>Position</b>	<b>Does the Director continue to serve in this capacity?</b>
	39.	RPG Structured Finance S.à r.l.	Manager	No
	40.	Rysy Investments S.à r.l.	Manager	No
	41.	Sewati S.à r.l.	Manager	No
	42.	Silver Palm Investments Luxembourg S.à r.l.	Manager	No
	43.	Spartan Race Europe Holdings S.à r.l.	Manager	No
	44.	Tatra Investments S.à r.l.	Manager	No
	45.	Virida Finance S.à r.l.	Manager	No
	46.	Virida Holding I S.à r.l.	Manager	No
	47.	Virida Holding II S.A.	Manager	No
	48.	Virida Holding III S.à r.l.	Manager	No
	49.	Vita CEE Luxembourg S.à r.l.	Manager	No
	50.	VLC Invest S.A.	Manager	No
	51.	Wambleeska S.à r.l.	Manager	No
	52.	WEALTH MANAGEMENT S.A	Manager	No

## ABBREVIATIONS AND DEFINITIONS

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

"1915 Law"	The Luxembourg law of 10 August 1915 on commercial companies, as amended.
"1P"	First-party.
"2005 Hague Convention"	The Hague Convention of 30 June 2005 on choice of court agreements.
"3P"	Third-party.
"Act on Public Offering"	The Polish Act on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (unified text Journal of Laws of 2019 item 623, as amended).
"Act on Supervision over the Capital Market"	The Polish Act on Supervision over the Capital Market dated 29 July 2005 (unified text Journal of Laws 2020, item 1400, as amended).
"Act on Trading in Financial Instruments"	The Polish Act on Trading in Financial Instruments dated 29 July 2005 (unified text Journal of Laws of 2020, item 89, as amended).
"Adiman"	Adiman S.C.Sp.
"Admission"	The admission of the Shares to listing and trading on the regulated market of the WSE.
"AI"	Artificial intelligence.
"AIP"	Allegro Incentive Plan.
"Allegro.pl"	Allegro.pl sp. z o.o.
"Allotment Date"	The date of the final allotment of the Offer Shares to investors.
"Banks"	Goldman Sachs International, Morgan Stanley & Co. International plc, Barclays Bank PLC, BofA Securities Europe SA, Citigroup Global Markets Limited, Dom Maklerski Banku Handlowego S.A., Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie, Santander Bank Polska S.A. – Santander Biuro Maklerskie, Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao, Crédit Agricole Corporate and Investment Bank, Erste Group Bank AG, Pekao Investment Banking S.A. and Raiffeisen Centrobank AG.
"BM PKO BP"	Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie with its registered seat in Poland.
"Bottom of the Offer Price Range"	PLN 35.
"business day"	A day on which banks in Poland and Luxembourg are open for business.
"CAGR"	Compound Annual Growth Rate.
"CEE"	Central and Eastern Europe, excluding Russia, and comprising Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia.
"Ceneo.pl"	Ceneo.pl sp. z o.o.
"Cinven"	Depending on the context, any of, or collectively, Cinven Partnership LLP, Cinven Holdings Guernsey Limited, Cinven (Luxco 1) S.A. and their respective

	"associates" (as defined in the UK Companies Act 2006) and/or funds managed or advised by any of the foregoing.
"CIT Act"	Polish Corporate Income Tax Act dated 15 February 1992 (unified text: Journal of Laws of 2020 item 1406, as amended).
"Co-Lead Managers"	Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao, Crédit Agricole Corporate and Investment Bank, Erste Group Bank AG, Pekao Investment Banking S.A. and Raiffeisen Centrobank AG.
"Co-Offering Agents"	Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie with its registered seat in Poland (BM PKO BP) and Santander Bank Polska S.A. – Santander Biuro Maklerskie with its registered seat in Poland (Santander Poland), acting as offering agents for the purposes of the Offering and the Admission.
"Competition Act"	The Polish Act on the Protection of Competition and Consumers of 16 February 2007 (unified text: Journal of Laws of 2020 item 1076, as amended).
"Conversion"	The conversion of the Issuer into a public limited liability company ( <i>société anonyme</i> ) pursuant to a notarial deed of amendment and conversion to be executed prior to the settlement of the Offering.
"CSSF"	Luxembourg Financial Supervisory Authority as home authority ( <i>Commission de Surveillance du Secteur Financier</i> ).
"Deeds of Election"	The share sale election deeds (as amended) entered into by certain Individual Selling Shareholders pursuant to which, among other things, such persons have irrevocably instructed Adiman to agree to the sale of Existing Shares as agent for and on behalf of them.
"EC"	European Commission.
"EEA"	European Economic Area.
"Entrepreneur Law Act"	The Polish Act on entrepreneurs of 6 March 2018 (unified text: Journal of Laws of 2019 item 1292, as amended).
"EU"	European Union.
"Euro" or "EUR"	Euro, the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.
"Existing Sale Shares"	Up to 163,599,596 existing ordinary registered shares in the Issuer dematerialized through NDS with a nominal value of PLN 0.01 per share offered by the Selling Shareholders pursuant to the Offering (for the avoidance of doubt, excluding any Over-Allotment Shares).
"FinTech"	Financial technology.
"full-stack"	Refers to both front-end (user facing) and back-end (internal databases and systems architecture) technology development.
"GAAR"	General Anti-Abuse Rules.
"GDP"	Gross Domestic Product.
"General Meeting"	The meeting of shareholders of the Issuer entitled to vote, together with pledgees and usufructuaries to whom voting rights attributable to the Shares accrue or the body of the Issuer consisting of persons entitled to vote on the Shares (as applicable).

<b>"Genuine Economic Activity"</b>	Genuine economic activity means that: (i) the economic activity carried out by the taxpayer is performed through an enterprise that actually performs activities constituting economic activity, and in particular it possesses premises, qualified personnel and equipment used for performing the economic activity; (ii) the taxpayer does not create artificial arrangements without a connection to its economic activity; (iii) the taxpayer's actual premises, its personnel or equipment correspond to the scale of its actual economic activity; (iv) the agreements concluded by the taxpayer are realistic in economic terms, they have economic justification and they are not noticeably contrary to the general economic interest of the taxpayer; and (v) the taxpayer carries out its economic functions independently, using its own resources, including managers who are present in the country of the taxpayer's tax residency.
<b>"Global Coordinators"</b>	Goldman Sachs International and Morgan Stanley & Co. International plc.
<b>"GMV"</b>	Gross merchandise value.
<b>"Group"</b>	The Issuer and its consolidated subsidiaries.
<b>"GUS"</b>	Statistics Poland ( <i>Główny Urząd Statystyczny</i> ).
<b>"IAS"</b>	International Accounting Standards as adopted by the EU.
<b>"IFRS"</b>	International Financial Reporting Standards, as adopted by the EU.
<b>"IFRS 15"</b>	International Financial Reporting Standard 15 'Revenue from contracts with customers'.
<b>"Institutional Investors"</b>	Qualified investors (as defined in Article 2 letter (e) of the Prospectus Regulation), certain QIBs in reliance on Rule 144A and institutional investors outside the United States (excluding Poland) participating in the Offering in reliance on Regulation S, or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, authorized to participate in the bookbuilding process or to subscribe for the Offer Shares who received invitations to subscribe for the Offer Shares and to participate in the bookbuilding process, or to subscribe for the Offer Shares, respectively, from any of the Joint Bookrunners. Collectively, the International Institutional Investors and the Polish Institutional Investors.
<b>"Institutional Investors Offer Price"</b>	The final offer price per Offer Share for the Institutional Investors.
<b>"International Institutional Investors"</b>	Certain QIBs in reliance on Rule 144A and institutional investors outside of the United States (excluding Poland) participating in the International Offering in reliance on Regulation S, or in another exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act, authorized to participate in the bookbuilding process or to subscribe for the Offer Shares who received invitations to subscribe for the Offer Shares and to participate in the bookbuilding process, or to subscribe for the Offer Shares, respectively, from any of the Joint Bookrunners.
<b>"International Offering"</b>	The offering in the United States to certain qualified institutional buyers (QIBs) as defined in and in reliance on Rule 144A, or another exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and the offering to certain other Institutional Investors outside of the United States and Poland in accordance with Regulation S under the U.S. Securities Act.
<b>"Investment Funds Act"</b>	Polish Investment Funds and the Management of Alternative Investments Funds Act dated 27 May 2004 (Journal of Laws of 2020, item 95, as amended).
<b>"Investment Plan"</b>	The Group's pre-Listing Date management investment plan.

"IRS"	Internal Revenue Service.
"Issuer"	Allegro.eu (formerly Adinan Super Topco S.à r.l.), a public limited liability company ( <i>société anonyme</i> ), incorporated and existing under the laws of Luxembourg, with its registered office currently at 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register ( <i>Registre de Commerce et des Sociétés, Luxembourg</i> ) under number B214830.
"Issuer's Board"	Board of directors of the Issuer.
"IT"	Information Technology.
"Joint Bookrunners"	Goldman Sachs International, Morgan Stanley & Co. International plc, Barclays Bank PLC, BofA Securities Europe SA, Citigroup Global Markets Limited, Dom Maklerski Banku Handlowego S.A., Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie (BM PKO BP) and Santander Bank Polska S.A. – Santander Biuro Maklerskie (Santander Poland).
"Latest Practicable FX Rate"	The euro to złoty foreign exchange rate of PLN 4.4574 per EUR 1.00, which was the National Bank of Poland exchange rate as of September 18, 2020.
"Listing Date"	The date on which trading in the Shares on the WSE will commence.
"Lugano Convention"	The Lugano Convention of 30 October 2007 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.
"Luxembourg"	The Grand Duchy of Luxembourg.
"Luxembourg Market Abuse Law"	The Luxembourg law of 23 December 2016 on market abuse, as amended.
"Luxembourg Prospectus Law"	The Luxembourg law of 16 July 2019 on prospectuses for securities.
"Luxembourg Transparency Law"	The Luxembourg law of 11 January 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended.
"Majority Selling Shareholders"	Cidinan, Permira VI and Mepinan.
"MAR"	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
"Maximum Price"	The maximum price per Offer Share for the Retail Investors, being the Top of the Offer Price Range.
"Member State"	A Member State of the EEA.
"NBP"	The National Bank of Poland ( <i>Narodowy Bank Polski</i> ), being the central bank of Poland.
"NDS"	The National Depository of Securities in Poland ( <i>Krajowy Depozyt Papierów Wartościowych S.A.</i> ) with its registered office in Warsaw.
"New Sale Shares"	Up to 28,571,429 ordinary registered shares in the Issuer dematerialized through NDS in the Issuer with a nominal value of PLN 0.01 per share offered by the Issuer pursuant to the Offering.
"NPS"	Net promoter score.

"OC&C"	OC&C Strategy Consultants SP.
"Offer Price Range"	PLN 35 to PLN 43 per Offer Share.
"Offer Shares"	Collectively, the Sale Shares and Over-Allotment Shares.
"Offering"	Collectively, the International Offering and the Polish Public Offering.
"Over-Allotment Option"	The option which has been granted by the Majority Selling Shareholders exercisable by the Stabilizing Manager which is exercisable for up to 30 days following the Listing Date to purchase Over-Allotment Shares (representing up to a maximum of 15% of the total number of Sale Shares), solely to cover over-allotments, if any, made in connection with the Offering or short positions resulting from stabilization transactions.
"Over-Allotment Shares"	Existing ordinary registered shares in the share capital of the Issuer dematerialized through NDS (representing up to a maximum of 15% of the total number of Sale Shares) which the Majority Selling Shareholders are granting an option to the Stabilizing Manager, to purchase pursuant to the Over-Allotment Option.
"Participants"	The employees of the Group who participate in the AIP.
"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.
"PFSA"	The Polish Financial Supervision Authority ( <i>Komisja Nadzoru Finansowego</i> ).
"PIT Act"	Polish Personal Income Tax Act dated 26 July 1991 (unified text: Journal of Laws of 2020 item 1426, as amended).
"PLN" or "zloty"	Polish zloty, the lawful currency of Poland.
"Poland"	The Republic of Poland.
"Polish Institutional Investors"	Institutional Investors in Poland.
"Polish Institutional Offering"	The offering of the Offer Shares to the Institutional Investors in Poland on the terms and conditions set forth in this Prospectus.
"Polish Public Offering"	Collectively, the Retail Offering and the Polish Institutional Offering.
"Pricing Date"	The date on which the Retail Investors Offer Price, Institutional Investors Offer Price and the final number of the Offer Shares to be offered in the Offering and the final number of the Offer Shares to be offered to various categories of investors shall be determined by the Issuer and Principal Selling Shareholders, following close consultation with the Global Coordinators.
"Principal Selling Shareholders"	Cidinan and Permira VI.
"Prospectus"	This document.
"Prospectus Regulation"	The Prospectus Regulation (EU) 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
"QIBs"	Qualified institutional buyers in the United States.



<b>"Regulation on the Market and Issuers"</b>	The regulation of the Minister of Finance of Poland of 25 April 2019, regarding the detailed terms and conditions that must be satisfied by the official trading market and issuers of securities admitted to trading on such market (Journal of Laws of 2019 item 803).
<b>"Regulation S"</b>	Regulation S promulgated under the U.S. Securities Act.
<b>"Relevant Member State"</b>	Each member state of the EEA.
<b>"Relevant State"</b>	Each member state of the EEA (other than Poland).
<b>"Retail Investors"</b>	Investors authorized to subscribe for the Offer Shares pursuant to this Prospectus who are natural persons (individuals), corporate entities (legal persons) and non-corporate entities other than individuals (an organizational unit without legal personality).
<b>"Retail Investors Offer Price"</b>	The final offer price per Offer Share for the Retail Investors.
<b>"Retail Offering"</b>	The public offering of the Offer Shares to the Retail Investors in Poland pursuant to this Prospectus.
<b>"Retail Syndicate"</b>	The Co-Offering Agents and other investment firms and banks authorized in Poland to accept purchase orders for the Offer Shares in the Retail Offering.
<b>"Rule 144A"</b>	Rule 144A promulgated under the U.S. Securities Act.
<b>"Sale Shares"</b>	Collectively, the Existing Sale Shares and the New Sale Shares.
<b>"Santander Poland"</b>	Santander Bank Polska S.A. – Santander Biuro Maklerskie with its registered seat in Poland.
<b>"SEC"</b>	The United States Securities and Exchange Commission.
<b>"Selling Shareholders"</b>	The Majority Selling Shareholders and the Individual Selling Shareholders.
<b>"Senior Managers"</b>	Those persons named as senior managers in the section entitled " <i>Management</i> " of this Prospectus.
<b>"Shareholder Rights Law"</b>	The Luxembourg law of 1 August 2019 on the exercise of certain rights of shareholders in general meetings of listed companies.
<b>"Shareholders"</b>	Shareholders of the Issuer (whether they hold Shares or interests in Shares).
<b>"Shares"</b>	Ordinary registered shares in the Issuer to be dematerialized through NDS.
<b>"SKU"</b>	Stock keeping unit.
<b>"SME"</b>	Small and medium-sized enterprise.
<b>"sp. z o.o."</b>	Limited liability company ( <i>spółka z ograniczoną odpowiedzialnością</i> ).
<b>"Stabilizing Manager"</b>	Morgan Stanley & Co. International plc.
<b>"Subsidiaries"</b>	The subsidiaries of the Issuer.
<b>"Substitute Investors"</b>	Institutional Investors who duly submitted and paid for purchase orders in response to the Joint Bookrunners' invitations to subscribe for the Offer Shares, with respect to which: (i) the Retail Investors exercised their rights to withdraw their purchase orders; or (ii) the Institutional Investors exercised their rights to withdraw their purchase orders, or who did not submit their purchase order in response to invitations or did not pay for the submitted purchase orders on time.

<b>"Take Rate"</b>	Marketplace revenue divided by GMV after deducting the GMV generated by 1P retail sales (grossed up for VAT).
<b>"Takeover Directive"</b>	The Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids.
<b>"Tax Ordinance"</b>	Polish act dated 29 August 1997 – the Tax Ordinance (unified text: Journal of Laws of 2019 item 900, as amended).
<b>"Top of the Offer Price Range"</b>	PLN 43.
<b>"Treaty"</b>	Treaty on the Functioning of the European Union.
<b>"U.S." or "United States"</b>	United States of America.
<b>"U.S. dollars" or "USD"</b>	U.S. dollars, the lawful currency of the United States.
<b>"U.S. Exchange Act"</b>	The U.S. Securities Exchange Act of 1934, as amended.
<b>"U.S. GAAP"</b>	Generally accepted accounting principles in the United States.
<b>"U.S. Securities Act"</b>	The U.S. Securities Act of 1933, as amended.
<b>"Underwriting Agreement"</b>	The underwriting agreement entered into on or about September 21, 2020 by, amongst others, the Issuer, the Majority Selling Shareholders, Adiman (as agent for and on behalf of certain Individual Selling Shareholders pursuant to the Deeds of Election), and the Banks.
<b>"UOKiK"</b>	Polish Office for Competition and Consumer Protection ( <i>Urząd Ochrony Konkurencji i Konsumentów</i> ).
<b>"UOKiK President"</b>	The President of the Office for Competition and Consumer Protection.
<b>"WIBOR"</b>	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.
<b>"Withdrawal Agreement"</b>	The agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community done at Brussels and London on 24 January 2020.
<b>"WSE"</b>	The Warsaw Stock Exchange ( <i>Giełda Papierów Wartościowych w Warszawie S.A.</i> ) and, unless the context requires otherwise, the regulated market operated by such company.
<b>"WSE Best Practices"</b>	Code of Best Practice for WSE-listed companies (attachment to Resolution No. 17/1249/2015 of the Exchange Board dated 19 May 2015 and adopted in accordance with §29.1 of the Exchange Rules), being a set of rules and recommendations concerning corporate governance prevailing on the WSE.
<b>"WSE Rules"</b>	The Warsaw Stock Exchange Rules of 4 January 2006, as amended.

## HISTORICAL FINANCIAL INFORMATION

	<u>Page</u>
<b><i>Consolidated Financial Statements of Adinan Super Topco S.à r.l. Group for the years ended 31 December 2019, 31 December 2018 and 31 December 2017</i></b>	
Audit Report .....	F-2
Consolidated Statements of Comprehensive Income .....	F-9
Consolidated Statements of Financial Position.....	F-11
Consolidated Statements of Changes in Equity .....	F-13
Consolidated Statements of Cash Flows.....	F-15
Notes to the Consolidated Financial Statements.....	F-16
<b><i>Interim Condensed Consolidated Financial Statements of Adinan Super Topco S.à r.l. Group for the six month period ended 30 June 2020 and 30 June 2019</i></b>	
Report on Review of Interim Condensed Consolidated Financial Statements .....	F-86
Interim Consolidated Statements of Comprehensive Income .....	F-91
Interim Consolidated Statements of Financial Position.....	F-93
Interim Consolidated Statements of Changes in Equity .....	F-95
Interim Consolidated Statements of Cash Flows .....	F-96
Notes to the Interim Condensed Consolidated Financial Statements .....	F-97



## **Audit report**

To the Board of Managers of  
**Adinan Super Topco S.à r.l.**

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### **Our opinion**

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Adinan Super Topco S.à r.l. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2019, 31 December 2018 and 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### *What we have audited*

The Group’s consolidated financial statements comprise:

- the consolidated statements of comprehensive income as at 31 December 2019, 31 December 2018 and 31 December 2017;
- the consolidated statements of financial position for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.



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### **Responsibilities of the Board of Managers for the consolidated financial statements**

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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### **Responsibilities of the “Réviseur d'entreprises agréé” for the audit of the consolidated financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;
- conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;



- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société  
coopérative

Luxembourg, 19 August 2020

Represented by

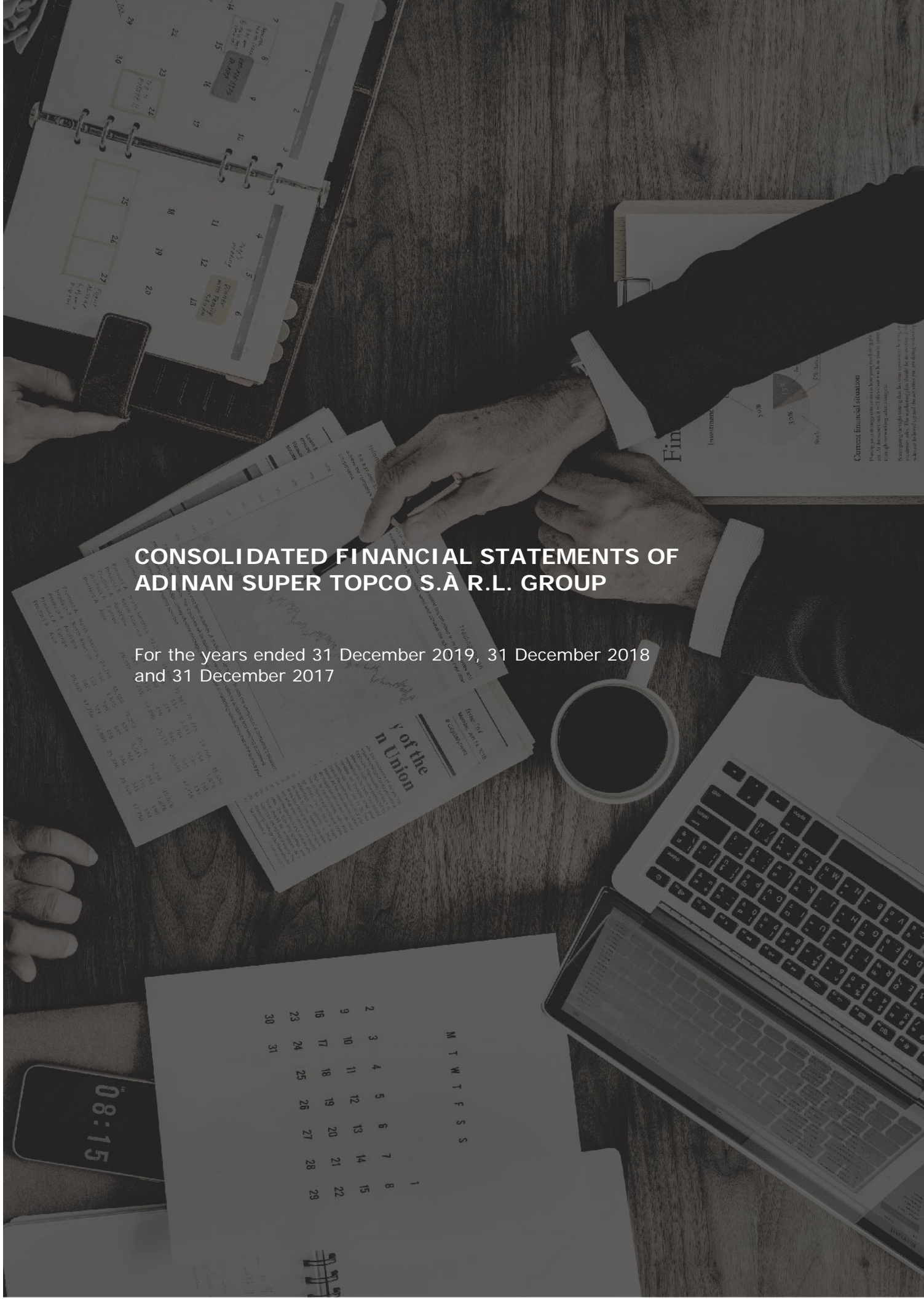
Electronically signed by  
Véronique Lefebvre

A handwritten signature in black ink, appearing to read 'V. Lefebvre', is written over a faint electronic signature line.

Véronique Lefebvre

# CONSOLIDATED FINANCIAL STATEMENTS OF ADINAN SUPER TOPCO S.À R.L. GROUP

For the years ended 31 December 2019, 31 December 2018  
and 31 December 2017



## CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS.....	F-8
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b> .....	F-9
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b> .....	F-11
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT.)</b> .....	F-12
<b>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY</b> .....	F-13
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b> .....	F-15
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	F-16
1. GENERAL INFORMATION.....	F-17
2. BASIS OF PREPARATION.....	F-17
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	F-18
4. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD .....	F-23
5. GROUP REORGANISATION AND BUSINESS COMBINATIONS .....	F-23
6. GROUP STRUCTURE .....	F-27
7. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS.....	F-28
NOTES TO THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME.....	F-29
8. SEGMENT INFORMATION .....	F-30
9. REVENUES FROM CONTRACTS WITH CUSTOMERS.....	F-32
10. FINANCIAL INCOME AND FINANCIAL COSTS .....	F-36
11. INCOME TAX.....	F-37
12. EARNINGS PER SHARE.....	F-38
NOTES TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....	F-40
13. INTANGIBLE ASSETS.....	F-41
14. PROPERTY, PLANT AND EQUIPMENT .....	F-44
15. LOANS GRANTED .....	F-47
16. INVENTORY .....	F-47
17. TRADE AND OTHER RECEIVABLES.....	F-47
18. CASH AND CASH EQUIVALENTS .....	F-48
19. BORROWINGS.....	F-49
20. LEASES .....	F-50
21. DEFERRED TAX .....	F-54



22. LIABILITIES TO EMPLOYEES .....	F-56
23. TRADE AND OTHER LIABILITIES .....	F-59
24. WRITTEN PUT OPTION LIABILITY.....	F-59
25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES .....	F-61
NOTE TO THE CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....	F-64
26. NOTE TO THE CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....	F-65
NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS .....	F-67
27. CASH FLOW INFORMATION.....	F-68
RISKS .....	F-70
28. CRITICAL ESTIMATES AND JUDGMENTS .....	F-71
29. FINANCIAL RISK MANAGEMENT .....	F-74
30. CAPITAL MANAGEMENT .....	F-77
UNRECOGNISED ITEMS.....	F-78
31. CONTINGENT LIABILITIES.....	F-79
32. ASSETS PLEDGED AS SECURITY .....	F-79
33. COMMITMENTS .....	F-80
34. EVENTS OCCURRING AFTER THE REPORTING YEAR.....	F-80
OTHER INFORMATION .....	F-81
35. RELATED PARTY TRANSACTIONS.....	F-82
36. EMPLOYMENT .....	F-83
37. EMOLUMENTS OF THE MANAGEMENT .....	F-83
38. AUDIT FEE .....	F-85

# CONSOLIDATED FINANCIAL STATEMENTS



## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2017
<b>Revenue</b>	<b>9</b>	<b>2,592,306</b>	<b>1,978,017</b>	<b>1,662,705</b>
<b>Operating expenses</b>		<b>(1,266,916)</b>	<b>(880,047)</b>	<b>(1,018,271)</b>
Payment charges		(133,730)	(129,498)	(123,957)
Cost of goods sold		(120,364)	(57,036)	(131,465)
Net costs of delivery		(268,530)	(49,553)	-
Marketing service expenses		(306,921)	(280,254)	(169,973)
Staff costs net		(294,415)	(243,306)	(200,253)
<i>Staff costs gross</i>		<i>(373,069)</i>	<i>(306,742)</i>	<i>(241,976)</i>
<i>Capitalisation of development costs</i>		<i>78,654</i>	<i>63,436</i>	<i>41,723</i>
IT service expenses net		(39,949)	(35,218)	(29,762)
<i>IT service expenses gross</i>		<i>(40,027)</i>	<i>(35,531)</i>	<i>(29,762)</i>
<i>Capitalisation of development costs</i>		<i>78</i>	<i>313</i>	<i>-</i>
Other expenses net		(101,640)	(84,513)	(75,122)
<i>Other expenses gross</i>		<i>(117,280)</i>	<i>(95,863)</i>	<i>(78,376)</i>
<i>Capitalisation of development costs</i>		<i>15,640</i>	<i>11,350</i>	<i>3,254</i>
Transaction costs		(1,367)	(669)	(287,739)
<b>Operating profit before amortisation and depreciation</b>		<b>1,325,390</b>	<b>1,097,970</b>	<b>644,434</b>
<b>Amortisation and Depreciation</b>		<b>(439,303)</b>	<b>(421,697)</b>	<b>(382,691)</b>
Amortisation		(383,575)	(364,550)	(328,790)
Depreciation		(55,728)	(57,147)	(53,901)
<b>Operating profit</b>		<b>886,087</b>	<b>676,273</b>	<b>261,743</b>
<b>Net Financial result</b>	<b>10</b>	<b>(373,038)</b>	<b>(315,952)</b>	<b>(206,106)</b>
Financial income		10,983	7,075	111,640
Financial costs		(384,021)	(323,027)	(317,746)
<b>Profit before Income tax</b>		<b>513,049</b>	<b>360,321</b>	<b>55,637</b>
<b>Income tax expenses</b>	<b>11</b>	<b>(119,974)</b>	<b>(88,417)</b>	<b>(49,854)</b>
<b>Net Profit</b>		<b>393,075</b>	<b>271,904</b>	<b>5,783</b>
<b>Other comprehensive income</b>				
<b>- Items that may be reclassified to profit or loss</b>		<b>(3,234)</b>	<b>(18,189)</b>	<b>(287)</b>
Gain/(Loss) on cash flow hedging		(20,203)	(33,267)	-
Cash flow hedge - Reclassification from OCI to profit or loss		17,580	6,481	-
Deferred tax relating to these items		(801)	7,932	-
Exchange differences on translation of foreign operations		190	665	(287)
<b>Total comprehensive income for the period</b>		<b>389,841</b>	<b>253,715</b>	<b>5,496</b>

<b>Net profit for the period is attributable to:</b>		<b>393,075</b>	<b>271,904</b>	<b>5,783</b>
Shareholders of the Parent Company		391,392	271,904	5,783
Non-controlling interests		1,683	-	-

<b>Total comprehensive income for the period is attributable to:</b>		<b>389,841</b>	<b>253,715</b>	<b>5,496</b>
Shareholders of the Parent Company		388,158	253,715	5,496
Non-controlling interests		1,683	-	-

<b>Earnings per share for profit attributable to the ordinary equity holders of the company (in PLN)</b>	<b>12</b>			
Basic		(0.69)	(0.92)	(1.02)
Diluted		(0.69)	(0.92)	(1.02)

19 August 2020

Date

Gautier Laurent  
Board Member

Cedric Pedoni  
Board Member

Jonathan Eastick  
Group Chief Financial Officer

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

### ASSETS

Non-current assets	Note	31.12.2019	31.12.2018	31.12.2017
Goodwill	13	8,631,342	8,582,405	8,582,405
Other intangible assets	13	4,627,122	4,844,717	5,124,016
Property, plant and equipment	14	147,709	164,087	196,325
Loans granted	15	9,324	11,652	16,029
Deferred tax assets	21	9,712	10,509	10,342
Investments		360	360	353
<b>Total non-current assets</b>		<b>13,425,569</b>	<b>13,613,730</b>	<b>13,929,470</b>
<b>Current assets</b>				
Inventory	16	20,051	8,225	7,313
Trade and other receivables	17	423,712	339,959	264,890
Other financial assets		4,804	6,400	7,922
Cash and cash equivalents	18	403,877	794,027	356,395
<b>Total current assets</b>		<b>852,444</b>	<b>1,148,611</b>	<b>636,520</b>
<b>Total assets</b>		<b>14,278,013</b>	<b>14,762,341</b>	<b>14,565,990</b>

19 August 2020

Date

Gautier Laurent  
Board Member

Cedric Pedoni  
Board Member

Jonathan Eastick  
Group Chief Financial Officer

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT.)

### EQUITY AND LIABILITIES

Equity	Note	31.12.2019	31.12.2018	31.12.2017
Share capital	26	434,246	830,015	830,511
Capital reserve		5,141,141	7,421,901	7,426,364
Exchange differences on translating foreign operations		568	378	(287)
Cash flow hedge reserve		(22,278)	(18,854)	-
Other reserves		(33,633)	5,256	1,945
Retained earnings		758,784	546,093	540,310
Net result		391,392	271,904	5,783
<b>Equity allocated to shareholders of the Parent</b>		<b>6,670,220</b>	<b>9,056,693</b>	<b>8,804,626</b>
<b>Non-controlling interests</b>		<b>13,422</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>6,683,642</b>	<b>9,056,693</b>	<b>8,804,626</b>
<b>Non-current liabilities</b>				
Borrowings	19	6,001,174	4,416,192	4,578,186
Lease liabilities	20	59,764	85,513	103,229
Written put option liability	24	21,002	-	-
Other financial liabilities	29	36,893	38,806	8,685
Deferred tax liability	21	643,508	675,072	701,087
Liabilities to employees	22	22,562	11,054	4,486
<b>Total non-current liabilities</b>		<b>6,784,903</b>	<b>5,226,637</b>	<b>5,395,673</b>
<b>Current liabilities</b>				
Borrowings	19	335,741	209,654	83,248
Lease liabilities	20	25,774	21,350	20,954
Written put option liability	24	22,208	-	-
Other financial liabilities	29	2,032	-	-
Income tax liability		14,938	10,807	52,882
Trade and other liabilities	23	349,161	211,604	177,933
Liabilities to employees	22	59,614	25,596	30,674
<b>Total current liabilities</b>		<b>809,468</b>	<b>479,011</b>	<b>365,691</b>
<b>Total equity and liabilities</b>		<b>14,278,013</b>	<b>14,762,341</b>	<b>14,565,990</b>

19 August 2020

Date

Gautier Laurent  
Board Member

Cedric Pedoni  
Board Member

Jonathan Eastick  
Group Chief Financial Officer

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Capital reserve	Invested equity	Attributable to owners Exchange differences on translating foreign operations	Cash flow hedge reserve	Other reserves	Retained earnings	Net result	Non-controlling interests	Total
<b>As at 01.01.2017</b>	-	-	168	-	-	-	-	-	-	168
Profit/(loss) for the period	-	-	-	-	-	-	-	5,783	-	5,783
Other comprehensive income	-	-	-	(287)	-	-	-	-	-	(287)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	<b>(287)</b>	-	-	-	<b>5,783</b>	-	<b>5,496</b>
Additional invested equity	-	-	8,853,440	-	-	-	-	-	-	8,853,440
Incorporation of Adinan Super Topco	831,520	7,481,778	(8,853,608)	-	-	-	540,310	-	-	-
Share base payment	-	-	-	-	-	1,945	-	-	-	1,945
Non-recourse loans	(1,009)	(9,081)	-	-	-	-	-	-	-	(10,090)
Distributions to owners	-	(46,333)	-	-	-	-	-	-	-	(46,333)
<b>Transactions with owners in their capacity as owners</b>	<b>830,511</b>	<b>7,426,364</b>	<b>(168)</b>	-	-	<b>1,945</b>	<b>540,310</b>	-	-	<b>8,798,962</b>
<b>As at 31.12.2017</b>	<b>830,511</b>	<b>7,426,364</b>	-	<b>(287)</b>	-	<b>1,945</b>	<b>540,310</b>	<b>5,783</b>	-	<b>8,804,626</b>
<b>As at 01.01.2018</b>	<b>830,511</b>	<b>7,426,364</b>	-	<b>(287)</b>	-	<b>1,945</b>	<b>540,310</b>	<b>5,783</b>	-	<b>8,804,626</b>
Profit/(loss) for the period	-	-	-	-	-	-	-	271,904	-	271,904
Other comprehensive income	-	-	-	665	(18,854)	-	-	-	-	(18,189)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	<b>665</b>	<b>(18,854)</b>	-	-	<b>271,904</b>	-	<b>253,715</b>
Transfer of profit/(loss) from previous years	-	-	-	-	-	-	5,783	(5,783)	-	-
Share base payment	-	-	-	-	-	3,311	-	-	-	3,311
Non-recourse loans	(496)	(4,463)	-	-	-	-	-	-	-	(4,959)
<b>Transactions with owners in their capacity as owners</b>	<b>(496)</b>	<b>(4,463)</b>	-	-	-	<b>3,311</b>	<b>5,783</b>	<b>(5,783)</b>	-	<b>(1,648)</b>
<b>As at 31.12.2018</b>	<b>830,015</b>	<b>7,421,901</b>	-	<b>378</b>	<b>(18,854)</b>	<b>5,256</b>	<b>546,093</b>	<b>271,904</b>	-	<b>9,056,693</b>

	Share Capital	Capital reserve	Invested equity	Attributable to owners Exchange differences on translating foreign operations	Cash flow hedge reserve	Other reserves	Retained earnings	Net result	Non-controlling interests	Total
<b>As at 01.01.2019</b>	830,015	7,421,901	-	378	(18,854)	5,256	546,093	271,904	-	9,056,693
Profit/(loss) for the period	-	-	-	-	-	-	-	391,392	1,683	393,075
Other comprehensive income	-	-	-	190	(3,424)	-	-	-	-	(3,234)
<b>Total comprehensive income for the period</b>	-	-	-	<b>190</b>	<b>(3,424)</b>	-	-	<b>391,392</b>	<b>1,683</b>	<b>389,841</b>
Transfer of profit/(loss) from previous years	-	-	-	-	-	-	271,904	(271,904)	-	-
Redemption of share capital and share premium	(395,820)	(2,280,918)	-	-	-	-	(59,213)	-	-	(2,735,951)
Share base payment	-	-	-	-	-	4,321	-	-	-	4,321
Non-recourse loans	51	158	-	-	-	-	-	-	-	209
Issue of written put option over non-controlling interest	-	-	-	-	-	(43,210)	-	-	-	(43,210)
<b>Transactions with owners in their capacity as owners</b>	<b>(395,769)</b>	<b>(2,280,760)</b>	-	-	-	<b>(38,889)</b>	<b>212,691</b>	<b>(271,904)</b>	-	<b>(2,774,631)</b>
Business combination	-	-	-	-	-	-	-	-	11,739	11,739
<b>Transactions with minority owners in their capacity</b>	-	-	-	-	-	-	-	-	<b>11,739</b>	<b>11,739</b>
<b>As at 31.12.2019</b>	<b>434,246</b>	<b>5,141,141</b>	-	<b>568</b>	<b>(22,278)</b>	<b>(33,633)</b>	<b>758,784</b>	<b>391,392</b>	<b>13,422</b>	<b>6,683,642</b>

19 August 2020

Date

Gautier Laurent  
Board Member

Cedric Pedoni  
Board Member

Jonathan Eastick  
Group Chief Financial Officer



## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2017
<b>Profit before income tax</b>		<b>513,049</b>	<b>360,321</b>	<b>55,637</b>
Amortisation and depreciation		439,303	421,697	382,691
Net interest expense		375,503	304,960	308,707
Revolving facility availability fee	10	3,195	3,222	3,677
Net (gain)/loss exchange differences	27.2	(1,536)	2,789	(133,824)
Interest on lease liability	27.2	3,835	8,059	3,753
Net (gain)/loss on measurement of financial instrument		-	830	8,685
Non-cash employee benefits expense - share based payments		4,321	3,311	1,946
Net (gain)/loss on sale of non-current assets		(263)	(908)	-
(Increase)/Decrease in trade and other receivables	27.3	(81,608)	(75,069)	(86,168)
(Increase)/Decrease in inventories	27.3	(11,789)	(912)	9,604
Increase/(Decrease) in trade and other liabilities	27.3	120,955	37,470	(116,102)
Increase/(Decrease) in liabilities to employees	27.3	44,704	1,490	32,335
<b>Cash provided by operating activities</b>		<b>1,409,669</b>	<b>1,067,260</b>	<b>470,941</b>
Income tax paid		(163,130)	(148,654)	(30,822)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,246,539</b>	<b>918,606</b>	<b>440,119</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant & equipment and intangible assets		(143,026)	(116,451)	(67,335)
Loans granted		(442)	-	(25,862)
Repayment of loans granted		3,242	220	-
Inflows from sale of non-financial assets		317	4,253	-
Acquisition of subsidiary (net of cash acquired)	5	(62,978)	-	(13,259,337)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(202,887)</b>	<b>(111,978)</b>	<b>(13,352,534)</b>
<b>Cash flows from financing activities</b>				
Proceeds from capital increase		-	-	8,853,440
Repayment of share premium	26	(2,735,951)	-	(46,333)
Borrowings received	27.2	1,959,516	-	4,776,338
Borrowings repaid	27.2	(215,803)	(45,500)	(42,000)
Interest paid	27.2	(396,433)	(299,139)	(245,174)
Lease payments	27.2	(24,844)	(20,954)	(24,568)
Revolving facility availability fee payments		(3,767)	(3,403)	(2,893)
Senior debt upsizing costs		(16,520)	-	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(1,433,802)</b>	<b>(368,996)</b>	<b>13,268,810</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(390,150)</b>	<b>437,632</b>	<b>356,395</b>
Cash and cash equivalents at the beginning of the financial year		794,027	356,395	-
Cash and cash equivalents at the end of the financial year		403,877	794,027	356,395

19 August 2020

Date

Gautier Laurent

Cedric Pedoni

Jonathan Eastick

Board Member

Board Member

Group Chief Financial  
Officer



## 1. GENERAL INFORMATION

Adinan Super Topco S.à r.l. Group ('Group') consists of Adinan Super Topco S.à r.l. ('Parent') and its subsidiaries. Adinan Super Topco and other members of the Group were established for an unspecified period.

The Group is registered in Luxembourg, and its registered office is located at 4, Rue Albert Borschette, Luxembourg.

The Group operates in Poland through Allegro.pl sp. z o.o., Ceneo.pl sp. z o.o. and eBilet Polska sp. z o.o. The Group's core activities comprise:

- online marketplace;
- advertising;
- online price comparison services;
- retail sale via mail order houses or via the Internet;
- online tickets distribution;
- web portal operations;
- data processing, hosting and related activities;
- other information technology and computer service activities;
- computer facilities management activities;
- software-related activities;
- computer consultancy activities.

These Consolidated Financial Statements were prepared for the year ended 31 December 2019, 31 December 2018 and 31 December 2017.

## 2. BASIS OF PREPARATION

The Consolidated Financial Statements of Adinan Super Topco S.à r.l. Group for the 12 month periods ended 31 December 2019, 31 December 2018 and 31 December 2017 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, binding as at 31 December 2019.

These consolidated financial statements were prepared for the purposes of the Prospectus in connection with the initial public offering of shares on the Warsaw Stock Exchange and were approved by the Management Board together with the Prospectus.

These consolidated financial statements are the first consolidated financial statements prepared by Adinan Super Topco S.à r.l. in accordance with IFRS. IFRS 1 "First time adoption of IFRS" was applied in preparation of these consolidated financial statements.

Adinan Super Topco S.à r.l. has not prepared the consolidated financial statements in accordance with previous GAAP (generally accepted accounting principles applicable in Luxembourg) therefore no reconciliations are presented in those first IFRS consolidated financial statements which would otherwise be required by IFRS1 had the Group prepared the consolidated financial statements under previous GAAP. The Group also does not present in the statement of the financial position the opening balance at the earlier presented period, which would otherwise be required by IFRS1, due to the fact that as at 1 January 2017 there were no material assets or liabilities in the Group (i.e. only insignificant amount of cash of PLN 168 presented as "invested equity" after accounting for the reorganization from 1 January 2017, despite Adinan Super Topco S.à r.l. being established only in May 2017).

Adinan Super Topco S.à r.l. was established on 5 May 2017 as a holding company over the existing Group. The transaction was accounted for as a reorganization in these consolidated financial statements of Adinan Super Topco S.à r.l. Group – further information is presented in the note 5.

Since its inception, Adinan Super Topco has prepared stand-alone financial statements in accordance with Luxembourg legal and regulatory requirements and with generally accepted accounting principles applicable in Luxembourg.

The Consolidated Financial Statements were prepared on the assumption that the Group would continue as a going concern for at least 12 months subsequent to the date of the authorization of these consolidated financial statements for the issue. In making this going concern assumption Management took into consideration the impact of the Covid-19 crisis on the Group's business, noting that operations have continued with minimal disruption since most staff moved to home working mode on 12 March 2020 and that the Group's sales increased following the imposition of Covid-19 related lock-down measures by the Polish government.

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

The summary of the main accounting policies applied in the preparation of these consolidated financial statements is presented in the note 3. These accounting policies were applied by the Group consistently in all periods presented, unless indicated otherwise.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation

##### Compliance with IFRS

The consolidated financial statements of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, binding as at 31 December 2019. The consolidated financial statements were prepared on the assumption that the Group would continue as a going concern for at least 12 months as of the date of preparation of the consolidated financial statements. These consolidated financial statements were prepared on the historical cost basis, except certain financial assets and liabilities (including derivative instruments) measured at fair value.

##### Measurement of items denominated in foreign currencies

Foreign currency transactions are translated into the functional currency using the National Bank of Poland's ("NBP") exchange rates prevailing at the dates of the transactions or on valuation dates (when items are re-measured). Foreign exchange gains and losses arising from settlement of those transactions and from translation at the exchange rate prevailing as at the reporting period end date are recognised on a net basis in the profit or loss. Measurement as at the balance sheet date, used the NBP exchange rate prevailing as at the reporting period end date.

	31.12.2019	31.12.2018	31.12.2017
EUR/PLN	4.2585	4.3000	4.1709
USD/PLN	3.7977	3.7597	3.4813
GBP/PLN	4.9971	4.7895	4.7001
CHF/PLN	3.9213	3.8166	3.5672
CZK/PLN	0.1676	0.1673	0.1632

Average exchange rates are shown in the table below:

	31.12.2019	31.12.2018	31.12.2017
EUR/PLN	4.3018	4.2669	4.2447
USD/PLN	3.8440	3.6227	3.7439
GBP/PLN	4.9106	4.8142	4.8457
CHF/PLN	3.8731	3.7081	3.8087
CZK/PLN	0.1676	0.1663	0.1614

## Consolidation

The consolidated financial statements were prepared on the basis of the financial statements of the Parent, Adinan Super Topco, and the financial statements of entities controlled by the Parent, prepared as at and for the period ended 31 December 2017, 31 December 2017 and 31 December 2019.

The presentation currency of the consolidated financial statements is the Polish zloty ("PLN").

The Group comprises units whose functional currency is Euro ("EUR"), therefore the financial statements of Adinan Super Topco, Adinan Topco and Adinan Holdco required translating into the Group presentation currency.

The results and financial position of Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Unless otherwise stated, these consolidated financial statements have been prepared in PLN thousands, and all amounts are stated in PLN thousands. All material balances and transactions between related entities, including material unrealised profits resulting from such transactions, have been fully eliminated.

Subsidiaries are consolidated under the acquisition accounting method from the moment that the Group has assumed control over them, and will cease to be consolidated when the Group loses control. According to IFRS 10 "Consolidated Financial Statements", the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group accounts for business combinations under the acquisition method. The consideration for the acquired subsidiary constitutes the fair value of the assets transferred, liabilities incurred in respect of former owners of the target company and equity instruments issued by the Group. The consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets, liabilities and contingent liabilities acquired as a result of a business combination are initially measured at fair value as at the acquisition date.

The Group recognises non-controlling interests either at fair value or at the proportional share of identifiable net assets in the fair value; the method of recognition is selected for each business combination individually.

The excess of the sum of the consideration, value of all non-controlling interests in the acquired entity, and fair value of shares previously held in the acquired entity as at the acquisition date over the fair value of identifiable net assets acquired is recognised as goodwill. If the sum of the

consideration, non-controlling interests recognised and assets previously held is lower than the fair value of net assets of the subsidiary acquired as a result of a bargain purchase, the difference is recognised directly in the profit or loss.

Transaction costs are recognised in profit or loss when incurred.

### **3.2 Changes in accounting policies**

#### **3.2.1 New and amended standards and interpretations adopted by the Group**

In these consolidated financial statements amendments to the following standards were applied:

##### **IFRS 9 “Financial Instruments” adoption**

The Group applied IFRS 9 as of 1 January 2018 and restated comparatives for the 2017 reporting period as permitted under the specific transition provisions in the standard. The Group has analysed the following items of the statement of financial position for potential changes: receivables, and cash and cash equivalents. Cash and cash equivalents were tested for impairment based on the ratings of banks which cooperate with the Group. The test did not show the need for any impairment allowances for cash and cash equivalents. All receivables that were not individually determined to be impaired were assessed for impairment collectively in accordance with the expected loss concept. For the purposes of collective impairment, trade receivables were grouped based on similar credit risk characteristics and the percentage of allowances was calculated based on the records of repayments for the preceding 36 months. The difference between the principles for recognizing write-downs of receivables used previously under IFRS 39 and the ones newly adapted under IFRS 9 was immaterial. The implementation of standard has not a significant impact on these consolidated financial statements. For further information regarding impairment of receivables, please see note 29.2.

**Amendments to IFRS 9 “Financial Instruments”** – “Prepayment Features with Negative Compensation” issued by IASB on 12 October 2017 and effective for periods starting after 1 January 2019. The amendments modifies the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain. Moreover, amendments contain clarification regarding the accounting for a modification of a financial liability that does not result in derecognition. In this case, carrying amount is adjusted with the corresponding result recognized in comprehensive income. The effective interest rate is not recalculated.

The amendment to this standard does not have any impact on these consolidated financial statements due to the lack of financial assets other than receivables, and cash and cash equivalents. As at the date of these financial statements, the amendment has not yet been adopted by the European Union.

##### **IFRS 15 “Revenue from contracts with customers” adoption**

The Group has adopted IFRS 15 “Revenue from Contracts with Customers” from 1 January 2018 and restated comparatives for the 2017 reporting period as permitted under the specific transition provisions in the standard. Application of the new IFRS has required the Group to make critical judgments concerning its contractual arrangements with Buyers and Sellers in relation to the transactions they undertake on the Group’s online marketplace and these are described in note 9.5. The Group disclosed all required information under IFRS 15 in note 9.

Application of IFRS 15 has resulted in reclassification within the Consolidated Statement of Comprehensive Income to net certain items that were treated as revenues and operating expenses under the Group’s previous accounting policies. There has been no impact from IFRS 15 on either comprehensive income or on retained earnings.



## Clarifications to IFRS 15 Revenue from Contracts with Customers

Clarifications to IFRS 15 “Revenue from Contracts with Customers” were published on 12 April 2016 and are applicable to consolidated financial statements prepared after 1 January 2018. Clarifications provide additional information and explanations regarding the main concepts adopted in IFRS 15, including on identification of distinct obligations, determination whether the entity is the agent or the principal and accounting for revenue on licensing. In addition to additional clarifications, transition relief and expedients were introduced for entities adopting the new standard for the first time. The Group applied clarifications to IFRS 15 from 1 January 2018 and restated comparatives for the 2017 reporting period as permitted under the specific transition provisions in the standard.

## IFRS 16 “Leases” adoption

The Group has early adopted the IFRS 16 Leases. In accordance with the transition provisions in IFRS 16 the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2018. Comparatives for the 2017 financial year have been restated. See note 20 for further details on the impact of the change in accounting policy.

Implementation of IFRS 16 has no material impact on the Group’s equity.

**Amendments to IAS 19 “Employee Benefits”** - Plan Amendment, Curtailment or Settlement issued by IASB on 7 February 2018. The amendments require to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

The amendment to this standard does not have a significant impact on these financial statements.

**Amendments to IAS 28 “Investments in Associates and Joint Ventures”** - Long-term Interests in Associates and Joint Ventures issued by IASB on 12 October 2017. Amendments were introduced to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Amendments also delete paragraph 41 because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.

The amendment to this standard does not have a significant impact on these financial statements.

**IFRIC 23 “Uncertainty over Income Tax Treatments”** issued by IASB on 7 June 2017. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company’s tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

The amendment to this standard does not have a significant impact on these financial statements.

**Amendments to various standards due to “Improvements to IFRSs (cycle 2015 -2017)”** issued by IASB on 12 December 2017. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording. The amendments clarify that: a company remeasures its previously held interest in a joint operation when it obtains control of the business (IFRS 3); a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business (IFRS 11); a company accounts for all income tax consequences of dividend payments in the same way (IAS 12); and a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale (IAS 23).

The amendment to these standards do not have a significant impact on these financial statements.

### 3.2.2 Standards and interpretations published but not yet applicable, which had not been applied by the Group previously

**Amendments to References to the Conceptual Framework** in IFRS Standards issued by IASB on 29 March 2018. Due to the fact that Conceptual Framework was revised, the IASB updated references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The amendments are effective for annual periods beginning on or after 1 January 2020.

**Amendments to IFRS 3 “Business Combinations”** - Definition of a Business issued by IASB on 22 October 2018. Amendments were introduced to improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

As at the date of these consolidated financial statements, the amendment has not yet been adopted by the European Union.

**Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies”, Changes in Accounting Estimates and Errors”** - Definition of Material issued by IASB on 31 October 2018. The change applies to periods beginning after January 1, 2019. The amendments clarify the definition of material and how it should be applied by including in the definition guidance.

The amendments are effective for annual periods beginning on or after 1 January 2020.

**Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”** - Interest Rate Benchmark Reform issued by IASB on 26 September 2019. The changes in Interest Rate Benchmark Reform:

- modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
- require specific disclosures about the extent to which the entities’ hedging relationships are affected by the amendments.

As at the date of these consolidated financial statements, the amendment has not yet been adopted by the European Union.

**IFRS 17 “Insurance Contracts”** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied.



As at the date of these consolidated financial statements, the amendment has not yet been adopted by the European Union.

#### **4. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD**

Through the period from 1 January 2017 to 31 December 2019 the followings individuals served on the Management Board:

- Danielle Arendt-Michels – appointed on 5 May 2017
- Gautier Laurent – appointed on 5 May 2017
- Severine Michel – appointed on 5 May 2017
- Cedric Pedoni – appointed on 5 May 2017
- Darren Huston – appointed on 12 May 2017
- Gilles Duroy – appointed on 17 October 2019
- Manish Mittal – appointed on 5 May 2017, resigned on 10 October 2019

At the balance sheet date, 31 December 2019, and as at the date of these Consolidated Financial Statements for the year ended 31 December 2019 the Management Board was composed of:

- Danielle Arendt-Michels
- Gilles Duroy
- Darren Huston
- Gautier Laurent
- Severine Michel
- Cedric Pedoni

The composition of the Management Board remained unchanged until the date of the consolidated financial statements.

The Parent does not have a Supervisory Board. The Group's Audit Committee is on the level of Allegro.pl and Ceneo.pl.

#### **5. GROUP REORGANISATION AND BUSINESS COMBINATIONS**

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

##### **Establishment of the Group and reorganisation**

Adinan Super Topco S.à r.l. with its registered office in Luxembourg is the Parent of the Group which prepared these consolidated financial statements.

The ultimate owners of the Group are investment funds: Cinven, Permira and Mid Europa Partners, holding 45%, 45% and 10% interest in Adinan Super Topco S.à r.l., appropriately. None of these shareholders has control over the Group thus there is no direct or ultimate controlling party.

Adinan Super Topco S.à r.l. was established pursuant to the notarial deed drawn up on 5 May 2017 and its share capital was set at the level of PLN 831,520,000. The share capital and share premium was covered by the contribution of the 100% of the shares in Adinan Topco S.à r.l, a Company established on 9 September 2016.

Adinan Topco S.à r.l. was established in September 2016 as a vehicle for the acquisition of Grupa Allegro Sp. z o.o. and Ceneo Sp. z o.o. (see further information in section Acquisition of Grupa Allegro Sp. z o.o. and Ceneo Sp. z o.o. below), through the chain of the newly established holding companies (Adinan Holdco S.à r.l., Adinan Bondco S.à r.l., Adinan Seniorco S.à r.l., Adinan Midco S.à r.l.). The consolidated financial statements of the Group were prepared only at the level of Adinan Bondco Group; those consolidated financial statements were prepared in accordance with IFRS from the financing year ended 31 December 2017.

The transaction of an acquisition by Adinan Super Topco S.à r.l. of 100% interest in Adinan Topco S.à r.l. is a reorganization of the Group due to the fact that: (i) the new parent entity was added to an existing Group and there is no change in the substance of the reporting entity, (ii) the assets and liabilities of the new Group and the original Group are the same immediately before and after the reorganization, and (iii) the owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original Group and the new Group immediately before and after the reorganization.

The reorganisation was accounted for by incorporating into the consolidated financial statement of Adinan Super Topco S.à r.l. the assets and liabilities of the pre-existing Group at their carrying values from the consolidated financial statements of the pre-existing Group prepared in accordance with IFRS. Any difference between the cost of the transaction and the carrying value of the net assets of pre-existing Group is a reorganization difference which was recorded directly in equity (in retained earnings).

Due to the fact the underlying Group over which Adinan Super Topco S.à r.l. was established existed as at 1 January 2017 (i.e. intermediate parent company was established in September 2016 and acquired Allegro and Ceneo on 17 January 2017) therefore the consolidated financial statements of Adinan Super Topco S.à r.l. cover full period of 12 months from 1 January 2017 to 31 December 2017 as the earliest presented period even the reorganization has occurred in May 2017.

The net assets of the pre-existing Group as at 1 January 2017 were presented as one item - "invested equity"; there is no share capital as Parent company - Adinan Super Topco S.à r.l. was not yet established. Further contribution of the equity in the amount of PLN 8,853,440 thousand, by the shareholders into the pre-existing Group in January 2017, before the parent company Adinan Super Topco S.à r.l. was established, are presented in equity as an increase of "invested equity". At the date of establishment of Adinan Super Topco S.à r.l., the share capital and share premium was recognized and "invested equity" is derecognized, with the difference being recognized in equity (retained earnings).

On 18 January 2017, the Group acquired 100% shares in both Grupa Allegro sp. z o.o. and Ceneo sp. z o.o. from the Naspers Group.

#### **Acquisition of Grupa Allegro Sp. z o.o. and Ceneo Sp. z o.o.**

On 18 January 2017, the Group acquired 100% shares in Grupa Allegro Sp. z o.o. with its registered office in Poznań, Poland, each with the nominal value of PLN 500, in the total nominal value of PLN 33,976,500, which constituted 100% of shares in the share capital of Grupa Allegro and represent 100% of voting rights at the general meeting of the acquired company. On the same day, the Group acquired 100% shares in Ceneo Sp. z o.o. with its registered office in Poznań, each with the nominal value of PLN 50, in the total nominal value of PLN 145,570, which constituted 100% of shares in the share capital of Grupa Allegro and represent 100% of voting rights at the general meeting of the acquired company.

The final unadjustable acquisition price was PLN 13,329,489 thousand, and comprised the price of 100% of shares in Grupa Allegro and Ceneo, intangible assets and repayment of the companies' liabilities to the previous owner. The payment was made by bank transfer, PLN 4,642,400 thousand, of the transfer was from borrowings received and the remaining part of PLN 8,617,151 thousand, was made from own funds.

From the date of acquisition, revenue of Allegro.pl recognized in the consolidated financial statements for 2017 amounts to PLN 1,540,452,056, and of Ceneo to PLN 129,575,477. If the

acquisition of both companies had occurred on 1 January 2017, the revenue of the Group would have been higher by PLN 80,108,718, Operating profit before amortisation and depreciation (EBITDA) would have been higher by PLN 24,092,794 and the net profit would have been higher by PLN 7,804,594.

Goodwill of Allegro.pl is PLN 8,140,604 thousand, and of Ceneo.pl – PLN 441,801 thousand. No portion of goodwill recorded will be deductible for income tax purposes. The recognized goodwill represents mostly a significant growth potential.

The costs related to the acquisition of PLN 287,739 thousand were recognized in the transaction costs and of PLN 7,389 thousand were recognized in the financial costs.

The Group estimated the fair value of net assets and identified intangible assets of the subsidiaries (trademarks, domains, software and customer relations).

#### **Foundation of Trade Analytics Instytut Badań Ecommerce Sp. z o.o.**

On 2nd March 2018 Allegro.pl Sp. z o.o. and Ceneo.pl Sp. z o.o. founded a new entity – Trade Analytics Instytut Badań Ecommerce Sp. z o.o. with its registered office in Poznań, ul. Grunwaldzka 182. The core activities of the entity are data processing, management of websites (hosting) management of IT devices, the operation of internet portals, activities related to software or consultancy in the field of information technology. The share capital was established in amount of PLN 2,000,000 and comprised the issued and paid up shares, at their nominal value of PLN 50 each.

#### **Acquisition of eBilet.pl Polska sp. z o.o.**

On 19 April 2019 Allegro.pl sp. z o.o. purchased 135,520 shares in eBilet.pl Polska sp. z o.o. (“eBilet”) composing 80% of the shares outstanding from unrelated party – Bola Investments Limited for a final cash consideration of PLN 95,894 thousand. The remaining 20% of shares can be acquired in two tranches on the basis of call options granted to Allegro.pl by the Sellers or the put option granted on those shares by Allegro.pl to the Sellers. This transaction was financed from the Group’s own funds.

Allegro.pl entered into put and call option contracts to be settled the future transfer of the non-controlling interest’s shares. Call options may be exercised for a first tranche of 10% of shares in each of the years 2021-2023 and for the second 10% tranche in each of the year 2022-2027, while put options may be exercised for a first tranche of 10% of shares in each of the years 2020-2022 and for the second 10% tranche in each of the year 2021-2026. The call and put options have the same exercise price, which is a variable amount calculated according to the formula based on EBITDA. The fair value of call options is zero in the financial statements and the put options give rise to a financial liability recognized at the present value of the redemption amount which equals PLN 43,210 thousand, at the date of initial recognition; there were no remeasurement changes recognized by the balance sheet date. Because the ownership risks and rewards of the shares relating to the options remain with the non-controlling interest, the financial liability reduces the Group equity on initial recognition; the Group applies the policy to recognize also the subsequent re-measurements in equity, except for the unwinding of discount which is recognized in profit/loss (see note 24).

eBilet is one of the largest Polish online ticket distributors. Its activity includes sales of tickets for cultural, sport and other entertainment events, mostly through its online channel. The purchase opens a new market for Adinan Super Topco Group, previously not available on Allegro and Ceneo platforms.

Based on the Group’s purchase price allocation, Goodwill on the acquisition of PLN 48,937 thousand, is attributable mostly to synergies from cooperation with Allegro. All synergies are expected to occur in eBilet Polska.

Costs related to the purchase transaction in the amount of PLN 1,367 thousand, were recognized in the consolidated statement of profit or loss and other comprehensive income as Transaction Costs for the period ended 31 December 2019.

The Group measured the non-controlling interests at the proportionate share in net identifiable assets of the acquired company.

The effect of accounting for the acquisitions is presented below:

[PLN million]	eBilet	Ceneo	Allegro
As at the acquisition date	19.04.2019	18.01.2017	18.01.2017
Purchase consideration paid - cash	96	742	12,587
Non-controlling interest - measured at proportional share in the net assets	12	-	-
Net assets	(59)	(300)	(4,447)
<b>Goodwill</b>	<b>49</b>	<b>442</b>	<b>8,140</b>

#### Net assets acquired

Trademarks	5	61	694
Customer Relationships	22	115	2,773
Domains	5	61	694
Software	19	22	949
Other intangibles	5	6	26
Property, plant and equipment	1	-	72
Right-of-use assets	-	8	141
Inventory	-	-	17
Accounts receivable and other receivables	2	-	168
Cash acquired	33	6	64
Loans granted	-	64	-
Lease liabilities	-	(8)	(141)
Accounts payable and other liabilities	(24)	-	(246)
Income tax provision	1	-	(58)
Other assets/(liabilities)	-	3	17
Provision for deferred tax	(10)	(38)	(723)
<b>Net assets</b>	<b>59</b>	<b>300</b>	<b>4,447</b>

Purchase consideration	96	742	12,587
Cash and cash equivalents acquired	(33)	(6)	(64)
<b>Cash flow used in acquisition</b>	<b>63</b>	<b>736</b>	<b>12,523</b>

Goodwill is tested for impairment annually or more frequently, if there is objective evidence of impairment (see note 28.1). Customer relationships, trademarks, domains and software are amortized over its estimated useful economic life (see note 13).

The revenue and net profit of eBilet since the acquisition date included in the consolidated statement of comprehensive income for the reporting period amount to PLN 19,799 thousand, and PLN 10,226 thousand. The revenue and net profit of the Group for the current reporting period would be PLN 2,598,394 thousand, and PLN 394,856 thousand, respectively if the acquisition of eBilet had been as of the beginning of the annual reporting period.

eBilet has been assigned to segment "Other" as it is not material under IFRS 8.

#### Foundation of Allegro Finance Sp. z o.o.

On 16 September 2019 Allegro.pl and Trade Analytics (both Adinan Super Topco Group companies) founded a new entity - Allegro Finance Sp. z o.o. ("Allegro Finance") with its share capital of PLN 600 divided into 6,000 shares with the value of PLN 0.1 each. The immediate owners of the Company's shares are: Allegro.pl with 99.98% of total shares and Trade Analytics with 0.02%.

At the beginning of 2020 all shares were sold to Allegro.pl.

The core activity of the Company is financial intermediation offered at Allegro website in cooperation with partners.

#### **Acquisition of FinAi S.A.**

On 2 December 2019 Allegro.pl Sp. z o.o. entered into a legally binding commitment to acquire the company FinAi S.A. ("FinAi") from unrelated party. The purchase consideration amounts to PLN 7,000,000 for 100% of the company's shares and is payable in cash. The part of the consideration in amount of PLN 2,000,000 was paid in December 2019. The company was a financial intermediary start-up which ceased to trade in September 2019. Together with FinAi, Allegro acquired existing software applicable to credit analysis of the Allegro platform Buyers and performance of AML and KYC checks. Allegro.pl expected such competencies and capabilities to be important enablers to further development of financial services penetration on the marketplace platform in the future. The acquisition closed on 26 January 2020.

As Allegro.pl acquired means of production as opposed to a functioning business the transaction is treated as a purchase of assets. No goodwill or gain on a bargain purchase were recognized.

### **6. GROUP STRUCTURE**

As at 31 December 2019, the Adinan Super Topco Group comprised Adinan Super Topco S.à r.l. (Parent) as well as intermediate holding companies Adinan Topco S.à r.l., Adinan Holdco S.à r.l., Adinan Bondco S.à r.l., Adinan Seniorco S.à r.l. and Adinan Midco S.à r.l. with their registered office in Luxembourg and companies conducting operating activities in the territory of Poland – Allegro.pl, Ceneo.pl, Trade Analytics Instytut Badań Ecommerce, eBilet Polska and Allegro Finance, together with their non-operating subsidiary company Allegro Logistyka. Each of the Polish Operating Companies and their subsidiaries have their registered offices located in Poland. In addition, Allegro.pl owns the Allegro All For Planet Foundation, which is not consolidated due to its immateriality.

Key information regarding the members of the Group, shares held by the Group as at 31 December 2019, 31 December 2018 and 31 December 2017, and the periods subject to consolidation is presented below.

Entity name	Registered office	Interest held	Period covered by consolidation
<b>Adinan Super Topco S.à r.l.</b>	<b>Luxembourg</b>		<b>05.05.2017 - 31.12.2017</b>
Adinan Topco S.à r.l.	Luxembourg	100.00%	01.01.2017 - 31.12.2017
Adinan Holdco S.à r.l.	Luxembourg	100.00%	01.01.2017 - 31.12.2017
Adinan Bondco S.à r.l.	Luxembourg	100.00%	01.01.2017 - 31.12.2017
Adinan Seniorco S.à r.l.	Luxembourg	100.00%	01.01.2017 - 31.12.2017
Adinan Midco S.à r.l.	Luxembourg	100.00%	01.01.2017 - 31.12.2017
Allegro.pl Sp. z o.o.	Poland	100.00%	01.01.2017 - 31.12.2017
Allegro Logistyka Sp. z o.o.	Poland	100.00%	01.01.2017 - 31.12.2017
Ceneo.pl Sp. z o.o.	Poland	100.00%	01.01.2017 - 31.12.2017
Ceneo Sp. z o.o.	Poland	100.00%	18.01.2017 - 31.12.2017

Entity name	Registered office	Interest held	Period covered by consolidation
<b>Adinan Super Topco S.à r.l.</b>	<b>Luxembourg</b>		<b>01.01.2018 - 31.12.2018</b>
Adinan Topco S.à r.l.	Luxembourg	100.00%	01.01.2018 - 31.12.2018
Adinan Holdco S.à r.l.	Luxembourg	100.00%	01.01.2018 - 31.12.2018
Adinan Bondco S.à r.l.	Luxembourg	100.00%	01.01.2018 - 31.12.2018
Adinan Seniorco S.à r.l.	Luxembourg	100.00%	01.01.2018 - 31.12.2018
Adinan Midco S.à r.l.	Luxembourg	100.00%	01.01.2018 - 31.12.2018
Allegro.pl Sp. z o.o.	Poland	100.00%	01.01.2018 - 31.12.2018
Allegro Logistyka Sp. z o.o.	Poland	100.00%	01.01.2018 - 31.12.2018
Trade Analytics Instytut Badań Ecommerce Sp. z o.o.	Poland	50.00%	01.03.2018 - 31.12.2018
Ceneo.pl Sp. z o.o.	Poland	100.00%	01.01.2018 - 31.12.2018
Trade Analytics Instytut Badań Ecommerce Sp. z o.o.	Poland	50.00%	01.03.2018 - 31.12.2018

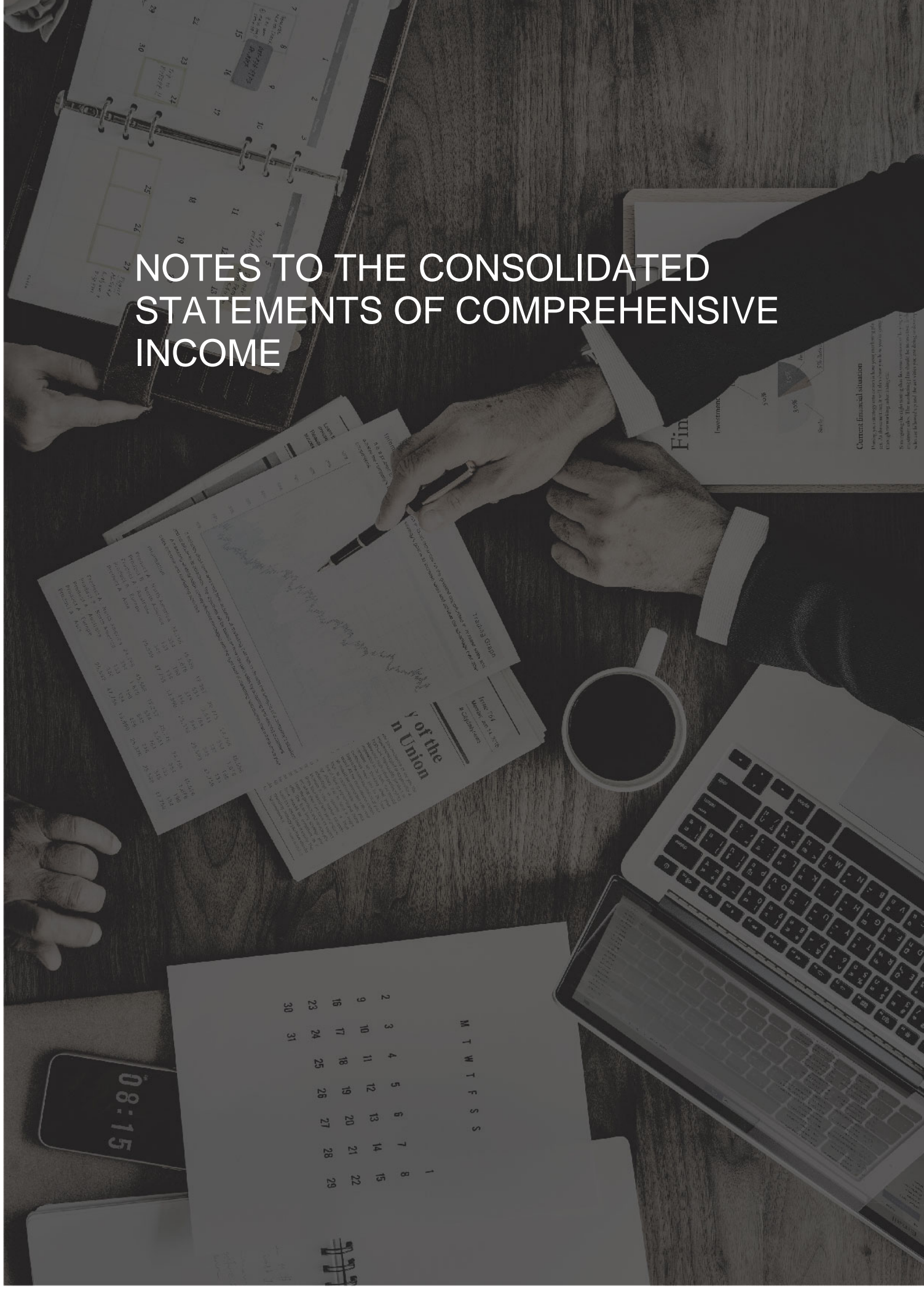
Entity name	Registered office	Interest held	Period covered by consolidation
<b>Adinan Super Topco S.à r.l.</b>	<b>Luxembourg</b>		<b>01.01.2019 - 31.12.2019</b>
Adinan Topco S.à r.l.	Luxembourg	100.00%	01.01.2019 - 31.12.2019
Adinan Holdco S.à r.l.	Luxembourg	100.00%	01.01.2019 - 31.12.2019
Adinan Bondco S.à r.l.	Luxembourg	100.00%	01.01.2019 - 31.12.2019
Adinan Seniorco S.à r.l.	Luxembourg	100.00%	01.01.2019 - 31.12.2019
Adinan Midco S.à r.l.	Luxembourg	100.00%	01.01.2019 - 31.12.2019
Allegro.pl Sp. z o.o.	Poland	100.00%	01.01.2019 - 31.12.2019
Allegro Logistyka Sp. z o.o.	Poland	100.00%	01.01.2019 - 31.12.2019
Allegro Finance Sp. z o.o.	Poland	99.98%	30.09.2019 - 31.12.2019
eBilet Sp. z o.o.	Poland	80.00%	01.05.2019 - 31.12.2019
Trade Analytics Instytut Badań Ecommerce Sp. z o.o.	Poland	50.00%	01.01.2019 - 31.12.2019
Allegro Finance Sp. z o.o.	Poland	0.02%	30.09.2019 - 31.12.2019
Ceneo.pl Sp. z o.o.	Poland	100.00%	01.01.2019 - 31.12.2019
Trade Analytics Instytut Badań Ecommerce Sp. z o.o.	Poland	50.00%	01.01.2019 - 31.12.2019

## 7. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 were approved by the Management Board for publication on 19 August 2020.



# NOTES TO THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME



**Current financial situation**  
Having an average return on assets of 15.2% in 2014, the Group's return on assets improved from 14.8% in 2013. At the end of the reporting period, the Group's return on assets was 15.2%.

Table 3: Group

	2014	2013	2012
Revenue	1,234,567	1,123,456	1,012,345
Operating profit	234,567	212,345	198,765
Profit before tax	212,345	198,765	187,654
Profit after tax	198,765	187,654	176,543
Net income	187,654	176,543	165,432
Other comprehensive income	10,911	11,113	10,911
Comprehensive income	198,565	187,767	177,343
Basic earnings per share	1.23	1.12	1.01
Diluted earnings per share	1.12	1.01	0.90

Table 4: Consolidated Balance Sheet

	2014	2013
Assets		
Property, plant and equipment	123,456	112,345
Intangible assets	23,456	21,234
Financial assets	34,567	32,345
Other assets	45,678	43,456
Liabilities		
Financial liabilities	56,789	54,567
Other liabilities	67,890	65,678
Equity		
Share capital	78,901	76,789
Reserves	89,012	87,890

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## 8. SEGMENT INFORMATION

### 8.1 Description of segments and principal activities

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

Other segment consists mainly of eBilet results as well as minor holding companies costs.

The reportable operating segments are identified at the Group level. The Parent, as a holding company is not included in any segments. Segment performance is assessed on the basis of revenue, EBITDA and adjusted EBITDA. 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 segments have a dispersed customer base – no single customer generates more than 10% of segment revenue.

EBITDA reflects “Operating profit before amortisation and depreciation” and is defined in note 8.2.

01.01 - 31.12.2019	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	2,592,306	2,387,049	185,458	19,799	-
Inter-segment revenue	-	4,213	30,329	1,194	(35,736)
<b>Net revenue</b>	<b>2,592,306</b>	<b>2,391,262</b>	<b>215,787</b>	<b>20,993</b>	<b>(35,736)</b>
Operating expenses	(1,266,916)	(1,179,229)	(106,273)	(17,150)	35,736
<b>EBITDA</b>	<b>1,325,390</b>	<b>1,212,033</b>	<b>109,514</b>	<b>3,843</b>	<b>-</b>
Amortisation and Depreciation	(439,303)				
Net financial result	(373,038)				
<b>Profit before income tax</b>	<b>513,049</b>				
Tax expense	(119,974)				
<b>Net profit</b>	<b>393,075</b>				

01.01 - 31.12.2018	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	1,978,017	1,820,456	157,561	-	-
Inter-segment revenue	-	5,386	15,778	-	(21,164)
<b>Net revenue</b>	<b>1,978,017</b>	<b>1,825,842</b>	<b>173,339</b>	<b>-</b>	<b>(21,164)</b>
Operating expenses	(880,047)	(802,493)	(86,784)	(11,934)	21,164
<b>EBITDA</b>	<b>1,097,970</b>	<b>1,023,349</b>	<b>86,555</b>	<b>(11,934)</b>	<b>-</b>
Amortisation and Depreciation	(421,697)				
Net financial result	(315,952)				
<b>Profit before income tax</b>	<b>360,321</b>				
Tax expense	(88,417)				
<b>Net profit</b>	<b>271,904</b>				



01.01 - 31.12.2017	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	1,662,705	1,536,955	125,750	-	-
Inter-segment revenue	-	3,496	3,826	691	(8,013)
<b>Net revenue</b>	<b>1,662,705</b>	<b>1,540,451</b>	<b>129,576</b>	<b>691</b>	<b>(8,013)</b>
Operating expenses	(1,018,271)	(928,717)	(72,160)	(25,407)	8,013
<b>EBITDA</b>	<b>644,434</b>	<b>611,734</b>	<b>57,416</b>	<b>(24,716)</b>	<b>-</b>
Amortisation and Depreciation	(382,691)				
Net financial result	(206,106)				
<b>Profit before income tax</b>	<b>55,637</b>				
Tax expense	(49,854)				
<b>Net profit</b>	<b>5,783</b>				

## 8.2 Adjusted EBITDA (non gaap measure)

EBITDA is the most relevant measure of profit and it corresponds to net profit before net financial result, taxes and amortisation and depreciation expense. Adjusted EBITDA excludes the effects of significant items of income and expenditure that may have an impact on the quality of earnings. The Group decided to exclude transaction costs, monitoring fees, preparation of market strategy costs, employee restructuring and regulatory proceedings costs as well as Group restructuring costs from adjusted EBITDA, because these expenses are not related to core operations of the Group.

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

	01.01-31.12.2019	01.01-31.12.2018	01.01-31.12.2017
<b>EBITDA</b>	<b>1,325,390</b>	<b>1,097,970</b>	<b>644,434</b>
Transaction costs <sup>1</sup>	1,367	669	287,739
Monitoring costs <sup>2</sup>	3,252	3,201	3,081
Market strategy preparation costs <sup>3</sup>	-	-	12,656
Employee restructuring costs <sup>4</sup>	-	5,978	873
Regulatory proceeding costs <sup>5</sup>	2,931	2,058	-
Group restructuring costs <sup>6</sup>	881	1,619	2,040
Management Incentive Plan <sup>7</sup>	4,320	3,312	1,945
<b>Adjusted EBITDA</b>	<b>1,338,141</b>	<b>1,114,807</b>	<b>952,768</b>

- (1) Represents transaction costs related to certain acquisitions, namely the Acquisition of the Group in 2017 and the acquisition of eBilet in 2019
- (2) Represents expenses incurred in relation to performance of advisory services by the shareholders of the Group, including travel expenses and expenses for services provided for projects outside the usual scope of our business
- (3) Represents consulting costs related to the marketplace commercial strategy preparation
- (4) Represents certain payments to members of management related to reorganization of the Management Boards of the underlying operating companies and previous shareholder carve out related costs
- (5) Represents legal costs related to regulatory proceeding - the Polish competition authority, the OCCP, conducted an inspection at Allegro's offices in June 2017 related to antitrust proceedings against Allegro.pl concerning the alleged abuse of a dominant position by Allegro.pl on the Polish market for online B2C intermediary sales services. The OCCP's investigation is still at a preliminary stage and the Group cannot speculate on the potential outcome

- (6) Represents legal and financial due diligence expenses with respect to not concluded acquisitions of target companies and pre-IPO preparation costs
- (7) Represents Management Incentive Plans and relates to share based payments that the management participates indirectly through different kind of shares of a trust entity Adiman SCSp and directly via type C and D shares issued by Adinan Super Topco in the Group. The Management Incentive Plans will cease to exist upon the public offering of shares of Adinan Super Topco S.à r.l.

## **9. REVENUES FROM CONTRACTS WITH CUSTOMERS**

### **9.1 Accounting policies**

#### **Recognition of revenue**

Under IFRS 15, revenue is recognised when a customer obtains control of a good or service. Where multiple goods or services are sold in a single arrangement, the consideration is allocated to each of the performance obligations based on the relative stand-alone prices. The consideration includes an estimate of the variable consideration if it is highly probable that the amount will not result in a significant reversal of revenue should the estimates change. The transaction price is adjusted for the time value of money if a contract includes a significant deferred payment component.

#### **Marketplace revenue**

The Group earns two main type of fees: success fees and listing. The listing fee is payable up-front and is non-refundable. The success fee is payable when a listed good gets sold.

There is only one performance obligation in a contract with the seller being the selling service. There does not appear to be any advertising benefit for the seller that could be separated from the selling service. It is because there is no indication that the seller can benefit from the advertising on its own or with other resources that are readily available as the restricted and monitored contact between the seller and the buyer prevents any interaction between them outside the Group website, which is different from any typical advertising arrangement.

#### **Success fees**

Based on its judgment, the Management is of the view that the contract between the Group and the seller should be seen as a contract under which the Group promises to find purchasers for the seller's goods (i.e., the Group's performance consists only of finding a purchaser for the products). As a result, the Group earns revenue from sellers on the platform and recognises success fees when listed goods get sold. Transaction revenue at the end of each reporting period is reduced by a provision for commission refund for sellers and discounts and incentives. Policy enables sellers to claim refunds for transactions that were terminated by the clients during 45 days from the initial transaction.

Marketplace revenues are invoiced monthly and fall due after 14 days.

#### **Listing fees**

Based on its judgment, the Management is of the view that the contract between the Group and the seller should be seen as a contract under which the Group promises to make the seller's products available for purchase (i.e., the Group's performance includes both listing the products and finding a purchaser for them). As a result, the Group earns revenue from sellers on the platform and recognises listing fees over the duration of the listing period.

#### **Price comparison revenue**

Revenues are recognized when shoppers click on a Seller's offer listed along with competing offers for the same product. The shopper is directed to the Seller's own website and the merchant pays a click-through fee for this marketing lead.

Revenues are invoiced monthly in arrears and in general fall due after 14 days.

### **Advertising revenue**

Revenue from advertising services provided is recognised in the reporting period in which the service is performed. If provision of a service comprises an unquantifiable number of activities performed over a specific time period, revenue is recognised at the end of each month based on the number of views registered during the period priced at agreed rates. Revenue from advertising services is recorded net of any estimated discounts, including volume-based discounts.

Advertising revenues are invoiced monthly in arrears and fall due after 14 days.

### **Retail revenue**

Revenue from retail sales is recognized when Allegro.pl sells goods purchased for resale by its own proprietary store via marketplace on the Platform. The revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

### **Other revenue**

Other revenues relate mainly to hosting services that are recognized over time. Customers of hosting services are companies owned or previously owned by Naspers Group, the previous owner of the Group.

### **Customer incentives programs**

The attractiveness of the Marketplace to Sellers (also referred to as Merchants), and therefore revenue potential for the Group, depends crucially on the number of active Buyers and their engagement with the Marketplace (e.g. site visits, transactions, and value of purchases made). To increase Buyer activity on the Marketplace, the Group has introduced certain programs to incentivize Buyers to shop on the Marketplace. Allegro seeks to increase numbers of Buyers and their engagement metrics by incurring costs, at its own risk, that attract traffic and new Buyers such as operating a free of charge loyalty scheme.

#### ***Smart!***

Allegro partially covers expenditure for functionalities on the Marketplace that Buyers may otherwise see as a barrier to making e-commerce transactions, such as the costs of delivery. To reduce the delivery cost barrier to purchase, the Smart! loyalty program was introduced in 2018. For an annual or monthly subscription, the user buys unlimited free of charge package deliveries for the duration of the subscription, subject to a minimum order value. Inflows from subscriptions are presented as deferred income and included in comprehensive income as revenue on the time-based model over the duration of the subscription agreement as the number of packages the subscriber may order using the Smart! Free delivery service is unlimited. Allegro arranges delivery for packages made by Smart! subscribers. Allegro acts as an agent in case of free deliveries therefore cost of free delivery is deducted from subscription fees paid by Smart! subscribers. Costs of delivery in excess of the subscription fee earned are presented in "Net costs of delivery" in operating expenses in the statement of comprehensive income. Although a portion of individual transactions relating to Smart! Program concluded on the Group's online marketplace may result in a loss due to delivery provided to Buyers costing more than the transaction fees earned from Sellers, the Group concluded that these losses are acceptable from the business perspective to drive overall Buyer engagement and transaction volumes that generate positive net revenues earned as a whole.

#### ***Allecoins***

The Allecoins loyalty program, was implemented to encourage Buyers to exhibit specific behaviors (e.g. purchase via the mobile application, purchases in defined categories). Buyers accumulate coins for purchases made which entitle them to discounts on future purchases. A

contractual liability for the award points is recognised at the time of the sale. The value of discounts earned and redeemed during the period are classified as discounts and incentives. Those earned on purchases from Merchants are presented in revenue while a second Group earned as a result of various Buyers' activities on the Platform (for example downloading mobile app) are presented as Marketing expenses.

## 9.2 Disaggregation of revenue from contracts with customers

	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2017
Marketplace revenue	2,099,744	1,608,989	1,266,391
Advertising revenue	207,071	161,475	118,162
Price comparison revenue	145,765	123,706	102,636
Retail revenue	115,211	62,791	149,072
Other revenue	24,515	21,056	26,444
<b>Net revenue</b>	<b>2,592,306</b>	<b>1,978,017</b>	<b>1,662,705</b>

The division of revenues into segments is presented below:

01.01 - 31.12.2019	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	2,079,945	-	19,799	-	2,099,744
Advertising revenue	165,688	45,499	-	(4,116)	207,071
Price comparison revenue	-	166,832	-	(21,067)	145,765
Retail revenue	115,211	-	-	-	115,211
Other revenue	30,418	3,456	1,194	(10,553)	24,515
<b>Net revenue</b>	<b>2,391,262</b>	<b>215,787</b>	<b>20,993</b>	<b>(35,736)</b>	<b>2,592,306</b>

01.01 - 31.12.2018	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	1,608,998	-	-	(9)	1,608,989
Advertising revenue	128,097	34,534	-	(1,156)	161,475
Price comparison revenue	-	136,475	-	(12,769)	123,706
Retail revenue	62,791	-	-	-	62,791
Other revenue	25,956	2,330	-	(7,230)	21,056
<b>Net revenue</b>	<b>1,825,842</b>	<b>173,339</b>	<b>-</b>	<b>(21,164)</b>	<b>1,978,017</b>

01.01 - 31.12.2017	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	1,266,391	-	-	-	1,266,391
Advertising revenue	94,059	24,104	-	(1)	118,162
Price comparison revenue	-	105,239	-	(2,603)	102,636
Retail revenue	149,032	40	-	-	149,072
Other revenue	30,969	193	691	(5,409)	26,444
<b>Net revenue</b>	<b>1,540,451</b>	<b>129,576</b>	<b>691</b>	<b>(8,013)</b>	<b>1,662,705</b>

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.

01.01 - 31.12.2019	Allegro	Ceneo	Other	Eliminations	Total
<b>Timing of revenue recognition:</b>					
At a point in time	1,458,914	167,739	20,993	(35,736)	1,611,910
Over time	932,348	48,048	-	-	980,396
<b>Net revenue</b>	<b>2,391,262</b>	<b>215,787</b>	<b>20,993</b>	<b>(35,736)</b>	<b>2,592,306</b>

<b>01.01 - 31.12.2018</b>	<b>Allegro</b>	<b>Ceneo</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
<b>Timing of revenue recognition:</b>					
At a point in time	1,092,770	137,167	-	(21,164)	1,208,773
Over time	733,072	36,172	-	-	769,244
<b>Net revenue</b>	<b>1,825,842</b>	<b>173,339</b>	<b>-</b>	<b>(21,164)</b>	<b>1,978,017</b>

<b>01.01 - 31.12.2017</b>	<b>Allegro</b>	<b>Ceneo</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
<b>Timing of revenue recognition:</b>					
At a point in time	949,294	129,576	691	(8,013)	1,071,548
Over time	591,157	-	-	-	591,157
<b>Net revenue</b>	<b>1,540,451</b>	<b>129,576</b>	<b>691</b>	<b>(8,013)</b>	<b>1,662,705</b>

The Group's operations are conducted in one geographical area, on the territory of the Republic of Poland. The Group has a dispersed customer base – no single customer generates more than 10% of revenue.

### 9.3 Contract assets and liabilities

The Group has recognised the following revenue-related contractual liabilities:

<b>Contract liabilities:</b>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Smart! program deferred income (I)	28,579	17,190	-
Listing and promotional deferred income (II)	8,538	6,341	-
Other deferred income	2,146	2,088	1,126
<b>Total</b>	<b>39,263</b>	<b>25,619</b>	<b>1,126</b>

- (I) **Smart! program** – the loyalty program for Buyers Smart! was introduced in 2018, therefore there is no balance as at the end of 2017. Monthly or annual subscription fees are paid at the beginning of the subscription period, with the part relating to future periods being recognised pro rata in deferred income at the balance sheet date.
- (II) **Listing and promotional** – the Sellers can list their products on the platforms in a form of an announcement. Fees are recorded as revenue during the listing period.

There were no contract assets in 2019, 2018 and 2017.

#### Significant changes in contract assets and liabilities

There were no significant changes in contract assets nor liabilities in the current period.

#### Revenue recognised in relation to contract liabilities

Revenue of PLN 17,190 was recognised in the period from 1 January to 31 December 2019 from the Smart! program contract liability and PLN 6,341 in the period from 1 January to 31 December 2019 from listing and promotional deferred income.

#### Transaction price allocated to unsatisfied performance obligations

All contracts are for periods of the expected original duration of one year or less. As permitted under IFRS15, the entity does not disclose the transaction price allocated to these unsatisfied or partially unsatisfied contracts is not disclosed and when it expects to recognise as revenue such amounts.

#### Assets recognized from costs to obtain and fulfil a contract

There were no assets to obtain or fulfil a contract in 2019, 2018 and 2017.

## 9.4 Refund liabilities

The value of refund liabilities at the balance sheet date was:

<b>Refund liabilities:</b>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Allecoins customer loyalty program contract liability (I)	21,620	18,965	11,485
Refund commission contract liability (II)	5,398	4,692	778
Advertising revenue retrospective bonuses	4,141	4,717	5,500
<b>Total</b>	<b>31,159</b>	<b>28,374</b>	<b>17,763</b>

- (I) **Allecoins customer loyalty program** - the Allegro coins program was introduced in January 2017 and initially the model assumed a six-month expiration date and as a result of the initial approach, contractual liability as at 31 December 2017 contained coins issued from July till December 2017. This rule was changed in August 2018 and the expiry date was extended to 12 months.
- (II) **Refund commission** - every Buyer has the right to return a purchased product to the Seller, in which case the Group is obliged to refund the commission for cancelled transaction. At the end of each reporting period the Company adjust the transaction revenue for the expected returns and recognize a provision for returns of success fee. Refund commission liability represent the amount of consideration that the Company expects to repay to Sellers using the expected value method with corresponding adjustment to revenue.

## 9.5 Significant judgment

In developing its revenue accounting policies to reflect the requirements of IFRS 15 on revenue accounting, the Management considered whether the judgements used result in its accounting presentation best reflecting the economic substance of the sales transactions and incentive programs related to the Marketplace. The Management identified two separate groups of contracts – contracts with Sellers and contracts with Buyers (Smart! contracts) that produce separate revenue streams and as a result the Buyer and the Seller should be considered as separate customers. The Smart! program leads to a distinct revenue stream where Allegro provides a service – arranging (and paying) for deliveries in exchange for a subscription fee from the Smart! subscriber. The transaction price under the Smart! contract is allocated only to the performance obligation resulting from the Smart! contract, and the transaction price under the contract with the Seller is allocated only to the performance obligation resulting from the contract with the Seller as these are separate contracts which do not meet the criteria for combination as they are entered into independently with different parties and at different times. Therefore there is no reallocation of the transaction price between these contracts irrespective of the fact that these contracts are economically linked. Most Smart! contracts with Buyers result in a loss (a negative margin) as delivery costs will exceed the subscription fee on an individual Smart! contract level. Management believes that presentation of the negative margin from Smart! contracts as “Net costs of delivery” in operating expenses is most appropriate as the business purpose of the Smart! program is to make its marketplace more attractive compared to competition, to attract Buyers and to boost sales on its marketplace, so the excess costs of the Smart! Program are in substance a promotional activity and should be presented as an expense.

## 10. FINANCIAL INCOME AND FINANCIAL COSTS

	<b>01.01 - 31.12.2019</b>	<b>01.01 - 31.12.2018</b>	<b>01.01 - 31.12.2017</b>
Interest from deposits	8,046	6,161	1,995
Other financial income	1,604	914	377
Net exchange gains on foreign currency transactions	1,333	-	109,268
<b>Financial income</b>	<b>10,983</b>	<b>7,075</b>	<b>111,640</b>
Interest paid and payable for financial liabilities	(375,894)	(305,435)	(293,757)
Interest on leases	(3,835)	(8,059)	(3,753)

	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2017
Measurement of financial instruments	-	(830)	(8,685)
Revolving facility availability fee	(3,195)	(3,222)	(3,677)
Net exchange losses on foreign currency transactions	-	(3,843)	-
Other financial costs	(1,097)	(1,638)	(7,874)
<b>Financial costs</b>	<b>(384,021)</b>	<b>(323,027)</b>	<b>(317,746)</b>
<b>Net financial costs</b>	<b>(373,038)</b>	<b>(315,952)</b>	<b>(206,106)</b>

Net exchange gains for 2017 financial year includes the gain on foreign currency forward contract. The gain was connected with the translation of PLN 4,579,796 into USD 1,150,000 in January 2017 in relation to the business combination described in note 5. The transaction was performed independently of the Borrowing Agreements and there was no hedge documentation therefore effect was recognised in the comprehensive income.

## 11. INCOME TAX

Income tax for the year comprises current and deferred taxation. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such cases, tax is also recognized in other comprehensive income or directly in equity, respectively.

The majority of the Group's taxable income is generated in Poland and is subject to taxation according to the Corporate Income Tax Act ("CIT"). The CIT rate in Poland is 19%. Luxembourg companies are subject to taxation at a 24.94% rate. In 2018 and 2017 Luxembourg companies were subject to taxation at a 27.08% rate.

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

### 11.1 Income tax expense

	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2017
Current income tax on profits	(160,828)	(106,669)	(114,976)
(Increase)/Decrease in net deferred tax liability	40,854	18,252	65,122
<b>Income tax expense</b>	<b>(119,974)</b>	<b>(88,417)</b>	<b>(49,854)</b>

### 11.2 Significant estimates

In the light of the General Anti-Abuse Rule ("GAAR"), effective since 15 July 2016, aimed at preventing the formation and use of artificial legal structures created to avoid paying taxes in Poland, the Group conducted an overall analysis of its tax situation in order to identify and evaluate transactions and operations that could be subject to GAAR, considering the effect on deferred tax, the tax value of assets and tax risk provisions.

In the opinion of the Management, the analysis confirmed that current and deferred tax amounts are properly stated. Nevertheless, the Group is of the opinion that an inherent feature of GAAR is uncertainty about the Group's interpretation of tax law regulations, which can affect the ability to realize deferred income tax assets in future periods and result in the payment of additional unaccrued tax for prior periods.

In particular, the Group analysed the transactions described in note 5 (acquisition of intangible assets in amount of 2,481,000) from which deferred income tax liability was created in the amount of PLN 208,000. In the opinion of the Group, the analysis confirmed that current and deferred tax amounts are properly stated. Nevertheless, the Group is on opinion that an inherent feature of GAAR is uncertainty about the Group's interpretation of tax regulations, which can affect the ability to realize deferred income tax assets in the future periods and result in the payment of additional unaccrued tax for prior periods.



Tax authorities may inspect accounting books and tax settlements within five years of the end of the year in which tax returns are filed and they may levy additional tax, including fines and interest, on the Group. In the opinion of the Group, there are no circumstances indicating that significant liabilities may arise in this respect.

### 11.3 Reconciliation of income tax expense to tax paid and payable

	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2017
Profit from continuing operations before income tax expense	513,049	360,321	55,637
<b>Tax (payable)/recoverable at the Polish tax rate of 19%</b>	<b>(97,479)</b>	<b>(68,461)</b>	<b>(10,571)</b>
<b>Tax effect of amounts which are not deductible in calculating taxable income:</b>			
Non-deductible expenses and non-taxable income net	(10,536)	(17,602)	(36,773)
Unrecognized tax losses	(15,045)	(122)	(77)
The effect of foreign tax rates and regulations	3,086	(2,232)	(2,433)
<b>Income tax expense</b>	<b>(119,974)</b>	<b>(88,417)</b>	<b>(49,854)</b>

The line "The effect of foreign tax rates and regulations" is the effect of different tax rates used in Luxembourg and Poland.

### 11.4 Amounts recognised directly in other comprehensive income

The deferred tax relating to other comprehensive income recognized directly in other comprehensive income amounted to PLN (801) in 2019 and to PLN 7,932 in 2018. There were no deferred tax relating to other comprehensive income in 2017.

### 11.5 Tax losses

The unrecognized tax losses of PLN 60,149 (expiring in 2024) were incurred by Adinan Seniorco in 2019. The subsidiary is not likely to generate taxable income in the foreseen future.

### 11.6 Other

No deferred tax liability is recognised on temporary differences of PLN 1,156,035 (2018: PLN 974,835, 2017: 699,678) relating to the unremitted earnings of subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

## 12. EARNINGS PER SHARE

The amounts in this note are provided in PLN and not in thousand PLN. Earnings per share (EPS) are calculated based on the current shares structure that will change at the Initial Public Offering.

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity holders of the Parent Company decreased by preferential cumulative dividend, by the weighted average number of ordinary A1 and A2 shares. B1, B2, C1 and C2 shares were granted to the key Management and selected other managers with the determined vesting period and were excluded from the earnings per share calculation (more see note 26 and 37). B and C series shares are considered to have potential dilutive effect on the EPS calculation, however are not considered dilutive due to the fact that an exit event as described in note 37 is considered as a contingently issuable feature. As the vesting conditions are not met at closing dates no dilutive effect is triggered by B and C shares.

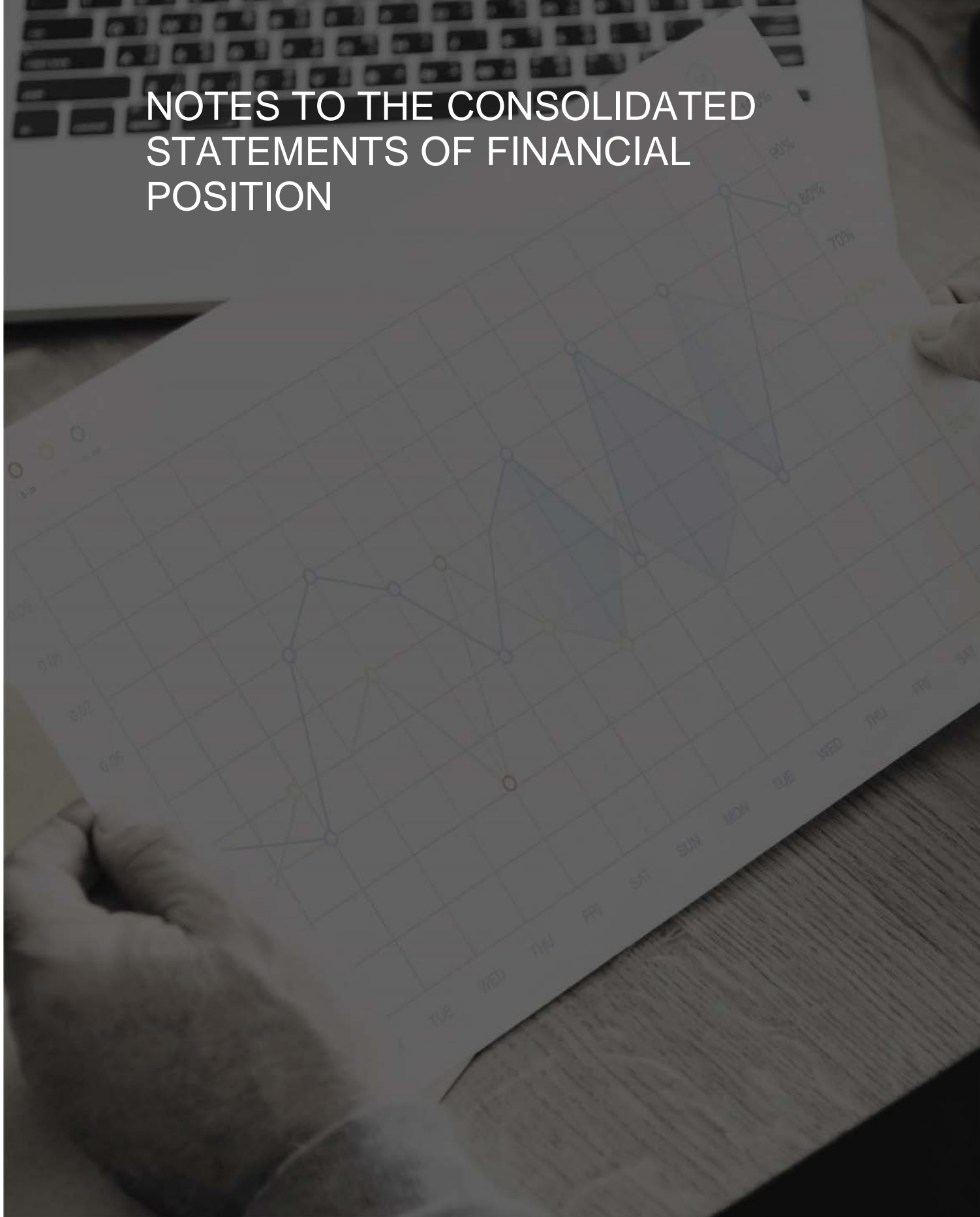
	31.12.2019	31.12.2018	31.12.2017
Net profit attributable to equity holders of the Parent Company	391,392,396	271,904,247	5,782,993



	31.12.2019	31.12.2018	31.12.2017
Preference annual interest	(993,728,453)	(1,073,591,272)	(895,430,031)
<b>Loss for ordinary shareholders</b>	<b>(602,336,057)</b>	<b>(801,687,025)</b>	<b>(889,647,038)</b>
Average number of A1 and A2 ordinary shares	869,609,580	869,609,580	869,609,580
<b>Loss per ordinary share (basic)</b>	<b>(0.69)</b>	<b>(0.92)</b>	<b>(1.02)</b>
<b>Loss per ordinary share (diluted)</b>	<b>(0.69)</b>	<b>(0.92)</b>	<b>(1.02)</b>

The Group issued the Preference Shares (more see note 26). The holders of Preference Shares shall be entitled to receive a preferential cumulative dividend. The net profit attributable to the owners of the Group was adjusted by the dividends due to Preference Shares. The amount of cumulative preference dividends not recognized was PLN 895,430,031 in 2017, PLN 1,996,737,148 in 2018 and PLN 2,971,194,766 in 2019.

# NOTES TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



## 13. INTANGIBLE ASSETS

### Goodwill

Goodwill arises on the acquisition of business undertakings. Goodwill is not amortized but tested for impairment annually or more frequently, if there is objective evidence of impairment. For the purposes of impairment testing, goodwill is allocated to cash-generating units which are expected to profit from the synergies of business combination. Impairment is recognized when the carrying amount of an asset or cash-generating unit is higher than its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the value in use.

### Licenses, software and copyrights

Separately purchased licenses are carried at historical cost. Licenses acquired as a result of the business combination are recognized at fair value at acquisition. Licenses have limited useful life, i.e. 2 to 5 years. The domains "allegro.pl" and "ceneo.pl" acquired on 18 January 2017 are amortized over their estimated useful life of 15 years the remaining amortization period is 12 years. The Allegro and Ceneo Platform software acquired on 18 January 2017 is amortized over its estimated useful economic life for 10 years the remaining amortization period is 7 years. The eBilet software acquired in April 2019 is amortized over its estimated useful economic life for 15 years. These intangible assets are measured at historical cost (or initial fair value) less amortization and impairment losses. Amortization is calculated on a straight line basis in order to spread the license cost over the estimated useful life.

### Trademarks

Trademarks arising from business combinations are initially measured at fair value using the Royalty Relief Method. Trademarks are measured at historical cost (or initial fair value) less amortization and impairment losses. Brands are amortized on a straight line basis for their estimated useful life of 15 years and the remaining amortization period is 12 years.

### Customer relationships

Customer relationships arising from business combinations are measured initially at fair value with the Multi-Period Excess Earnings method ("MPEE") and subsequently at cost less amortization. Relationships acquired in the transaction of 18 January 2017 are amortized on a straight line basis for their estimated useful life of 20 years and the remaining amortization period is 17 years.

Relationships with event organizers acquired in the acquisition of eBilet Polska Sp. z o.o. are amortized on a straight line basis for their estimated useful life of 15 years.

### Development costs

Development work is the practical application of research findings or other knowledge to plan or design the production of new or substantially improved materials, devices, products, technological processes, systems or services. The Group's development costs relate to 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.

The value of development work is measured based on expenditures incurred, in particular staff costs and related charges for the employees involved in a project, costs of contractors, costs of third party services and other costs of the project, net of expenditures made on a research phase.

The completion of each project is confirmed with an acceptance report, is capitalized in the Group's intangible assets and amortized on a straight line basis for 4 years. Unsuccessful developments are expensed on a one-off basis at the time a decision is made to terminate the project.

### **Impairment of non-financial assets**

Assets with an undefined useful life and goodwill are not subject to amortization but tested annually for impairment. Amortized assets are tested for impairment wherever there is any evidence that their carrying amount may not be recoverable. Impairment charges are made at the excess of the carrying amount of a given asset over its recoverable amount. Recoverable amount is the higher of fair value less costs of effecting sale and value in use. For the purposes of impairment assessment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

Non-financial assets, other than goodwill, for which impairment charges were identified, are reviewed for indication of a possible reversal of the impairment charge at each reporting period end date.

### **Research and development**

The Group does not have any department dedicated to research and development, however such activities are performed throughout the organization. Research and development expenditure that do not meet the capitalization criteria are recognised as an expense as incurred as staff costs. In the reported periods the Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The Group is not able to estimate the value of research and development recognised through profit or loss.

<b>As at 01.01.2017</b>	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Trademarks and other rights</b>	<b>Computer software and licences</b>	<b>Software development costs</b>	<b>Other</b>	<b>Total</b>
Cost	-	-	-	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-	-	-	-
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Year ended 31.12.2017**

Opening net book amount	-	-	-	-	-	-	-
Additions	-	-	-	-	44,895	6,458	51,353
Additions due to business combinations	8,582,405	2,888,000	1,532,203	973,940	582	7,228	13,984,358
Disposals	-	-	-	(7,385)	(500)	-	(7,885)
Amortisation charge	-	(132,367)	(94,332)	(96,556)	-	(5,535)	(328,790)
Amortisation decrease	-	-	-	7,385	-	-	7,385
<b>Closing net book amount</b>	<b>8,582,405</b>	<b>2,755,633</b>	<b>1,437,871</b>	<b>877,384</b>	<b>44,977</b>	<b>8,151</b>	<b>13,706,421</b>

**As at 31.12.2017**

Cost	8,582,405	2,888,000	1,532,203	966,555	44,977	13,686	14,027,826
Accumulated amortisation and impairment	-	(132,367)	(94,332)	(89,171)	-	(5,535)	(321,405)
<b>Net book amount</b>	<b>8,582,405</b>	<b>2,755,633</b>	<b>1,437,871</b>	<b>877,384</b>	<b>44,977</b>	<b>8,151</b>	<b>13,706,421</b>

**Year ended 31.12.2018**

Opening net book amount	8,582,405	2,755,633	1,437,871	877,384	44,977	8,151	13,706,421
Additions	-	-	-	6,283	75,099	4,355	85,737
Disposals	-	-	-	-	-	(485)	(485)
Amortisation charge	-	(144,400)	(100,704)	(105,366)	(6,748)	(7,332)	(364,550)
Reclassification - gross amount	-	-	(29,124)	19,768	-	(48)	(9,404)
Reclassification - amortisation	-	-	9,496	(224)	-	131	9,403
<b>Closing net book amount</b>	<b>8,582,405</b>	<b>2,611,233</b>	<b>1,317,539</b>	<b>797,845</b>	<b>113,328</b>	<b>4,772</b>	<b>13,427,122</b>

<b>As at 31.12.2018</b>	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Trademarks and other rights</b>	<b>Computer software and licences</b>	<b>Software development costs</b>	<b>Other</b>	<b>Total</b>
Cost	8,582,405	2,888,000	1,503,079	992,606	120,076	17,508	14,103,674
Accumulated amortisation and impairment	-	(276,767)	(185,540)	(194,761)	(6,748)	(12,736)	(676,552)
<b>Net book amount</b>	<b>8,582,405</b>	<b>2,611,233</b>	<b>1,317,539</b>	<b>797,845</b>	<b>113,328</b>	<b>4,772</b>	<b>13,427,122</b>

**Year ended 31.12.2019**

Opening net book amount	8,582,405	2,611,233	1,317,539	797,845	113,328	4,772	13,427,122
Additions	-	-	-	8,987	94,372	6,424	109,783
Additions due to business combinations	48,937	22,497	10,326	23,374	-	-	105,134
Disposals	-	-	-	(360)	-	(286)	(646)
Transfer from development	-	-	-	203	-	(203)	-
Amortisation charge	-	(145,400)	(101,163)	(107,240)	(25,281)	(4,491)	(383,575)
Amortisation decrease	-	-	-	360	-	286	646
<b>Closing net book amount</b>	<b>8,631,342</b>	<b>2,488,330</b>	<b>1,226,702</b>	<b>723,169</b>	<b>182,419</b>	<b>6,502</b>	<b>13,258,464</b>

**As at 31.12.2019**

Cost	8,631,342	2,910,497	1,513,405	1,024,810	214,448	23,443	14,317,945
Accumulated amortisation and impairment	-	(422,167)	(286,703)	(301,641)	(32,029)	(16,941)	(1,059,481)
<b>Net book amount</b>	<b>8,631,342</b>	<b>2,488,330</b>	<b>1,226,702</b>	<b>723,169</b>	<b>182,419</b>	<b>6,502</b>	<b>13,258,464</b>

#### 14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at historical cost less depreciation and impairment losses. The historical cost includes expenses directly associated with the acquisition of assets. Depreciation of property, plant and equipment is calculated on a straight line basis in order to spread initial value less expected residual value over the period of useful life, which for individual classes of property, plant and equipment are as follows:

- Buildings and structures                      10 years
- Systems and network hardware            4-10 years
- Motor vehicles                                    5-7 years

- Other 5 years

The residual value and useful life periods of property, plant and equipment are reviewed and adjusted if necessary at the end of each reporting period. Gains or losses arising from disposal of property, plant and equipment are determined by comparing the proceeds and the carrying amounts and are recognised in other operating income or expenses. In the current year there were no significant changes.

<b>As at 01.01.2017</b>	<b>Buildings</b>	<b>Computers and office equipment</b>	<b>Other fixed assets</b>	<b>Assets under construction</b>	<b>Total</b>
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Year ended 31.12.2017</b>					
Opening net book amount	-	-	-	-	-
Additions	4,453	24,911	-	9	29,373
Additions due to business combinations	154,097	63,727	584	2,816	221,224
Disposals	(370)	(14,908)	-	(34)	(15,312)
Depreciation charge	(25,130)	(28,683)	(88)	-	(53,901)
Depreciation of disposals	173	14,768	-	-	14,941
<b>Closing net book amount</b>	<b>133,223</b>	<b>59,815</b>	<b>496</b>	<b>2,791</b>	<b>196,325</b>

<b>As at 31.12.2017</b>	<b>Buildings</b>	<b>Computers and office equipment</b>	<b>Other fixed assets</b>	<b>Assets under construction</b>	<b>Total</b>
Cost	158,180	73,730	584	2,791	235,285
Accumulated depreciation	(24,957)	(13,915)	(88)	-	(38,960)
<b>Net book amount</b>	<b>133,223</b>	<b>59,815</b>	<b>496</b>	<b>2,791</b>	<b>196,325</b>

<b>Year ended 31.12.2018</b>					
Opening net book amount	133,223	59,815	496	2,791	196,325
Additions	587	30,118	11	331	31,047
Disposals	-	(8,618)	-	(2,791)	(11,409)
Depreciation charge	(26,513)	(30,542)	(92)	-	(57,147)
Depreciation of disposals	-	5,271	-	-	5,271

Reclassification - gross amount	(969)	969	-	-	-
Reclassification - depreciation	88	(88)	-	-	-
<b>Closing net book amount</b>	<b>106,416</b>	<b>56,925</b>	<b>415</b>	<b>331</b>	<b>164,087</b>

**As at 31.12.2018**

Cost	157,798	96,199	596	331	<b>254,924</b>
Accumulated depreciation	(51,382)	(39,274)	(181)	-	<b>(90,837)</b>
<b>Net book amount</b>	<b>106,416</b>	<b>56,925</b>	<b>415</b>	<b>331</b>	<b>164,087</b>

<b>Year ended 31.12.2019</b>	<b>Buildings</b>	<b>Computers and office equipment</b>	<b>Other fixed assets</b>	<b>Assets under construction</b>	<b>Total</b>
Opening net book amount	106,416	56,925	415	331	164,087
Additions	12,667	33,787	77	388	46,919
Additions due to business combinations	372	299	-	-	671
Transfer from assets under construction	-	331	-	(331)	-
Disposals	(3,978)	(3,669)	-	-	(7,647)
Modification of lease contract	(8,188)	-	-	-	(8,188)
Depreciation charge	(26,014)	(29,571)	(143)	-	(55,728)
Depreciation of disposals	3,978	3,617	-	-	7,595
<b>Closing net book amount</b>	<b>85,253</b>	<b>61,719</b>	<b>349</b>	<b>388</b>	<b>147,709</b>

**As at 31.12.2019**

Cost or fair value	158,671	126,947	673	388	<b>286,679</b>
Accumulated depreciation	(73,418)	(65,228)	(324)	-	<b>(138,970)</b>
<b>Net book amount</b>	<b>85,253</b>	<b>61,719</b>	<b>349</b>	<b>388</b>	<b>147,709</b>



## 15. LOANS GRANTED

At the balance sheet date loans granted comprised:

	31.12.2019	31.12.2018	31.12.2017
Loans granted - capital	8,266	9,962	12,548
Loans granted - interest	94	425	144
Other loans granted	964	1,265	3,337
<b>Total loans granted</b>	<b>9,324</b>	<b>11,652</b>	<b>16,029</b>

Loans granted to key managers and selected other managers amounted to:

Date	Nominal			Interest rate	Interests		
	31.12.2019	31.12.2018	31.12.2017		31.12.2019	31.12.2018	31.12.2017
08.09.2017	15	758	6,870	4.00%	-	80	86
29.09.2017	6,750	7,485	5,678	4.00%	63	291	58
21.03.2018	1,421	1,719	-	4.00%	31	54	-
08.11.2019	80	-	-	4.00%	-	-	-
<b>TOTAL</b>	<b>8,266</b>	<b>9,962</b>	<b>12,548</b>		<b>94</b>	<b>425</b>	<b>144</b>

For more information regarding loans granted to the key management and selected other managers, please refer to note 37.

On 8 September 2017, the Group entered into a loan facility of PLN 13,043 which may be drawn at any time. At 31 December 2019, the amount of the facility was PLN 964, as at 31 December 2018 was 1,265 and as at 31 December 2017 was PLN 3,337.

Loans granted are measured at amortised cost.

## 16. INVENTORY

The value of Group inventory was as follows:

	31.12.2019	31.12.2018	31.12.2017
Goods	24,860	9,799	10,016
Allowance for slow-moving goods	(4,809)	(1,574)	(2,703)
<b>Total</b>	<b>20,051</b>	<b>8,225</b>	<b>7,313</b>

### 16.1 Assigning costs to inventories

Goods and materials are stated at the lower of cost and net realisable value. Inventories are determined using the first in, first out (FIFO) method. Cost of purchased inventory is determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### 16.2 Amounts recognised in profit or loss

Write-downs of inventories to net realisable value amounted to PLN 4,809 (PLN 1,574 and PLN 2,703 in previous periods). Write-downs are charged to costs of goods sold in the statement of comprehensive income.

## 17. TRADE AND OTHER RECEIVABLES

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

	31.12.2019	31.12.2018	31.12.2017
Trade receivables, gross	424,460	342,706	265,260

	31.12.2019	31.12.2018	31.12.2017
Impairment of trade receivables	(40,486)	(30,011)	(22,375)
<b>Trade receivables, net</b>	<b>383,974</b>	<b>312,695</b>	<b>242,885</b>
Prepayments	26,911	14,844	13,559
Other receivables	12,827	12,420	4,254
VAT receivables	-	-	4,192
<b>Total</b>	<b>423,712</b>	<b>339,959</b>	<b>264,890</b>

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. The Group's receivables were pledged as security in accordance with the Borrowing Agreements acceded to by the Group's operating subsidiaries - Allegro and Ceneo (see note 19).

#### 17.1 Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of the Group's business. They are generally due for settlement within 14 days and therefore are all classified as current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 29.2 Credit risk.

#### 17.2 Classification as prepayments

Prepayments are made when the entity incurs costs before the period to which they relate. Prepayments are determined at the amount of costs attributable to subsequent reporting periods.

#### 17.3 Classification as other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where terms of repayment exceed six months.

#### 17.4 Fair value of trade and other receivables

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

#### 17.5 Impairment and risk exposure

Information about impairment and the exposure to credit risk and interest rate risk is disclosed in note 29. Receivables outstanding as at the balance sheet date were subject to impairment provisions, in accordance with the Group's accounting policy. The receivables impairment allowance was recognized as part of the bad debt provision expense in the statement of comprehensive income. In comparison with to the previous year, the impairment provision increased by PLN 10,475, in 2017 the provision was lower by PLN 7,636 in comparison to 2018.

### 18. CASH AND CASH EQUIVALENTS

At the balance sheet date Cash and cash equivalents comprised:

	31.12.2019	31.12.2018	31.12.2017
Bank deposits	64,004	748,024	297,449
Cash equivalents	24,209	22,588	29,552
Cash at bank	315,655	23,406	29,385
Cash in hand	9	9	9
<b>Total</b>	<b>403,877</b>	<b>794,027</b>	<b>356,395</b>

## 18.1 Classification as bank deposits

Bank deposits have a maturity of three months or less from the date of acquisition and are repayable within 24 hours' notice with no loss of interest. The Group deposits its cash solely in financial institutions with the rating BBB and above.

## 18.2 Classification as cash equivalents

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

## 18.3 Classification as cash at bank

Cash at bank comprises cash on demand allocated in bank.

## 18.4 Restricted cash

As at 31 December 2019, 2018 and 2017 the Group had no restricted cash.

## 19. BORROWINGS

At the balance sheet date borrowings comprised:

	31.12.2019	31.12.2018	31.12.2017
Loans	6,001,174	4,416,192	4,578,186
<b>Long term borrowings</b>	<b>6,001,174</b>	<b>4,416,192</b>	<b>4,578,186</b>
Loans	335,741	164,000	31,500
Interest from loans	-	45,051	49,787
Other	-	603	1,961
<b>Short term borrowings</b>	<b>335,741</b>	<b>209,654</b>	<b>83,248</b>
<b>Total borrowings</b>	<b>6,336,915</b>	<b>4,625,846</b>	<b>4,661,434</b>

On 20 December 2016 the Group concluded a "Senior Term and Revolving Facilities Agreement" in the amount of PLN 3,500,000 drawn by Adinan Seniorco S.à r.l. and a "Second Lien Facility Agreement" in the amount of PLN 1,300,000 drawn by Adinan Bondco S.à r.l. The Senior Term Loan comprised the Amortizing Term Loan (the "TLA") of PLN 450,000 and the Senior Bullet Term Loan (the "TLB") of 1,550,000. Under the "Senior Term and Revolving Facilities Agreement" the Group was also granted a revolving facility of PLN 340,000 which remained unused as at 31 December 2019, 31 December 2018 and 31 December 2017.

On 22 May 2019 the Group increased its borrowings under the Senior Term and Revolving Facilities Agreement by PLN 2,000,000. The TLA nominal amount was increased by PLN 450,000 to PLN 1,363,500 and the TLB (and together with the TLA, the "Senior Term Loans") nominal amount was increased by PLN 1,550,000 to PLN 3,990,000. The borrowings bear interest of 3M WIBOR and margins of 3.25% and 3.75% for particular tranches of the Senior Term facility and 7% for the Second Lien Agreement. The additional borrowing received of PLN 1,959,516 was net of PLN 40,484 of consent and arrangement fees, which have been added to the calculation of amortized costs of a loan liability. At 31 December 2019 total borrowings measured at amortized cost amounted to PLN 6,336,915.

The enlarged Senior Term Loans amount to PLN 5,353,500 and, together with the PLN 340,000 Senior Revolving Credit Facility and the PLN 1,300,000 Subordinated Second Lien Bullet Term Loan, and amount to PLN 6,993,500 of total credit facilities. The loan is measured at amortized cost using the effective interest rate. Loan origination fees incurred in relation to the loan are included in the calculation of the effective interest rate. As at 31 December 2019 the average effective interest rate is 6.36% (2018: 6.69%, 2017: 6.67%).

In June 2019 the interest payment schedule of The Senior Term and Revolving Facilities Agreement was modified to align payment dates with the end of each calendar quarter.

As of the balance sheet date there were three swap agreements conducted. The purpose of interest rate hedging in the Group is to limit the part of interest cash flow exposed to interest rate fluctuations. (see note 29.1)

The repayment term for the facilities is 2023 for TLA and 2024 for TLB and the Second Lien respectively, and the schedule of loan amortization amounts is as follows:

Less than 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
172,483	163,258	6,001,174	-	6,336,915

The loans are to be repaid by January 2024 and therefore, their major part (principal) is presented under non-current liabilities. Short term loans comprise of principal due in 2020.

### 19.1 Accounting policies

Borrowings are initially recognised at fair value net of transaction costs incurred. After the initial recognition, borrowings are stated at amortised cost under the effective interest rate method. Any difference between the amount received (net of transaction costs) and the redemption value is recognised in profit and loss statement over the period of the respective agreements, using the effective interest rate method. Borrowings due within one year are classified as short-term. Otherwise, they are presented as long-term items.

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is close to current market rates.

### 19.2 Secured liabilities and assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in consolidated financial statements revert to the lessor in the event of default. Loans are secured by a pledge that imposes certain covenants on the Group. The pledge states that the Group will not provide any other security over its assets, and will ensure that the described in debt agreements financial ratios are met. Please refer to note 32 for further details.

### 19.3 Compliance with loan covenants

Under the Borrowing Agreements, the Group is obliged to maintain certain financial ratios defined as Consolidated Senior Net Debt and Consolidated Senior Secured Net Debt at levels no higher than indicated in the Agreements. Adinan Super Topco Group complied with the financial covenants of its borrowing facilities during the 2019, 2018 and 2017 reporting periods. See note 30 for details.

### 19.4 Risk exposure

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 29.

## 20. LEASES

IFRS 16 "Leases" was published by the International Accounting Standards Board on 13 January 2016 and is binding for the annual periods starting on or after 1 January 2019.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset and liability arising from the payment obligation. Accordingly, from the perspective of lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as was required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees are required to recognise: (a) assets and liabilities for all leases with a period of more than 12 months, unless the

underlying asset is of low value; and (b) depreciation of leased assets separately from interest on lease liabilities in the income statement.

The Group early adopted IFRS 16 “Leases” from 1 January 2018 and restated comparatives for the 2017 reporting period as permitted under the specific transition provisions in the standard. All right-of-use assets were recognized under the business combination described in note 5. Having regard to the simplified method and relevance issues as well as the nature of contracts, the Group did not separate costs of restoration to the initial state and initial direct expenses. The Group examined fixed payments, rate- or index-based variable payments, residual value guarantees, purchase options and termination penalties.

Taking account of the nature of recognized leases, the Group did not separate additional significant elements in contracts it recognized. In exercise of its right not to disclose contracts of less than PLN 1.5, the Group did not capitalize low-value leased assets. In addition, short-term lease contracts of up to one year were not recognised. Leased assets do not include copyrights, intellectual property rights and other intangible assets covered by exemption under IFRS 16.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities is 4.00%.

## 20.1 Amounts recognised in the statement of comprehensive income

	31.12.2019	31.12.2018	31.12.2017
Depreciation and amortisation	(25,284)	(25,961)	(24,568)
Interest expenses	(3,835)	(8,059)	(3,753)
Short-term leases expenses	(332)	(306)	(300)
<b>Total</b>	<b>(29,451)</b>	<b>(34,326)</b>	<b>(28,621)</b>

## 20.2 Amounts recognised in the statement of financial position

Changes in right-of-use assets during the financial year:

<b>As at 01.01.2017</b>	Leased Buildings	Leased Computers and office equipment	Leased Motor vehicles	<b>Total</b>
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>As at 31.12.2017</b>				
Additions due to business combinations	148,037	603	112	148,752
Depreciation charge	(24,128)	(433)	(7)	(24,568)
<b>Closing net book amount</b>	<b>123,909</b>	<b>170</b>	<b>105</b>	<b>124,184</b>

<b>As at 31.12.2017</b>				
Cost	148,037	603	112	148,752
Accumulated depreciation	(24,128)	(433)	(7)	(24,568)
<b>Net book amount</b>	<b>123,909</b>	<b>170</b>	<b>105</b>	<b>124,184</b>

<b>As at 31.12.2018</b>				
Opening net book amount	123,909	170	105	124,184
Depreciation charge	(25,496)	(457)	(8)	(25,961)
<b>Closing net book amount</b>	<b>98,413</b>	<b>(287)</b>	<b>97</b>	<b>98,223</b>

#### As at 31.12.2018

Cost	148,037	603	112	148,752
Accumulated depreciation	(49,624)	(890)	(15)	(50,529)
<b>Net book amount</b>	<b>98,413</b>	<b>(287)</b>	<b>97</b>	<b>98,223</b>

#### As at 31.12.2019

Opening net book amount	98,413	(287)	97	98,223
Additions	12,640	799	77	13,516
Modification of lease contract	(8,188)	-	-	(8,188)
Depreciation charge	(24,962)	(264)	(58)	(25,284)
<b>Closing net book amount</b>	<b>77,903</b>	<b>248</b>	<b>116</b>	<b>78,267</b>

#### As at 31.12.2019

Cost	152,489	1,402	189	154,080
Accumulated depreciation	(74,586)	(1,154)	(73)	(75,813)
<b>Net book amount</b>	<b>77,903</b>	<b>248</b>	<b>116</b>	<b>78,267</b>

Changes in lease liabilities during the financial year:

#### As at 31.12.2017

Opening lease value as at 01.01.2017	-
Additions due to business combination	148,751
Lease payments	(24,568)
<b>Lease liabilities</b>	<b>124,183</b>

#### As at 31.12.2018

Opening lease value	124,183
Lease payments	(20,954)
Additions	480
Currency valuation	3,154
<b>Lease liabilities</b>	<b>106,863</b>

#### As at 31.12.2019

Opening lease value	106,863
Modification	(8,188)
Lease payments	(24,843)
Additions	13,514
Currency valuation	(1,808)
<b>Lease liabilities</b>	<b>85,538</b>

### 20.3 Amounts recognised in the statement of cash flow

The total cash outflow was PLN 24,844 in 2019, 20,954 in 2018 and 24,568 in 2017.

### 20.4 The Group's leasing activities and their accounting treatment

The Group leases various properties and equipment. Rental contracts are typically made for fixed periods 1 to 7 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and financial cost. The carrying amount of liability is remeasured to reflect any

reassessment, lease modification or revised in-substance fixed payments. The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is certain that the lease will be extended or will not be terminated. The financial cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

## **20.5 Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The extension options for the right-of-use assets have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption and because it is not reasonably certain that the leases will be extended.

The lease term is reassessed if an option is actually exercised or the Group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a

significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

## 21. DEFERRED TAX

Deferred income tax is recognised in relation to temporary differences between the tax value of assets and liabilities and their carrying amount in the consolidated financial statements. However, no deferred tax is recognised if the tax arises as a result of initial recognition of goodwill or as a result of initial recognition of an asset or liability as part of a transaction other than a business combination, where initial recognition affects neither the accounting nor the taxable profit or loss at the time of the transaction. Deferred income tax is determined using the applicable legal or actual rates (and laws) as at the reporting period end date, which are expected to apply at the time of realisation of the relevant deferred tax assets or payment of deferred tax liabilities.

Deferred tax assets are recognized also for unused tax losses and tax credits and are recognized only when it is probable that taxable income will be generated in the future, which will allow the temporary differences or tax credits to be utilised on the same type of tax.

Deferred income tax assets and liabilities are presented net when there is a legally enforceable right to offset current tax receivables against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

### 21.1 Deferred tax assets

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

	31.12.2019	31.12.2018	31.12.2017
Accrued expenses	28,445	17,746	16,660
Liabilities to employees	14,818	6,599	5,576
Cash flow hedges	9,708	10,509	2,352
Impairment of trade receivables	6,500	4,636	3,392
Other items	9,242	16,021	18,768
<b>Total deferred tax assets</b>	<b>68,713</b>	<b>55,511</b>	<b>46,748</b>
Deferred tax assets pursuant to set-off rules	(59,001)	(45,002)	(36,406)
<b>Net deferred tax assets</b>	<b>9,712</b>	<b>10,509</b>	<b>10,342</b>

	Accrued expenses	Liabilities to employees	Other	Offsetting	Total
<b>As at 01.01.2017</b>	-	-	-	-	-
Recognized on a business combination	6,120	5,225	5,319	(16,664)	-
(Charged)/credited to profit or loss	10,540	351	19,193	(19,742)	<b>10,342</b>
<b>As at 31.12.2017</b>	16,660	5,576	24,512	(36,406)	<b>10,342</b>
<b>As at 01.01.2018</b>	16,660	5,576	24,512	(36,406)	<b>10,342</b>
(Charged)/credited to profit or loss	1,086	1,022	(1,277)	(8,596)	<b>(7,765)</b>
(Charged)/credited to OCI	-	-	7,932	-	<b>7,932</b>
<b>As at 31.12.2018</b>	17,746	6,598	31,167	(45,002)	<b>10,509</b>
<b>As at 01.01.2019</b>	17,746	6,598	31,167	(45,002)	<b>10,509</b>
Recognized on a business combination	476	-	51	-	<b>527</b>
(Charged)/credited to profit or loss	10,223	8,219	(4,966)	(13,999)	<b>(523)</b>
(Charged)/credited to OCI	-	-	(801)	-	<b>(801)</b>
<b>As at 31.12.2019</b>	28,445	14,817	25,451	(59,001)	<b>9,712</b>



## 21.2 Deferred tax liabilities

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

	31.12.2019	31.12.2018	31.12.2017
Intangible assets	687,760	709,727	725,413
Loan valuation	4,767	5,425	4,059
Property, plant and equipment	3,736	2,868	2,323
Other items	6,246	2,054	5,698
<b>Total deferred tax liabilities</b>	<b>702,509</b>	<b>720,074</b>	<b>737,493</b>
Set-off of deferred tax liabilities pursuant	(59,001)	(45,002)	(36,406)
<b>Net deferred tax liabilities</b>	<b>643,508</b>	<b>675,072</b>	<b>701,087</b>

	Recognition of intangible assets			Other	Offsetting	Total
<b>As at 01.01.2017</b>	-	-	-	-	-	-
Recognized on a business combination	725,413	47,118	(16,664)		<b>755,867</b>	
Charge/(credited) to profit or loss	-	(35,038)	(19,742)		<b>(54,780)</b>	
<b>As at 31.12.2017</b>	<b>725,413</b>	<b>12,080</b>	<b>(36,406)</b>		<b>701,087</b>	
<b>As at 01.01.2018</b>	<b>725,413</b>	<b>12,080</b>	<b>(36,406)</b>		<b>701,087</b>	
Charge/(credited) to profit or loss	(15,687)	(1,732)	(8,596)		<b>(26,015)</b>	
<b>As at 31.12.2018</b>	<b>709,726</b>	<b>10,348</b>	<b>(45,002)</b>		<b>675,072</b>	
<b>As at 01.01.2019</b>	<b>709,726</b>	<b>10,348</b>	<b>(45,002)</b>		<b>675,072</b>	
Recognized on a business combination	9,786	27	-		<b>9,813</b>	
Charge/(credited) to profit or loss	(31,752)	4,374	(13,999)		<b>(41,377)</b>	
<b>As at 31.12.2019</b>	<b>687,760</b>	<b>14,749</b>	<b>(59,001)</b>		<b>643,508</b>	

## 21.3 Deferred income tax

The deferred income tax calculation is based on the Group's best estimates. The Group intends to continue to analyse the Group's deferred income tax positions at each future balance sheet date.

There were no negative or positive temporary differences, or unused tax reliefs for which the Group did not recognize a respective deferred tax asset or liability.

The unrecognized tax losses of PLN 60,149 were incurred by Adinan Seniorco in 2019. The subsidiary is not likely to generate taxable income in the foreseen future.

The schedule of deferred income tax assets and liabilities is presented as follows:

	31.12.2019	31.12.2018	31.12.2017
Deferred tax assets	<b>68,713</b>	<b>55,511</b>	<b>46,748</b>
- long-term	16,079	11,325	5,226
- short-term	52,634	44,186	41,522
Offsetting	<b>(59,001)</b>	<b>(45,002)</b>	<b>(36,406)</b>
<b>Total</b>	<b>9,712</b>	<b>10,509</b>	<b>10,342</b>
Deferred tax liability	<b>702,509</b>	<b>720,074</b>	<b>737,493</b>

	31.12.2019	31.12.2018	31.12.2017
- long-term	640,096	651,671	686,253
- short-term	62,413	68,403	51,240
Offsetting	<b>(59,001)</b>	<b>(45,002)</b>	<b>(36,406)</b>
<b>Total</b>	<b>643,508</b>	<b>675,072</b>	<b>701,087</b>

## 22. LIABILITIES TO EMPLOYEES

The Group makes the following payments to employees that may result in liabilities to employees at the balance sheet date:

- short-term liabilities to employees;
  - payroll and social security contributions (except retirement and disability pension insurance);
  - paid absences;
  - incentive bonuses, cash rewards;
  - fringe benefits;
- post-employment benefits:
  - retirement and disability pension contributions;
  - retirement severance pays.

### Short-term liabilities to employees

Accounting for short-term liabilities to employees does not require making actuarial assumptions to determine the obligation or the cost and there is no possibility of any actuarial gain or loss. Moreover, short-term liabilities to employees are measured on an undiscounted basis.

When an employee has rendered service to the Group during the accounting period, the Group recognizes the estimated undiscounted amount of short-term benefits to be paid in exchange for that service as a liability, after deducting any amounts already paid, and expenses.

Short-term liabilities to employees in the form of bonus payments are recognized when the following requirements are satisfied:

- the Group has a legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

For benefits in the form of compensated absences, liabilities to employees are recognized for accumulating compensated absences (e.g. unused holiday leaves) when service is rendered that increases the entitlement to future compensated absences. In the case of non-accumulating compensated absences (e.g. sick leaves), benefits are recognized when the absences occur.

Liabilities to employees in the form of compensated absences or bonus payments fall outside the definition of provisions under the IFRS and are presented as current liabilities in the statement of financial position under the trade and other liabilities item.

### Defined contribution plan – ZUS (retirement and disability pension contributions)

In compliance with the applicable laws in effect, the Group pays retirement and disability pension contributions determined by the gross salary for each employed employee to the Social Insurance Institution (ZUS) (“State plan”). The Group is required to pay contributions as they fall due only for the period of the employee’s employment. The Group has no legal or constructive obligation

to pay future benefits. If the Group ceases to employ members of the State plan, it has no obligation to pay the benefits earned by its own employees in previous years. For this reason, the State plan is a defined contribution plan.

The Group's obligation under those plans for each period is determined by the amounts to be contributed for the year. Under IAS 19, no actuarial assumptions are required to measure the obligation or the cost and there is no possibility of any actuarial gain or loss. Moreover, the obligations are measured on an undiscounted basis, except where they do not fall due wholly within a year after the end of the period in which employees render the related service.

When an employee has rendered service to the Group during the period, the Group recognizes the contribution payable to the defined contribution plan in exchange for that service as a liability, after deducting any amounts already paid, and an expense.

#### **Defined benefit plan – retirement and disability severance payments**

The Group's employees or their designated beneficiaries are entitled to retirement and disability severance payments. Retirement and disability severance payments are one-off payments made upon retirement or early retirement due to disability. In accordance with IAS 19 such severance payments are a defined benefit plan.

The present value of the aforesaid obligations is calculated by an independent actuary at each reporting period end date. The resulting obligation is equal to discounted payments to be made in the future taking account of staff turnover and refers to the period remaining until the reporting period end date.

#### **Employee capital plans**

Employee Capital Plans ("Pracownicze Plany Kapitałowe", "PPK") were introduced by new legislation from 1 January 2019, pursuant to which employers are under the obligation to introduce Employee capital plans in their organization. Employee Capital Plans constitute a new form of saving under the pension system. The basic contribution financed by the employee amounts to 2 per cent of gross salary. In turn, the employer shall pay a contribution in the amount of 1.5 per cent of the employee's obligatory contribution, extendable by up to a 2.5% of the voluntary contribution calculated on the basis of the salary. Obligations only apply to those employees who did not opt out of PPK. The liability related to employee capital plans as at 31 December 2019 equaled PLN 302 and is included in Trade and other liabilities.

#### **Long-term Incentive Program**

Long-term incentive program ("LTI") is a form of recognition bonus granted to key directors and managers within the Group. The bonus is paid once, based on the Group's and personal performance, however not earlier than 4 years after joining the Long-Term Incentive Program. The provision is created proportionately to the passage of time and disclosed in the consolidated financial statements under liabilities to employees.

#### **Share base payment**

Share-based payment transactions are treated in accordance with IFRS 2. The standard encompasses all arrangements where an entity purchases goods and services in exchange for issue of an entity's equity instruments, or cash payments based on the fair value of the entity's equity instruments, unless the transaction is clearly for a purpose other than payment for goods and services supplied to the entity receiving them. In accordance with IFRS 2, the Adinan Super Topco Group distinguishes between equity settled and cash settle plans. The financial benefit from equity settled plans granted on grant date is allocated over the expected vesting period against equity. Expenses from cash-settled plans are also allocated over the expected vesting period, but against a liability. A description of the existing equity-settled Management Incentive Plan for the Adinan Super Topco can be found in note 37.

## 22.1 Movements in liabilities to employees

	01.01.2017	Business Combination			31.12.2017	Business Combination			31.12.2018	Business Combination			31.12.2019
		Charged	Credited		Charged	Credited		Charged	Credited		Charged	Credited	
Employee Incentive program (LTI)	-	-	3,179	-	3,179	5,986	-	9,165	-	-	9,946	-	19,111
Provision for pensions and disability pensions	-	1,307	-	-	1,307	582	-	1,889	-	-	1,562	-	3,451
Long-term liabilities to employees	-	1,307	3,179	-	4,486	6,568	-	11,054	-	-	11,508	-	22,562
Bonus provision	-	15,170	18,626	(15,170)	18,626	16,275	(18,626)	16,275	872	46,756	(16,275)		47,628
Unused holiday provision	-	8,466	9,564	(8,466)	9,564	9,291	(9,564)	9,291	-	11,428	(9,291)		11,428
Provision for pensions and disability pensions	-	-	-	-	-	25	-	25	-	6	-		31
Other	-	2,484	-	-	2,484	5	(2,484)	5	-	522	-		527
Short-term liabilities to employees	-	26,120	28,190	(23,636)	30,674	25,596	(30,674)	25,596	872	58,712	(25,566)		59,614
<b>Total</b>	-	<b>27,427</b>	<b>31,369</b>	<b>(23,636)</b>	<b>35,160</b>	<b>32,164</b>	<b>(30,674)</b>	<b>36,650</b>	<b>872</b>	<b>70,220</b>	<b>(25,566)</b>		<b>82,176</b>

## 23. TRADE AND OTHER LIABILITIES

Trade and Other Liabilities at the balance sheet date comprised:

	31.12.2019	31.12.2018	31.12.2017
Trade payables	207,146	93,277	102,292
Contract and refund liabilities	70,422	53,993	18,889
VAT payables	52,259	39,603	34,597
Social insurance and other tax liabilities	9,768	14,342	7,083
Other liabilities	9,566	10,389	15,072
<b>Total</b>	<b>349,161</b>	<b>211,604</b>	<b>177,933</b>

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

### 23.1 Classification as trade liabilities

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 24. WRITTEN PUT OPTION LIABILITY

The value of written put option liabilities at the balance sheet date was:

	31.12.2019	31.12.2018	31.12.2017
Written put option liability long-term	21,002	-	-
Written put option liability short-term	22,208	-	-
<b>Total</b>	<b>43,210</b>	<b>-</b>	<b>-</b>

The written put option liabilities arose from business combinations and represents put options for non-controlling interests in eBilet. As of the date of these financial statements, the Group holds a controlling packet of 80% of the shares in eBilet. The Group has the right to buy ("call options"), and the Seller has the right to sell ("put options") the remaining 20% of shares in eBilet.

Call options may be exercised for a first tranche of 10% of shares in each of the years 2021-2023 and for the second 10% tranche in each of the year 2022-2027, while put options may be exercised for a first tranche of 10% of shares in each of the years 2020-2022 and for the second 10% tranche in each of the year 2021-2026. The exercise price of each option is based on EBITDA reported by eBilet for the year preceding the option exercise date, multiplied by an amount dependent on i.a. EBITDA growth rate and accomplishment of certain operating goals by eBilet. The minimum exercise price of the call and put options for both tranches together is at the level of PLN 22,000. It is reasonable to assume that the formula for the exercise price approximates the fair value of eBilet shares.

The criteria "fixed-for-fixed" is not met (the amount of shares is fixed, however the amount of cash is variable), therefore the options give rise to a derivative financial asset. Because the options' exercise price approximates the fair value, the fair value of the derivative financial assets themselves is zero.

The put options are to be physically settled only. As a result, the options give rise to a financial liability measured at an amount equal to the present value of the obligation. At the balance sheet date, it is PLN 43,210. Because the ownership risks and rewards of the shares relating to the put options remain with the non-controlling interest, the financial liability reduces the Group equity.

## 24.1 Accounting policies

### Written put options

The written put options, which give minority shareholders the right to sell their shares to the Group constitute the Group's obligation to buy its own equity instruments. This obligation (a financial liability) is initially measured at the present value of the obligation i.e. at the buy-out amount.

The financial liability is initially recorded in Group equity (i.e. reduces Group equity) when the conditions for exercising the options do not transfer the ownership risks and rewards related to those shares to the Group. When the conditions for exercising the option transfer to non-controlling interests the ownership risks and rewards related to the shares, the financial liability is initially recorded in correspondence with non-controlling interest (i.e. reduces non-controlling interest).

After initial recognition, the financial liability continues to be measured at the amortized cost i.e. at the buy-out amount. The unwinding of the discount is recognised in the financial costs. The financial liability is a subject to revaluation at least once a year, based on the best current knowledge with regards to the buy-out amount. Changes to the amount of the financial liability arising from changes in estimates of the buy-out amount are recorded in Group equity.

If the put option lapses unexercised, the financial liability is derecognized against Group equity.

### Purchased call options

When a criteria "fixed-for-fixed" is met (the fixed amount of shares for the fixed amount of cash), the purchased call option is recognized as equity. If the criteria is not met, the purchased call option gives rise to a derivative financial instrument measured at fair value through profit or loss.

## 24.2 Judgements and estimations

### Exercise price of call and put options

Exercise price of the options is set using a formula based on performance, which in the view of Management approximates the fair value of shares in eBilet.

### Transfer of risk and rewards of ownership related to shares underlying the put options

Management concluded that risk and rewards of ownership do not transfer to the Group because call options and put option do not have symmetrical terms and their exercise price approximates the fair value.

### Accounting for subsequent changes of the financial liability

Management sees conflicting guidance in IFRS 9 and IFRS 10. In the view of Management, it is more appropriate to follow guidance of paragraph 23 of IFRS 10 to recognize any adjustments related to changes in the parent's ownership interest that do not result in the parent losing control over a subsidiary as ownership transactions. Therefore, Management decided to record changes in the financial liability in equity.

### Sensitivity analysis of the financial liability

The following basic assumptions are the basis for the financial liability valuation: expected exercise date of the options, projected EBITDA of eBilet, its average annual growth rate and a discount rate of 10.3%.

An increase in the forecasted growth dynamics of revenues by 1 ppt per annum in the years 2020-2021 increases the value of the financial liability by 3.4%. An increase in the forecasted EBITDA margin by 1 ppt per annum in the years 2020-2021 increases the value of the financial liability by 2.8%. An increase in the discount rate of 1 ppt decreases the financial liability by 2.0%.

As of 31 December 2019 the value of the financial liability amounted to PLN 43,210.

## 25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Classification and measurement

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

In 2017, 2018 and 2019 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.

In August 2018 the Group introduced hedge accounting, and derivatives are classified as cash flow hedges.

The Group holds the following financial instruments:

	Note	31.12.2019	31.12.2018	31.12.2017
<b>Financial assets at amortised cost</b>		<b>810,002</b>	<b>1,130,794</b>	<b>619,563</b>
Loans granted	15	9,324	11,652	16,029
Trade receivables and other receivables*	17	396,801	325,115	247,139
Cash and cash equivalents	18	403,877	794,027	356,395

\* excluding prepayments and tax-related settlements

	Note	31.12.2019	31.12.2018	31.12.2017
<b>Liabilities at amortised cost</b>		<b>6,596,837</b>	<b>4,728,909</b>	<b>4,776,837</b>
Trade and other liabilities**	23	216,712	103,666	117,364
Borrowings	19	6,336,915	4,625,243	4,659,473
Written put option liability	24	43,210	-	-
<b>Hedging derivatives</b>		<b>38,925</b>	<b>38,806</b>	<b>-</b>
Derivative financial instruments (cash flow hedge)	29	38,925	38,806	-
<b>Financial liabilities at fair value through profit and loss</b>		<b>-</b>	<b>-</b>	<b>8,685</b>
Derivative financial instruments (cash flow hedge)	29	-	-	8,685

\*\* excluding tax-related settlements and contract liabilities

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

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

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

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

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

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

### **Cash flow hedge**

The Group concluded three cash flow hedge agreements which hedge approximately 50% of their floating interest rate gross debt to secure future cash flows. In August 2018 the Group adopted a cash flow hedge accounting policy to mitigate potential adverse impact on the Group's financial performance. The nominal amounts and the timing of the hedging instruments are presented in note 29.1.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in equity and is recognized in the income statement when the planned transaction occurs. When a planned transaction is no longer expected to occur, the cumulative gain or loss that was recognized in other comprehensive income is transferred to the income statement.

The fair values of interest rate swaps used for cash flow hedge are disclosed in this note. Movements of the reserve capital are disclosed in Consolidated Statement of Changes in Equity.

The fair value of a hedging derivative is classified as non-current assets or non-current liabilities if the remaining maturity of the hedged item is more than twelve months and as current assets or current liabilities, if the maturity of the hedged items is less than twelve months.

The fair values of the interest rate swaps are calculated by discounting the future cash flows of both the fixed rate and variable rate interest payments. The inputs used in determining the fair value fall within Level 2 of the fair value hierarchy (inputs observable for an asset or liability, either directly or indirectly, other than quoted prices in active markets for identical assets or liabilities).

### **Hedge ineffectiveness**

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

### **Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only if the Group has a legally enforceable title to offset the recognized amounts and intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **Impairment of financial assets**

The Company's policy regarding the impairment of financial assets is in line with the requirements of IFRS 9, which requires estimation of the expected loss, regardless of whether or not there were



any impairment indicators. The standard provides the 3-stage classification of financial assets in terms of their impairment:

- the first stage, i.e. balances for which there has been no significant increase in credit risk since the initial recognition and for which the expected loss is determined based on the probability of default within 12 months;
- second stage - balances for which there has been a significant increase in credit risk since the initial recognition and for which an expected loss is determined based on the probability of default throughout the entire loan period;
- the third stage - the balance with the identified impairment.

For trade receivables the Group is using simplified model, details in note number 29.

# NOTE TO THE CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY



## 26. NOTE TO THE CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

As at 31 December 2019, the Group's share capital was PLN 434,245,523 divided into 10,295,789,705 shares with a par value of PLN 0.0422 each. The capital was originally issued in EUR.

Type	Value	31.12.2019		31.12.2018		31.12.2017	
		Number of shares	Share value	Number of shares	Share value	Number of shares	Share value
Subscriber Ordinary Shares	0.042	5,000,000	210,885	5,000,000	210,885	5,000,000	210,885
A1 Shares	0.042	434,804,791	18,338,762	434,804,791	18,338,762	434,804,791	18,338,762
A2 Shares	0.042	434,804,788	18,338,762	434,804,789	18,338,762	434,804,789	18,338,762
B1 Shares	0.042	18,230,333	768,901	17,635,522	743,813	23,514,029	991,751
B2 Shares	0.042	18,230,328	768,901	17,635,517	743,813	23,514,024	991,751
C1 Shares	0.042	5	-	5	-	5	-
C2 Shares	0.042	-	-	-	-	-	-
D1 Preference Shares	0.042	-	-	4,692,359,731	197,909,656	4,692,359,731	197,909,656
D2 Preference Shares	0.042	-	-	4,692,359,731	197,909,656	4,692,359,731	197,909,656
D3 Preference Shares	0.042	4,692,359,731	197,909,656	4,692,359,731	197,909,656	4,692,359,731	197,909,656
D4 Preference Shares	0.042	4,692,359,729	197,909,656	4,692,359,729	197,909,656	4,692,359,729	197,909,656
<b>Total</b>		<b>10,295,789,705</b>	<b>434,245,523</b>	<b>19,679,319,546</b>	<b>830,014,659</b>	<b>19,691,076,560</b>	<b>830,510,535</b>

The immediate owners of the Parent's shares are:

Name	31.12.2019		31.12.2018		31.12.2017	
	Share value	% of share capital	Share value	% of share capital	Share value	% of share capital
Adagilux S.a r.l.	-	0%	-	0%	256,430,484	31%
Adagio Co-Invest L.P.	60,063,636	14%	115,033,627	14%	115,033,627	14%
Adiman SCSp	3,327,758	0%	4,094,319	0%	4,025,711	0%
Adinan (MEF IV) Limited	43,039,092	10%	82,491,132	10%	82,547,581	10%
Cidinan S.a r.l.	193,675,912	45%	371,210,095	45%	371,464,113	45%
Darren Huston	526,849	0%	1,009,019	0%	1,009,019	0%
Permira VI Investment Platform Limited	133,612,276	31%	256,176,467	31%	-	0%
<b>Total</b>	<b>434,245,523</b>	<b>100%</b>	<b>830,014,659</b>	<b>100%</b>	<b>830,510,535</b>	<b>100%</b>

The Group issued various classes of shares, ordinary and preference. The number of shares corresponds to the number of votes.

Subscriber Ordinary Shares give a right to return at the level of 11% of the nominal value of the Subscriber Ordinary Shares issued by the Company which amount shall be paid once only. Distributions on Ordinary Shares (A1 and A2 series), B and C series shares can be made once the payment on the Preference Shares had been made and in case of a sufficient amount for this purpose. B and C series shares were granted to key Management and selected other managers with a determined vesting period (more see note 37). The holders of the D1, D2, D3, and D4 Preference Shares are entitled to an annual cumulative dividend equal to overall interest rate of 12.0% of the preference share amount being nominal value and share premium of preference shares, respectively.

The ultimate owners of the Group are private equity funds: Cinven, Permira and Mid Europa Partners.

Adinan Super Topco S.à r.l. was established pursuant to the notarial deed drawn up on 5 May 2017. All shares have been fully paid up by a contribution in kind evaluated at PLN

8,313,297,585 from which PLN 831,519,555 was allocated to the share capital of the Company and PLN 7,481,778,030 was allocated to the share premium of the Company.

On 15 December 2017 the Shareholders resolved to proceed to distribute an aggregate amount of PLN 46,332,907 out of the D1, D2, D3 and D4 Preference Share Premium Accounts.

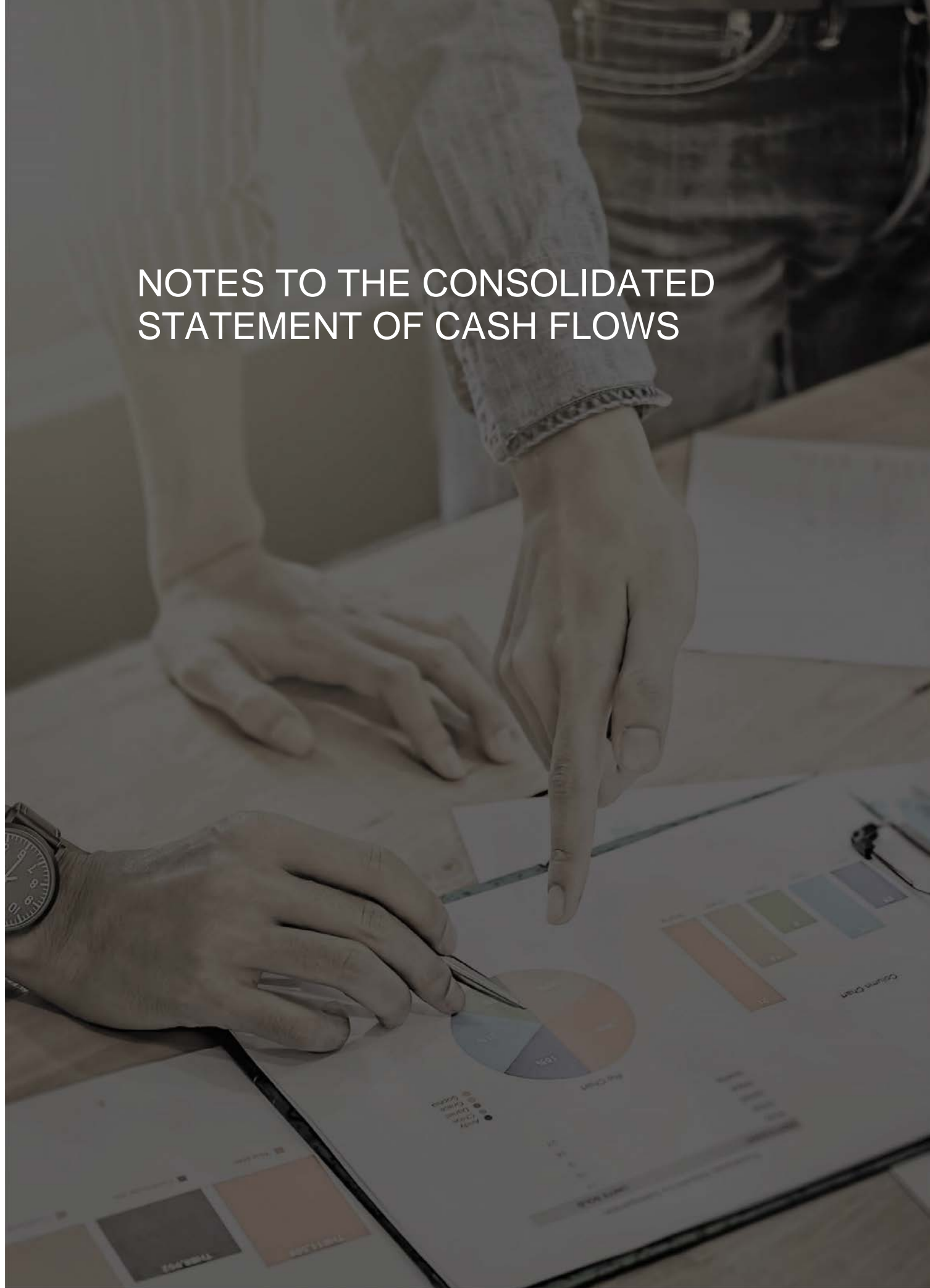
On 23 May 2019, during an Extraordinary General Meeting, the shareholders decided to repurchase 4,692,359,731 D1 Preference Shares and 4,692,359,731 D2 Preference Shares and determined the total cancellation amount to be equal to PLN 1,967,015,789 in the case of the D1 Preference Shares and PLN 709,721,684 in the case of the D2 Preference Shares. The shareholders resolved the consequential reduction of the issued share capital of the Company by an amount of PLN 395,819,313 and the reduction of the share premium by an amount of PLN 2,280,918,160. The outflow from the decrease in capital was funded by the proceeds from the increased Senior Term Loans (see note 19) and by available cash balances held by the Group.

As a result of these two capital reduction transactions, the value of share premium as 31 December 2019 was 5,141,141 thousand.

In connection with the acquisition of 80% of shares in eBilet Polska sp. z o.o, a non-controlling interests position was recognized. Non-controlling interests comprise shares in companies covered by consolidation not owned by the Group.

Moreover, the value of put options to purchase the remaining 20% of shares amounted to PLN 43,210 thousand, and is presented in equity as other reserves (see note 24).

# NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS



## 27. CASH FLOW INFORMATION

### 27.1 Non-cash investing and financing activities

Investing and financing transactions that do not require the use of cash or cash equivalents are as follows:

	31.12.2019	31.12.2018	31.12.2017
Right-of-use assets	(13,515)	-	(148,752)
Non-cash borrowings received less paid commissions	-	-	(4,642,400)
<b>Total</b>	<b>(13,515)</b>	<b>-</b>	<b>(4,791,152)</b>

### 27.2 Borrowings and leases reconciliation

This section sets out an analysis of and the movements in borrowings and leases for each of the periods presented.

	Liabilities from financing activities	
	Leases	Loans
<b>As at 01.01.2017</b>	-	-
Non-cash borrowings received less paid commissions	-	(4,642,400)
Recognized on a business combination	(148,752)	-
Capital repaid	24,568	42,000
Interest paid	3,753	241,421
Interest accrued	(3,753)	(292,559)
Revolving facility availability fee paid	-	2,893
Revolving facility availability fee accrued	-	(3,677)
Reclassification of other financial assets	-	(7,922)
Other	-	(1,190)
<b>As at 31.12.2017</b>	<b>(124,184)</b>	<b>(4,661,434)</b>
<b>As at 01.01.2018</b>	<b>(124,184)</b>	<b>(4,661,434)</b>
Capital repaid	20,954	45,500
Interest paid	8,059	291,080
Interest accrued	(8,059)	(305,435)
Revolving facility availability fee paid	-	3,403
Revolving facility availability fee accrued	-	(3,222)
Foreign exchange adjustment	(3,154)	-
Reclass to OCI (cash flow hedge provision)	-	2,504
Reclassification of other financial assets	-	1,522
Other	(479)	236
<b>As at 31.12.2018</b>	<b>(106,863)</b>	<b>(4,625,846)</b>
<b>As at 01.01.2019</b>	<b>(106,863)</b>	<b>(4,625,846)</b>
Capital repaid	24,844	215,803
Interest paid	3,835	392,598
Interest accrued	(3,835)	(375,894)
Borrowings received	-	(1,959,516)
Revolving facility availability fee paid	-	3,767
Revolving facility availability fee accrued	-	(3,195)
Additions	(13,515)	-
Foreign exchange adjustment	1,808	-
Modification on lease contract	8,188	-
Reclass to OCI (cash flow hedge provision)	-	(2,504)
Reclassification of other financial assets	-	1,594

	Liabilities from financing activities	
	Leases	Loans
Senior debt upside costs	-	16,520
Other	-	(242)
<b>As at 31.12.2019</b>	<b>(85,538)</b>	<b>(6,336,915)</b>

### 27.3 Changes in net working capital

Changes in net working capital are set out below:

Changes in trade and other receivables	31.12.2019	31.12.2018	31.12.2017
Receivables - current period balance	423,712	339,959	264,890
Receivables - previous period balance	(339,959)	(264,890)	-
Balances acquired during business combination - eBilet	(2,145)	-	-
Balances acquired during business combination - Grupa Allegro	-	-	(167,714)
Balances acquired during business combination - Ceneo	-	-	(9,779)
Other	-	-	(1,229)
<b>Total change</b>	<b>81,608</b>	<b>75,069</b>	<b>86,168</b>

Changes in trade and other payables	31.12.2019	31.12.2018	31.12.2017
Liabilities - current period balance	349,161	211,604	177,933
Liabilities - previous period balance	(211,604)	(177,933)	-
Balances acquired during business combination - eBilet	(22,779)	-	-
Balances acquired during business combination - Grupa Allegro	-	-	(245,287)
Balances acquired during business combination - Ceneo	-	-	(11,269)
Loan related liabilities	-	-	(19,674)
Income tax settled with VAT	6,530	-	-
Not paid purchase of fixed assets, intangible assets and other	(488)	3,709	(12,776)
Other	135	90	(5,029)
<b>Total change</b>	<b>120,955</b>	<b>37,470</b>	<b>(116,102)</b>

Changes in inventories	31.12.2019	31.12.2018	31.12.2017
Inventories - current period balance	20,051	8,225	7,313
Inventories - previous period balance	(8,225)	(7,313)	-
Balances acquired during business combination - eBilet	(37)	-	-
Balances acquired during business combination - Grupa Allegro	-	-	(16,917)
<b>Total change</b>	<b>11,789</b>	<b>912</b>	<b>(9,604)</b>

Changes in liabilities to employees	31.12.2019	31.12.2018	31.12.2017
Liabilities to employees - current period balance	82,176	36,650	35,160
Liabilities to employees - previous period balance	(36,650)	(35,160)	-
Balances acquired during business combination - eBilet	(822)	-	-
Balances acquired during business combination - Grupa Allegro	-	-	(911)
Balances acquired during business combination - Ceneo	-	-	(1,914)
<b>Total change</b>	<b>44,704</b>	<b>1,490</b>	<b>32,335</b>

# RISKS

Financial plan of company development  
Table No. 16





## 28. CRITICAL ESTIMATES AND JUDGMENTS

Preparation of financial statements 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. Estimations 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.

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### 28.1 Estimated impairment of goodwill

Goodwill results from business combination and is not subject to amortisation, but is tested each year for potential impairment, or more often, if there is indication of impairment. For the purpose of impairment testing goodwill is allocated to cash generating units which are expected to benefit from synergies achieved as a result of merger.

Impairment arises when the carrying amount of a given asset or cash generating unit exceeds its recoverable amount. The impairment testing was carried out as at 31 December 2019. When determining the recoverable amount of a cash generating unit, the Group applied the value in use method assessed using the discounted cash flow method.

Goodwill recognized by the Group and disclosed in the statement of financial position arose from acquisition of shares and the merger of Allegro.pl sp. z o.o. with Grupa Allegro sp. z o.o., Ceneo.pl sp. z o.o. with Ceneo sp. z o.o. and acquisition of eBilet sp. z o.o. As at 31 December 2019 it amounted to PLN 8,631,342. For more information about the Goodwill please refer to note number 5.

Goodwill of Allegro.pl is PLN 8,140,604, Ceneo.pl – PLN 441,801 and eBilet – PLN 48,937. The goodwill of PLN 8,631,342 is the effect of the high profitability of the acquired enterprises and expected future benefits in the form of estimated cash flows of the acquiree i.e. Grupa Allegro, Ceneo and eBilet. No part of the recognised goodwill will be deductible for income tax purposes.

The Group assessed that Allegro, Ceneo and eBilet are different cash-generating units for the purposes of impairment tests and analysed them for impairment of assets at the end of each of the years ending 31 December 2019, 2018 and 2017.

The recoverable amount on the cash-generating unit was determined by calculating the value in use. The calculations used the projected cash flows before tax based on past performance and Management's expectations of market development for the following five years. The result of each of the three tests showed no impairment.

The critical assumptions made when calculating recoverable amount were as follows:

	<b>Allegro</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
The average annual rate of growth of revenues during the forecast period	33.65%	24.22%	15.00%
Average annual rise/(fall) in EBITDA margin	(4.55) ppt	(2.88) ppt	1.40 ppt
Marginal growth rate outside the forecast period	2.50%	2.50%	2.50%
Discount rate (pre-tax)	10.30%	11.40%	10.20%

	<b>Ceneo</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
The average annual rate of growth of revenues during the forecast period	21.48%	21.24%	17.92%

	<b>Ceneo</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Average annual rise/(fall) in EBITDA margin	(0.67) ppt	0.98 ppt	0.89 ppt
Marginal growth rate outside the forecast period	2.50%	2.50%	2.50%
Discount rate (pre-tax)	10.30%	11.40%	10.20%

	<b>eBilet</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
The average annual rate of growth of revenues during the forecast period	20.13%	n/a	n/a
Average annual rise/(fall) in EBITDA margin	(2.10) ppt	n/a	n/a
Marginal growth rate outside the forecast period	2.50%	n/a	n/a
Discount rate (pre-tax)	10.30%	n/a	n/a

Future net cash flow of the cash-generating units are based on the critical assumptions presented above, each of which involve degree of uncertainty.

Sensitivity analysis of the aforesaid assumptions shows that the Group would recognize impairment if any of the key assumptions is changed as follows:

	<b>Allegro</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Decrease of the revenue growth rate by:	2.50 ppt	2.20 ppt	2.30 ppt
Decline in annual EBITDA margin by:	6.21 ppt	4.62 ppt	1.06 ppt
Decrease of the marginal growth rate by:	7.90 ppt	4.30 ppt	2.25 ppt
Growth in the discount pre-tax rate by:	5.10 ppt	2.90 ppt	2.70 ppt

	<b>Ceneo</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Decrease of the revenue growth rate by:	10.31 ppt	10.43 ppt	7.42 ppt
Decline in annual EBITDA margin by:	7.29 ppt	5.99 ppt	4.16 ppt
Decrease of the marginal growth rate by:	128.00 ppt	44.50 ppt	24.30 ppt
Growth in the discount pre-tax rate by:	22.70 ppt	16.30 ppt	11.20 ppt

	<b>eBilet</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Decrease of the revenue growth rate by:	8.30 ppt	n/a	n/a
Decline in annual EBITDA margin by:	7.62 ppt	n/a	n/a
Decrease of the marginal growth rate by:	36.50 ppt	n/a	n/a
Growth in the discount pre-tax rate by:	14.30 ppt	n/a	n/a

In Management's assessment, they are not aware of any reasonably likely assumptions that might result in business performance outcomes similar or worse than those shown in these sensitivities for the CGUs as of 31 December 2019 and therefore result in a material impairment.

## 28.2 Estimates of intangible assets

The Group made critical estimations in respect to the measurement of intangible assets acquired on 18 January 2017, which comprised trademarks, domains and computer software, as well as customer relationships. In respect to the "Allegro" trademark, the software of the Allegro Platform and domains, the Royalty Relief Method was used. The fair value of customer relationships was measured according to the multi-period excess earnings (MPEE) method.

The MPEE estimate was based on the revenue and costs expected to be generated in the future by the acquired Group – Grupa Allegro. The Royalty Relief Method, on the other hand, concentrated on determining the hypothetical licence fee with which the Group would be charged for using the trademark had the Group not become its owner.

### 28.3 Current and deferred income tax

Corporate income tax for a reporting period comprises current and deferred tax. Current income tax is calculated on the basis of taxable income (tax base) for a given financial year and the binding tax rate, based on the binding tax regulations.

The Group is obliged to assess the likeliness of realising the deferred tax asset. In this assessment process a series of assumptions is adopted in respect of determining the amount of the deferred tax asset. The above-mentioned estimations account for the tax forecasts, historical amounts of tax charged, current available strategies relating to planning the Group's operations and dates, as well as the likeliness of realising particular temporary differences.

### 28.4 Impairment of receivables

The impairment allowance is recorded based on the impairment loss model, according to the expected credit losses concept. Losses are recognised as at the moment of recognising receivables, according to the percentage share assessed for each homogenous group of customers and age group. The percentage impairment is calculated for separate, homogenous group of customers based on historical data for the previous 48 months. Additionally the Group calculates individual allowances for receivables where there is indication of impairment.

Detailed information on the impairment losses on receivables is disclosed in note 29.2 of the additional notes and explanations.

### 28.5 Amortisation of intangible assets

Amortisation and depreciation are determined based on the expected economic useful lives of intangible assets. Every year the Group verifies the adopted economic useful lives on the basis of current estimates. In the event of a change to the economic useful life of an asset, its effect is recognized as the effect of a change in accounting estimates.

Sensitivity analysis of amortization of significant intangible assets is presented below:

#### Amortisation period sensitivity analysis of significant intangibles assets

period change:	shorter by 5 years	longer by 5 years
Customer relationships	(48,883)	29,255
Trademarks and domains	(50,447)	25,223
Software	(98,217)	32,843
<b>Impact on profit/(loss)</b>	<b>(197,547)</b>	<b>87,321</b>

## 29. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – interest rate	Long-term borrowings at floating rate	Sensitivity analysis	Interest rate swaps, offsetting cash deposits
Market risk – foreign exchange	Future commercial transactions Recognised financial assets liabilities not denominated in PLN	Cash flow forecasting Sensitivity analysis	Not hedged
Credit risk	Cash and cash equivalents, receivables	Credit ratings Aging analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

### 29.1 Market risk

#### Risk of changes in cash flows resulting from interest rate changes

Borrowings with floating interest rates expose the Group to the risk of changes in cash flows. The Group dynamically assesses its exposure to interest rate change risk. That risk is partially mitigated by cash deposits bearing floating interest and by interest rate swap contracts ("IRS").

In January 2017 the Group concluded its first IRS contract hedging PLN 1,225,000 at Wibur 3M fixed rate – 2.305% with a maturity date of 30 April 2020.

In July 2018 the Group increased its hedged position to 50% of its floating interest rate gross debt to secure future cash flows. The second contract hedges PLN 1,131,250 at Wibur 3M fixed rate – 2.411% with a maturity date of 30 July 2022.

In August 2019 the Group entered into a further IRS contract to exchange floating IRS exposure into fixed interest rate obligations on between PLN 976,098 and PLN 1,005,357 of the Group's borrowings over the term of the IRS with a final maturity date of 30 June 2022 and a WIBOR 3M fixed.

The Group's hedged position, including the above-mentioned transaction, increased to 50% of its floating interest gross debt (subsequent to borrowing increase in May 2019).

#### Sensitivity

The Group assesses its exposure to floating interest rate risk and estimates that if the interest rate changes by 0.1 p.p., its financial costs in respect of interest will rise/(fall) by approx. PLN 3,299 annually.

change in interest rate (ppt)	Interest rate change impact on profit/(loss)					
	-0.3	-0.2	-0.1	0.1	0.2	0.3
Interest cost	17,550	11,700	5,850	(5,850)	(11,700)	(17,550)
Interest rate swap cost	(7,654)	(5,103)	(2,551)	2,551	5,103	7,654
<b>Impact on profit/(loss)</b>	<b>9,896</b>	<b>6,597</b>	<b>3,299</b>	<b>(3,299)</b>	<b>(6,597)</b>	<b>(9,896)</b>

#### Foreign exchange risk

Foreign exchange risk occurs as a result of sales or purchases made by the Group in currencies other than its functional currency, i.e. PLN. Operating transactions concluded in currencies other than the functional currency are relatively rare due to the currently limited scope of cross-border activity. The Group has not utilized hedging strategies to mitigate currency risk during the reporting periods covered by these financial statements.

## 29.2 Credit risk

### Risk management

Financial assets representing the highest exposure to credit risk are cash and trade receivables. To mitigate that risk, the Group uses detailed seller verification and monitoring procedures. The Group uses professional debt collection companies or engages in debt collection procedures on its own account. The Group's receivables comprise amounts due from individuals and businesses. The receivables have low concentration. Surplus cash is deposited by the Group at banks as deposits or fixed-term deposits.

### Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables
- cash and cash equivalents

### Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group has further concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 48 months before 31 December 2019, 31 December 2018 and 31 December 2017 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

On that basis, the loss allowance as at 31 December 2019, 31 December 2018 and 31 December 2017 was determined as follows for both trade receivables and contract assets:

Aging of trade receivables, net	31.12.2019	31.12.2018	31.12.2017
Less than 3 months	380,356	308,534	239,379
3 to 12 months	3,085	3,305	1,180
1 to 3 years	533	856	2,326
<b>Total</b>	<b>383,974</b>	<b>312,695</b>	<b>242,885</b>

Aging of receivables as at 31.12.2019	Trade receivables, gross	Impairment of trade receivables	Trade receivables, net
Less than 3 months	386,015	(5,659)	380,356
3 to 12 months	18,133	(15,048)	3,085
1 to 3 years	20,312	(19,779)	533
<b>Total</b>	<b>424,460</b>	<b>(40,486)</b>	<b>383,974</b>

Aging of receivables as at 31.12.2018	Trade receivables, gross	Impairment of trade receivables	Trade receivables, net
Less than 3 months	313,134	(4,600)	308,534
3 to 12 months	15,150	(11,845)	3,305
1 to 3 years	14,422	(13,566)	856
<b>Total</b>	<b>342,706</b>	<b>(30,011)</b>	<b>312,695</b>

Aging of receivables as at 31.12.2017	Trade receivables, gross	Impairment of trade receivables	Trade receivables, net
Less than 3 months	242,739	(3,360)	239,379
3 to 12 months	4,634	(3,454)	1,180
1 to 3 years	17,887	(15,561)	2,326
<b>Total</b>	<b>265,260</b>	<b>(22,375)</b>	<b>242,885</b>

### 29.3 Liquidity risk

Operations are financed from the Group's own resources. The cash retained on bank accounts make it possible for the Group to settle its obligations as they arise in a timely manner. The Group also has access to a revolving borrowing facility of PLN 340,000 although it has not been utilized and remains fully available as at the date of signing these financial statements. Loans were received on 18 January 2017, upon a change of the Group owner in order to repay liabilities to the previous Group's related entities, and to acquire intellectual property rights, including domains, trademarks and software. In May 2019 the loans balance increased. Considering:

- the generation of positive cash flows from operating activities,
- the long-term nature of borrowings,
- the balance of cash held,
- the current and long-term cash flow analysis.

the Management believes liquidity risk to be minimal for the Group during the next 12 months.

#### Liabilities by maturity, based on undiscounted payments

As at 31.12.2019	Trade liabilities	Loans	Interest on loans	Lease liability	Total
Less than 3 months	207,146	172,483	91,593	7,197	478,419
3 to 12 months	-	163,258	258,907	21,588	443,753
1 to 5 years	-	6,151,732	1,025,271	62,577	7,239,580
<b>Total</b>	<b>207,146</b>	<b>6,487,473</b>	<b>1,375,771</b>	<b>91,362</b>	<b>8,161,752</b>

As at 31.12.2018	Trade liabilities	Loans	Interest on loans	Lease liability	Total
Less than 3 months	93,277	59,000	67,946	7,717	227,940
3 to 12 months	-	105,000	199,772	23,111	327,883
1 to 5 years	-	808,500	978,807	94,901	1,882,208
More than 5 years	-	3,740,000	110,089	11,991	3,862,080
<b>Total</b>	<b>93,277</b>	<b>4,712,500</b>	<b>1,356,614</b>	<b>137,720</b>	<b>6,300,111</b>

As at 31.12.2017	Trade liabilities	Loans	Interest on loans	Lease liability	Total
Less than 3 months	102,292	-	75,267	8,589	186,148
3 to 12 months	-	45,500	209,299	25,766	280,565
1 to 5 years	-	972,500	1,019,276	112,648	2,104,424
More than 5 years	-	3,740,000	340,436	25,072	4,105,508
<b>Total</b>	<b>102,292</b>	<b>4,758,000</b>	<b>1,644,278</b>	<b>172,075</b>	<b>6,676,645</b>

The Group doesn't issue securities admitted to official trading on the regulated markets of any EU-member state.

### 30. CAPITAL MANAGEMENT

The main purpose of capital management is to ensure the Group's ability to continue as a going concern and to maintain safe capital ratios that would optimally support the operations of the Group and increase its shareholder value, bringing shareholders return on their investment, including dividend distributions.

The Group manages its capital structure and modifies it in response to changes in economic conditions. To maintain or correct the capital structure, the Group may repay capital to shareholders or issue new shares.

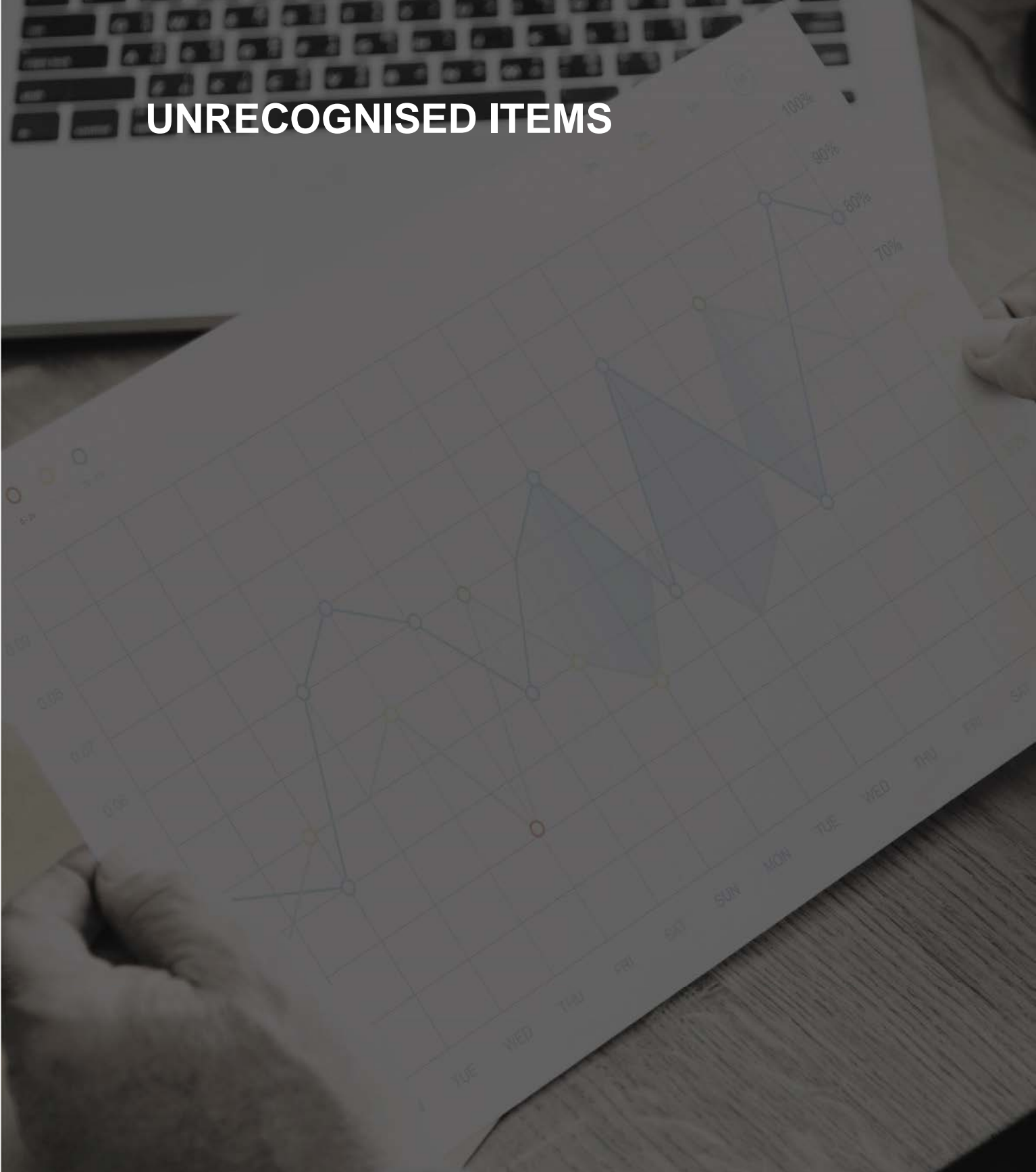
Under the Senior Term and Revolving Facilities Agreement and Second Lien Facility Agreement concluded by Adinan Bondco Group members on 17 January 2017 as amended on 17 May 2019, the Group is obliged to maintain its financial ratios identified as the Consolidated Senior Net Debt and the Consolidated Senior Secured Net Debt at a level no higher than indicated in the Agreements.

As at 31 December 2019 the Group maintained these above-mentioned financial ratios at a level below those required in the Agreements.

The gearing ratios at 31 December 2019, 31 December 2018 and 31 December 2017 were as follows:

	31.12.2019	31.12.2018	31.12.2017
Cash	403,877	794,027	356,395
Lease liabilities	(85,538)	(106,863)	(124,183)
Borrowings	(6,336,915)	(4,625,846)	(4,661,434)
<b>Net debt</b>	<b>(6,018,576)</b>	<b>(3,938,682)</b>	<b>(4,429,222)</b>
Total equity	6,683,642	9,056,693	8,804,626
<b>Net debt to equity ratio</b>	<b>90%</b>	<b>43%</b>	<b>50%</b>

# UNRECOGNISED ITEMS





## 31. CONTINGENT LIABILITIES

### 31.1 Guarantees granted to non-Group entities

The Group has guarantees which secure its lease agreements in the amount of PLN 8,769 at the end of 31 December 2019. At the end of the 31 December 2018 period guarantees amounted to PLN 8,480 and at the end of 31 December 2017 period guarantees amounted to PLN 8,068.

### 31.2 Other

On December 6, 2019, the President of the Office of Competition and Consumer Protection (“OCCP”) opened antitrust proceedings against Allegro.pl accusing Allegro of infringing competition law by favoring its own retail sales activity on its marketplace over the sales activities of third party merchants.

As at the date of these financial statements no specific charges have been made against Allegro by the OCCP. In these circumstances it is not possible to assess the probability of any potential fine being upheld against Allegro or the amount of any such fine and therefore the Group has not created a provision.

### 31.3 Accounting policies

In accordance with the principles applied by the Group and determined in IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, contingent liabilities are understood as:

- possible obligations which will arise as a result of past events, the existence of which will only be confirmed at the moment of occurrence or non-occurrence of uncertain future event(s) beyond the full control of the Group, or
- current obligations that arise as a result of past events but are disclosed in the financial statements, because:
  - it is unlikely that meeting the obligation will lead to the necessity of an outflow of funds embodying economic benefits, or
  - the amount of the obligation (liability) cannot be valued reliably enough.

Contingent liabilities are not recognised in the consolidated statement of financial position, but information about them is disclosed in Notes, unless the probability of outflow of funds embodying economic benefits is remote.

## 32. ASSETS PLEDGED AS SECURITY

After the Group acceded to the Senior Term and Revolving Facilities Agreement and Second Lien Facility Agreement, pledges and security interest were established on the Group assets. The carrying amounts of assets pledged as security for current and non-current borrowings are:

Current	31.12.2019	31.12.2018	31.12.2017
Cash and cash equivalents	403,877	794,027	356,395
Trade receivables, net	383,974	312,695	242,885
Inventories	20,051	8,225	7,313
<b>Total current assets</b>	<b>807,902</b>	<b>1,114,947</b>	<b>606,593</b>
<b>Non-current</b>			
Intangible assets	4,627,122	4,844,717	5,124,016
Property, plant & equipment	147,709	164,087	196,325
Investments	360	360	353
Long-term receivables	-	-	20
<b>Total non-current assets</b>	<b>4,775,191</b>	<b>5,009,164</b>	<b>5,320,714</b>
<b>Total pledged assets</b>	<b>5,583,093</b>	<b>6,124,111</b>	<b>5,927,307</b>

## **33. COMMITMENTS**

### **33.1 Capital commitments**

As at 31 December 2019, the Group's future contractual commitments for expenditure on intangible assets not recognized in the statement of financial position amounted to PLN 24,335 and were related to the software development. The contractual commitments as at 31 December 2018 amounted to PLN 14,523 and as at 31 December 2017 amounted to PLN 10,111.

### **33.2 Commitment to acquire a corporate enterprise**

The Group had a commitment to acquire a corporate enterprise but not recognised as liabilities at the balance sheet date.

On 2 December 2019 Allegro.pl Sp. z o.o. entered into a legally binding commitment to acquire the company FinAi S.A. The price amounted to PLN 7,000 for 100% of the company's shares. The target is an e-commerce start-up which ceased to trade in September 2019. Together with FinAi, Allegro will acquire an existing software applicable to credit analysis of Allegro platform Buyers and performance of AML and KYC checks. Allegro.pl expects such competencies and capabilities to be important enablers to further development of financial services penetration on the marketplace platform in the future.

## **34. EVENTS OCCURRING AFTER THE REPORTING YEAR**

### **Purchase of FinAI**

On 27 January 2020 Allegro.pl Sp. z o.o. finalized the purchase of 100% FinAi shares.

### **Exercise of the put option**

Before the end of the reporting period, Bola Investments (non-controlling interest of eBilet Polska) submitted a declaration on the exercise of the put option (see note 24). The price for the 10% of shares will be determined in accordance with the shareholders' agreement and will depend on the level and dynamics of the EBITDA.

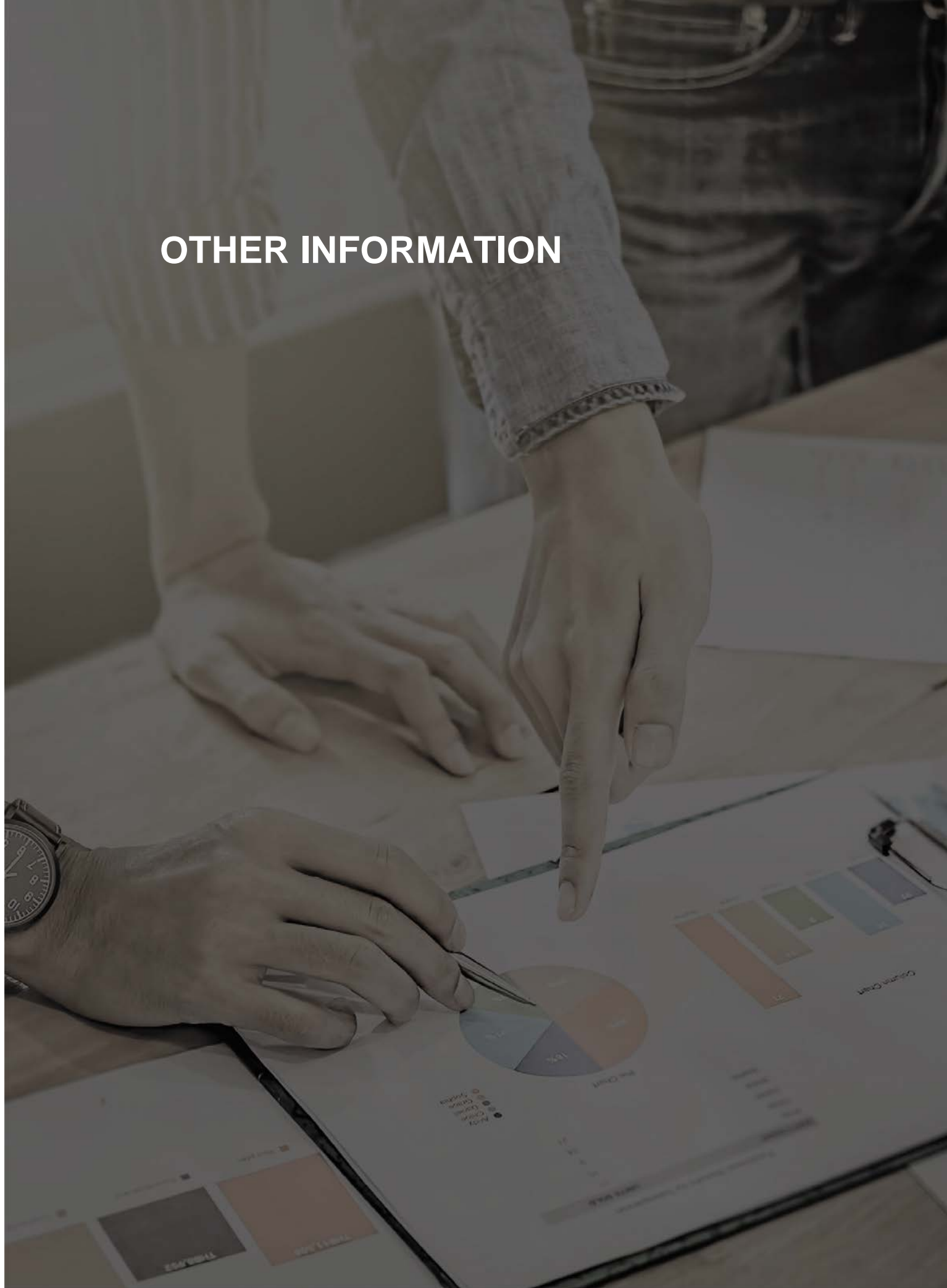
### **SWAP**

In June 2020 the Group entered into additional interest rate swap ("IRS") contracts to exchange floating interest rate exposure into fixed interest rate obligations in respect to an average of PLN 2,000,000 of the Group's borrowings. The IRS obligation effective date is 30 June 2022 and terminates on 30 June 2024.

### **Covid-19**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across Europe and Poland, causing disruptions to businesses and economic activity. The Group considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of potential impact of this outbreak on the Group. As of today there is no indication that those developments would have an impact on the going concern of the Group. To the best knowledge, the situation has no material impact on the estimates used in assets impairment tests carried out by the Group. The impact of this pandemic outbreak on macroeconomic forecasts will be incorporated into the Company's IFRS 9 estimates of expected credit loss provisions in its 2020 financial statements.

# OTHER INFORMATION



## 35. RELATED PARTY TRANSACTIONS

Transactions with related parties referred to settlements of consulting and management services. All transactions were entered into on an arm's length basis. The shareholders represent part of a controlling group.

In 2017 Related party transactions refer to settlements of transaction costs related to the acquisition of shares in Grupa Allegro Sp. z o.o. and in Ceneo Sp. z o.o., and to settlements of consulting and management services provided by companies belonging to the Owners' Groups – Cinven, Permira and Mid Europa. Financial expenses, mainly interest, are related to loans granted. Transactions with Black Pines Capital Partners relate to the services provided by the Chairman of the Group.

The Group made the following related party transactions in the period ended 31 December 2017, 31 December 2018 and 31 December 2019:

Related party	01.01 - 31.12.2019				As at 31.12.2019		
	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
<b>Shareholder:</b>							
Adinan (MEF IV) Limited	-	362	-	-	-	-	-
Adiman SCSp	-	-	-	-	75	-	-
Cinven Partners LLP	-	1,934	-	-	-	-	-
Permira Advisers (London) Ltd	-	1,139	-	-	-	-	-
<b>Management:</b>							
Loans granted			371	-			8,360
BlackPines Capital Partners Ltd	-	6,004		-	-	-	-
<b>Affiliates:</b>							
Polskie Badania Internetu sp. z o.o.	-	276	-	238	-	23	-
Fundacja Allegro All For Planet	-	1,404	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>11,119</b>	<b>371</b>	<b>238</b>	<b>75</b>	<b>23</b>	<b>8,360</b>

Related party	01.01 - 31.12.2018				As at 31.12.2018		
	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
<b>Shareholder:</b>							
Adinan (MEF IV) Limited	-	364	-	-	-	-	-
Adiman GP	-	-	-	-	684	-	-
Adiman SCSp	-	-	-	-	65	-	-
Cinven Partners LLP	-	1,376	-	-	-	-	-
Permira Advisers (London) Ltd	-	2,188	-	-	-	-	-
<b>Management:</b>							
Loans granted	-	-	425	-	-	-	10,388
BlackPines Capital Partners Ltd	-	6,195		-	-	-	-
<b>Affiliates:</b>							
Polskie Badania Internetu sp. z o.o.	-	322	-	-	7	23	-
Fundacja Allegro All For Planet	36	1,262	-	-	-	-	-
<b>Total</b>	<b>36</b>	<b>11,707</b>	<b>425</b>	<b>-</b>	<b>756</b>	<b>23</b>	<b>10,388</b>

Related party	01.01 - 31.12.2017				As at 31.12.2017		
	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
<b>Shareholder:</b>							
Adinan (MEF IV) Limited	-	7,759	-	-	-	-	-
Cinven Partners LLP	-	35,546	-	-	-	-	-
Permira Advisers (London) Ltd	-	100	-	-	-	-	-

<b>Management:</b>							
Loans granted	-	-	144	-	-	-	12,692
BlackPines Capital Partners Ltd	-	7,667	-	-	-	-	-
<b>Affiliates:</b>							
Polskie Badania Internetu sp. z o.o.	-	253	-	-	-	-	-
Fundacja Allegro All For Planet	12	2,015	-	-	-	-	-
<b>Others:</b>							
Cinven Guernsey LP	-	1,011	-	-	-	-	-
Permira VI G.P. Limited	-	35,156	-	-	-	-	-
Mid Europa SPV	-	175	-	-	-	-	-
Permira Advisers LLC	-	78	-	-	-	-	-
Permira Advisers S.P.A.	-	1,039	-	-	-	-	-
<b>Total</b>	<b>12</b>	<b>90,799</b>	<b>144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,692</b>

### 36. EMPLOYMENT

	31.12.2019	31.12.2018	31.12.2017
Number of employees	2,172	1,871	1,629
<b>Total</b>	<b>2,172</b>	<b>1,871</b>	<b>1,629</b>

### 37. EMOLUMENTS OF THE MANAGEMENT

At the balance sheet date emoluments of the key management of the Group entities comprised:

	31.12.2019	31.12.2018	31.12.2017
Short-term employee benefits	8,296	14,972	5,266
Management Incentive Plan	4,320	3,312	1,945
Post-employment benefits	649	2,413	-
<b>Total</b>	<b>13,266</b>	<b>20,697</b>	<b>7,211</b>

Emoluments of the key management of the Group consist of Management Board Members of operating companies and parent company remuneration, as well as costs of changes in the composition of the Management Boards, including severance package costs and signing bonuses related to these changes. There were no outstanding balances as at 31 December 2019, 31 December 2018 and 31 December 2017.

## Management Incentive Plan

- ***Description of the Management Incentive Plan***

Under the Management Incentive Plan (MIP), the management participates indirectly through various classes of shares of Adiman SCSp and directly via type C and D shares issued by Adinan Super Topco. The nominal value of share capital owned by the management amounted to PLN 5,295 in 2019, PLN 6,608 in 2018, and PLN 6,044 in 2017 and this was divided into 125,547,288, 156,678,595, and 143,294,898 shares respectively. Managers have paid the fair value of the issued shares at the grant date with a difference to nominal value being paid to share premium.

Managers were given loans to purchase part of the shares. The total amount of the loans granted was PLN 23,250 in 2019, PLN 25,305 in 2018, and PLN 22,526 in 2017, which funded the purchase of 53,746,505, 58,848,328 and 55,007,863 shares respectively. Part of the loans were made on a non-recourse basis and part on a recourse basis. The number of shares acquired with non-recourse loans amount to 34,490,833 in 2019, 35,680,454 in 2018 and 23,923,440 in 2017 which have been excluded from the table in note 26 (please refer to section accounting impact below).

Management accordingly owns 91,056,455 shares relative to the total issued share capital of the Group (see Note 26) plus 34,490,833 shares acquired via non-recourse loans in 2019, 120,998,141 shares relative to the total issued share capital of the Group (see Note 26) plus 35,680,454 shares acquired via non-recourse loans in 2018 and 119,371,458 shares relative to total issued share capital of the Group (see Note 26) plus 23,923,440 shares acquired via non-recourse loans in 2017.

The goal of investors is to achieve a successful exit at a currently unknown future date, either through IPO or other possible exit routes (e.g. sale of the Group). In all these cases the majority investor has drag along and tag along rights towards the MIP participants, which hold an equity interest in the Adinan Super Topco Group.

In case of leaving the MIP before exit, the leaver might partly lose entitlement to MIP depending on the reason of his or her departure.

If upon an exit event the majority shareholder return amount is at least 3 times the initial investment amount the B shares which are held exclusively by management are entitled to a further amount of 1% of the shareholder receipts (the "ratchet feature").

- ***Accounting impact***

In accordance with IFRS 2 accounting for the MIP is an equity-settled share-based payment transactions, since in no scenario, not even exit or leaver cases is there a payment obligation on Adinan Super Topco or one of its subsidiaries. Due to the fact that the Managers have paid the fair value of the shares granted, there is no direct benefit given at grant date through the acquisition of the shares itself.

Part of the loans granted to key management was made on a non-recourse basis, which gives rise to a benefit under IFRS 2 Share-Based Payment. The non-recourse loans together with the shares issued are considered as kind of option under IFRS 2. It gives the party receiving the loan the right upon an exit event to choose not to repay the loan, but instead to relinquish their rights to the shares. The expected vesting period at the relevant grant date is either June or December 2021 and represents the assumed maturity date of the option at the grant date. The ratchet feature, which was granted to both key Management and selected other managers, was also valued under IFRS 2 at inception of the MIP. The benefits are valued at grant date and amortized over the expected vesting period. Following staff cost increase in correspondence with other reserve.

The respective amounts recognized through staff costs were PLN 4,320 in 2019, PLN 3,312 in 2018 and PLN 1,945 in 2017. In the light of IFRS 2, the non-recourse loans are technically not recognized as loans from an accounting perspective, therefore the nominal amounts of non-recourse loans and corresponding shares were deducted from the captions Loans granted and

Equity in the presentation of the year end balances in amounts of PLN 15,971 in 2019, PLN 15,985 in 2018 and PLN 10,204 in 2017.

### 38. AUDIT FEE

The table below presents the net fees of the PricewaterhouseCoopers audit due for the reporting period ended on 31 December 2019 on 31 December 2018 and on 31 December 2017 by type of service:

	31.12.2019	31.12.2018	31.12.2017
Statutory annual audit	931	838	1,130
Advisory services	-	34	381
Other services	34	-	144
<b>Total</b>	<b>965</b>	<b>872</b>	<b>1,655</b>



## **Report on Review of Interim Condensed Consolidated Financial Statements**

To the Board of Managers of

**Adinan Super Topco S.à r.l.**

---

We have reviewed the accompanying interim condensed consolidated financial statements of Adinan Super Topco S.à r.l. (the “Company”), and its subsidiaries (the “Group”) as at 30 June 2020 and 30 June 2019, which comprise the interim consolidated statements of comprehensive income, the interim consolidated statements of financial position, the interim consolidated statements of changes in equity and the interim consolidated statements of cash flows for the six - month periods then ended, and a summary of significant accounting policies and other explanatory information.

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### **Board of Managers’ responsibility for the interim condensed consolidated financial statements**

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

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### **Responsibility of the “Réviseur d’entreprises agréé”**

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

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

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





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## Conclusion

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

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 19 August 2020

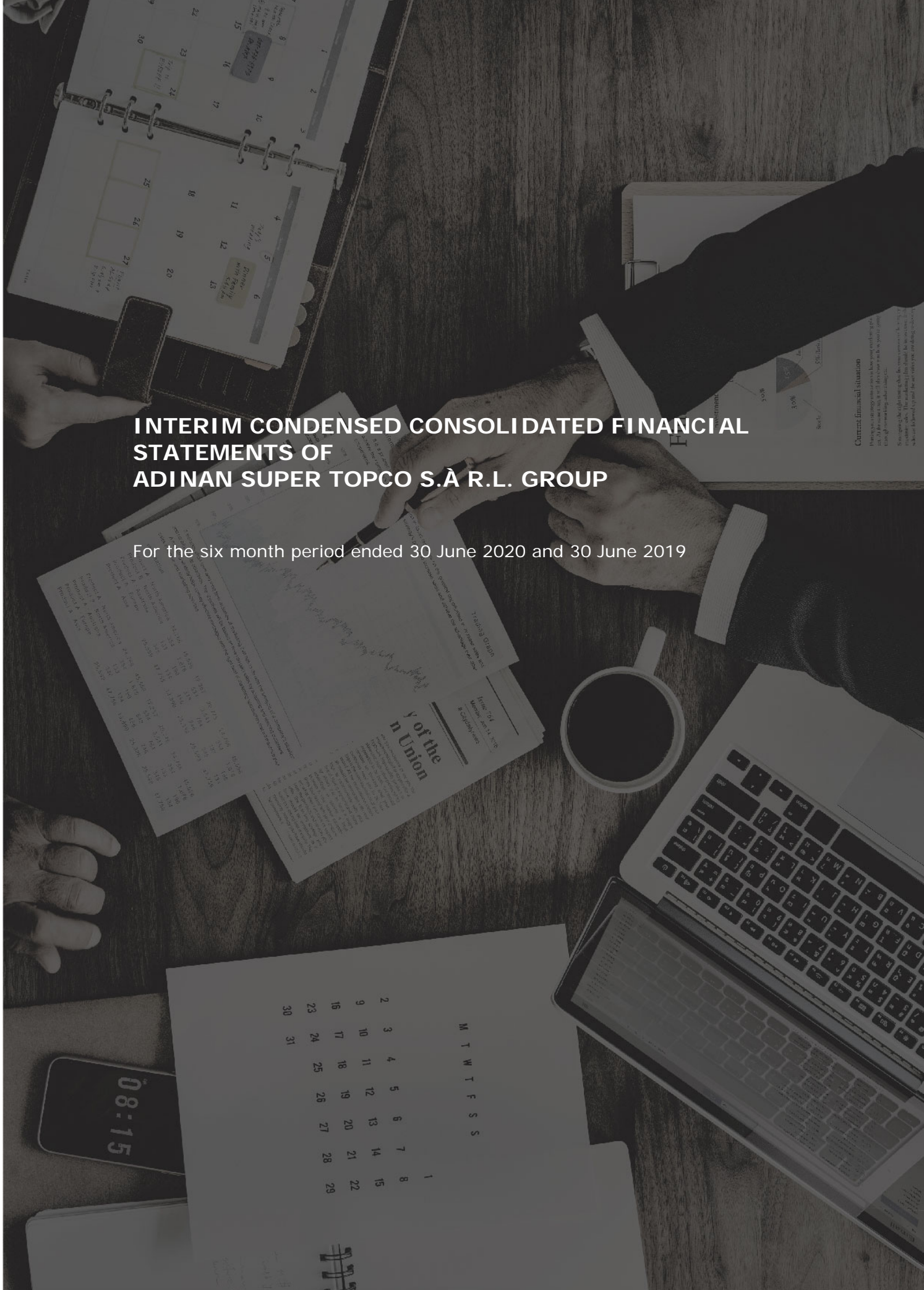
Electronically signed by:  
Véronique Lefebvre

A handwritten signature in black ink, appearing to read 'V. Lefebvre', is written over a faint electronic signature line.

Véronique Lefebvre

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ADINAN SUPER TOPCO S.À R.L. GROUP

For the six month period ended 30 June 2020 and 30 June 2019

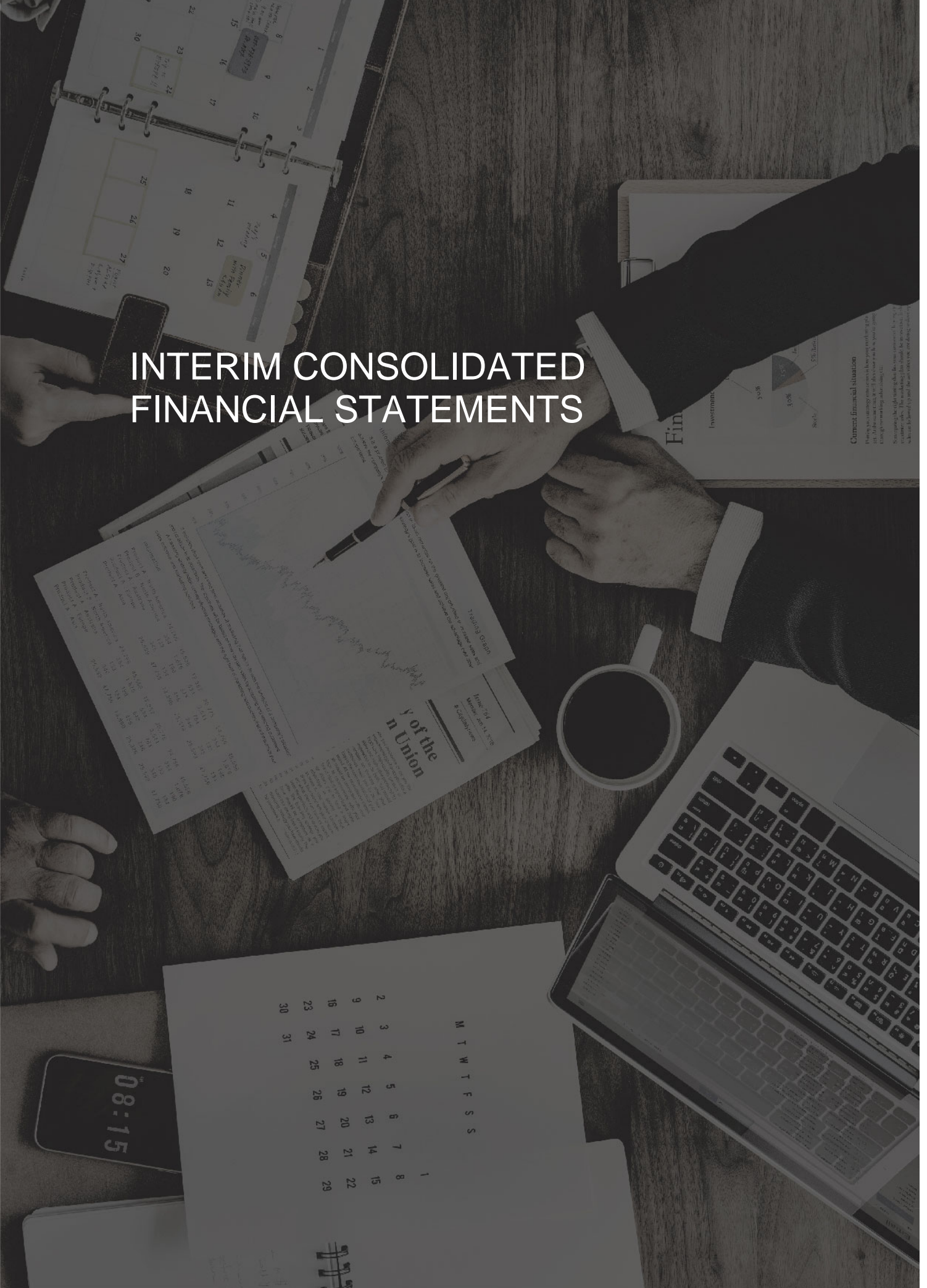


## CONTENTS

<b>INTERIM CONDENSED CONSOLIDATED FINANCIAL</b> .....	F-88
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME.....	F-91
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION .....	F-93
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....	F-95
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS.....	F-96
<b>NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b> .....	F-97
1. GENERAL INFORMATION.....	F-98
2. BASIS OF PREPARATION .....	F-98
3. GROUP STRUCTURE .....	F-99
4. BUSINESS COMBINATIONS .....	F-99
5. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD.....	F-101
6. INFORMATION ON MATERIAL ACCOUNTING ESTIMATES.....	F-102
7. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES.....	F-102
<b>NOTES TO THE INTERIM STATEMENT OF COMPREHENSIVE INCOME</b> .....	F-104
8. SEGMENT INFORMATION .....	F-105
9. REVENUES FROM CONTRACTS WITH CUSTOMERS.....	F-107
10. FINANCIAL INCOME AND FINANCIAL COSTS.....	F-107
11. INCOME TAX EXPENSE .....	F-108
12. EARNINGS PER SHARE.....	F-108
<b>NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b> .....	F-109
13. TRADE AND OTHER RECEIVABLES .....	F-110
14. CASH AND CASH EQUIVALENTS.....	F-110
15. BORROWINGS.....	F-110
16. OTHER FINANCIAL LIABILITIES .....	F-111
17. DEFERRED TAX .....	F-111
18. LIABILITIES TO EMPLOYEES .....	F-112
19. TRADE AND OTHER LIABILITIES .....	F-113
20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES.....	F-113
21. WRITTEN PUT OPTION LIABILITY.....	F-114
22. RELATED PARTY TRANSACTIONS.....	F-114
23. EVENTS OCCURRING AFTER THE REPORTING PERIOD .....	F-115



# INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	6 months ended 30.06.2020	6 months ended 30.06.2019
<b>Revenue</b>	9	1,770,148	1,166,473
<b>Operating expenses</b>		<b>(981,574)</b>	<b>(541,423)</b>
Payment charges		(74,165)	(67,566)
Cost of goods sold		(82,331)	(36,602)
Net costs of delivery		(246,194)	(104,407)
Marketing service expenses		(273,279)	(126,597)
Staff costs		(202,937)	(141,814)
Staff costs gross		(264,576)	(181,558)
Capitalisation of development costs	5	61,639	39,744
IT service expenses		(27,229)	(17,637)
IT service expenses gross		(27,229)	(17,715)
Capitalisation of development costs	5	-	78
Other expenses		(75,439)	(45,433)
Other expenses gross		(88,895)	(52,699)
Capitalisation of development costs	5	13,456	7,266
Transaction costs		-	(1,367)
<b>Operating profit before amortisation and depreciation</b>		<b>788,574</b>	<b>625,050</b>
<b>Amortisation and Depreciation</b>		<b>(228,205)</b>	<b>(216,863)</b>
Amortisation		(197,382)	(189,530)
Depreciation		(30,823)	(27,333)
<b>Operating profit</b>		<b>560,369</b>	<b>408,187</b>
<b>Net Financial result</b>	10	<b>(183,674)</b>	<b>(161,848)</b>
Financial income		12,839	8,556
Financial costs		(196,513)	(170,404)
<b>Profit before Income tax</b>		<b>376,695</b>	<b>246,339</b>
<b>Income tax expenses</b>	11	<b>(87,041)</b>	<b>(50,599)</b>
<b>Net profit</b>		<b>289,654</b>	<b>195,740</b>
<b>Other comprehensive income/(loss)</b>			
- Items that may be reclassified to profit or loss		<b>(65,688)</b>	<b>(6,089)</b>
Gain/(Loss) on cash flow hedging		(100,381)	(15,323)
Cash flow hedge - Reclassification from OCI to profit or loss		11,465	7,377
Deferred tax relating to these items		22,379	1,642
Exchange differences on translation of foreign operations		849	215
<b>Total comprehensive income for the period</b>		<b>223,966</b>	<b>189,651</b>
<b>Net profit for the period is attributable to:</b>		<b>289,654</b>	<b>195,740</b>
Shareholders of the Parent Company		289,945	195,455
Non-controlling interests		(291)	285

<b>Total comprehensive income for the period is attributable to:</b>		<b>223,966</b>	<b>189,651</b>
Shareholders of the Parent Company'		224,257	189,366
Non-controlling interests		(291)	285

<b>Earnings per share for profit attributable to the ordinary equity holders of the company (in PLN)</b>	<b>12</b>		
Basic		(0.24)	(0.41)
Diluted		(0.24)	(0.41)

19 August 2020

Date

Gautier Laurent  
Board Member

Cedric Pedoni  
Board Member

Jonathan Eastick  
Group Chief Financial Officer

## INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

### ASSETS

Non-current assets	Note	30.06.2020	31.12.2019
Goodwill		8,631,342	8,631,342
Other intangible assets		4,514,758	4,627,122
Property, plant and equipment		156,502	147,709
Loans granted		10,514	9,324
Deferred tax assets	17	29,926	9,712
Investments		360	360
<b>Total non-current assets</b>		<b>13,343,402</b>	<b>13,425,569</b>
Current assets			
Inventory		15,071	20,051
Trade and other receivables	13	465,389	396,801
Prepayments		67,404	26,911
Other financial assets		4,154	4,804
Income tax receivables		5,352	-
Cash and cash equivalents	14	574,763	403,877
<b>Total current assets</b>		<b>1,132,133</b>	<b>852,444</b>
<b>Total assets</b>		<b>14,475,535</b>	<b>14,278,013</b>

19 August 2020

Date

Gautier Laurent  
Board Member

Cedric Pedoni  
Board Member

Jonathan Eastick  
Group Chief Financial Officer

## INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT.)

### EQUITY AND LIABILITIES

Equity	Note	30.06.2020	31.12.2019
Share capital		434,184	434,246
Capital reserve		5,136,315	5,141,141
Exchange differences on translating foreign operations		1,418	568
Cash flow hedge reserve		(88,815)	(22,278)
Other reserves		(12,423)	(33,633)
Retained earnings		1,150,176	758,784
Net result		289,945	391,392
<b>Equity allocated to shareholders of the Parent</b>		<b>6,910,800</b>	<b>6,670,220</b>
<b>Non-controlling interests</b>		<b>13,131</b>	<b>13,422</b>
<b>Total equity</b>		<b>6,923,931</b>	<b>6,683,642</b>
<b>Non-current liabilities</b>			
Borrowings	15	5,830,707	6,001,174
Lease liabilities		51,432	59,764
Written put option liability	21	-	21,002
Other financial liabilities	16	118,326	36,893
Deferred tax liability	17	625,797	643,508
Liabilities to employees	18	28,021	22,562
<b>Total non-current liabilities</b>		<b>6,654,283</b>	<b>6,784,903</b>
<b>Current liabilities</b>			
Borrowings	15	338,796	335,741
Lease liabilities		27,025	25,774
Written put option liability	21	28,865	22,208
Other financial liabilities	16	-	2,032
Income tax liability		58,297	14,938
Trade and other liabilities	19	373,882	349,161
Liabilities to employees	18	70,456	59,614
<b>Total current liabilities</b>		<b>897,321</b>	<b>809,468</b>
<b>Total equity and liabilities</b>		<b>14,475,535</b>	<b>14,278,013</b>

19 August 2020

Date

Gautier Laurent

Board Member

Cedric Pedoni

Board Member

Jonathan Eastick

Group Chief Financial Officer



## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Capital reserve	Exchange differences on translating foreign operations	Cash flow hedge reserve	Other reserves	Retained earnings	Net result	Non-controlling interests	Total
<b>As at 01.01.2019</b>	<b>830,015</b>	<b>7,421,901</b>	<b>378</b>	<b>(18,854)</b>	<b>5,256</b>	<b>546,093</b>	<b>271,904</b>	<b>-</b>	<b>9,056,693</b>
Profit for the period	-	-	-	-	-	-	195,740	-	195,740
Other comprehensive income	-	-	215	(6,304)	-	-	-	-	(6,089)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>215</b>	<b>(6,304)</b>	<b>-</b>	<b>-</b>	<b>195,740</b>	<b>-</b>	<b>189,651</b>
Transfer of profit from previous years	-	-	-	-	-	271,904	(271,904)	-	-
Transfer of result for the period - minority owners	-	-	-	-	-	-	(285)	-	(285)
Redemption of share capital and share premium	(395,820)	(2,280,918)	-	-	-	(59,213)	-	-	(2,735,951)
Share base payment	-	-	-	-	2,146	-	-	-	2,146
Non-recourse loans	57	510	-	-	-	-	-	-	567
Written put option liability valuation	-	-	-	-	(30,859)	-	-	-	(30,859)
<b>Transactions with owners in their capacity as owners</b>	<b>(395,763)</b>	<b>(2,280,408)</b>	<b>-</b>	<b>-</b>	<b>(28,713)</b>	<b>212,691</b>	<b>(272,189)</b>	<b>-</b>	<b>(2,764,382)</b>
Profit/(loss) for the period - minority owners	-	-	-	-	-	-	-	285	285
Business combination	-	-	-	-	-	-	-	11,739	11,739
<b>Transactions with non-controlling interest in their capacity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,024</b>	<b>12,024</b>
<b>As at 30.06.2019</b>	<b>434,252</b>	<b>5,141,493</b>	<b>593</b>	<b>(25,158)</b>	<b>(23,457)</b>	<b>758,784</b>	<b>195,455</b>	<b>12,024</b>	<b>6,493,986</b>
<b>As at 01.01.2020</b>	<b>434,246</b>	<b>5,141,141</b>	<b>568</b>	<b>(22,278)</b>	<b>(33,633)</b>	<b>758,784</b>	<b>391,392</b>	<b>13,422</b>	<b>6,683,642</b>
Profit for the period	-	-	-	-	-	-	289,654	-	289,654
Other comprehensive income	-	-	850	(66,537)	-	-	-	-	(65,687)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>850</b>	<b>(66,537)</b>	<b>-</b>	<b>-</b>	<b>289,654</b>	<b>-</b>	<b>223,967</b>
Transfer of profit from previous years	-	-	-	-	-	391,392	(391,392)	-	-
Transfer of result for the period - minority owners	-	-	-	-	-	-	291	-	291
Share base payment	-	-	-	-	6,865	-	-	-	6,865
Non-recourse loans	(62)	(4,826)	-	-	-	-	-	-	(4,888)
Written put option liability valuation	-	-	-	-	14,345	-	-	-	14,345
<b>Transactions with owners in their capacity as owners</b>	<b>(62)</b>	<b>(4,826)</b>	<b>-</b>	<b>-</b>	<b>21,210</b>	<b>391,392</b>	<b>(391,101)</b>	<b>-</b>	<b>16,613</b>
Profit/(loss) for the period - minority owners	-	-	-	-	-	-	-	(291)	(291)
<b>Transactions with non-controlling interest in their capacity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(291)</b>	<b>(291)</b>
<b>As at 30.06.2020</b>	<b>434,184</b>	<b>5,136,315</b>	<b>1,418</b>	<b>(88,815)</b>	<b>(12,423)</b>	<b>1,150,176</b>	<b>289,945</b>	<b>13,131</b>	<b>6,923,931</b>

19 August 2020

Date

Gautier Laurent  
Board Member

Cedric Pedoni  
Board Member

Jonathan Eastick  
Group Chief Financial Officer

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	6 months ended 30.06.2020	6 months ended 30.06.2019
<b>Profit before income tax</b>		<b>376,695</b>	<b>246,339</b>
Amortisation and depreciation		228,205	216,863
Net interest expense	10	188,902	165,989
Revolving facility availability fee	10	1,646	1,475
Net (gain)/loss exchange differences		3,400	(1,384)
Interest on lease liability	10	1,627	2,031
Valuation of financial assets - net	10	(9,515)	-
Non-cash employee benefits expense - share based payments		1,978	2,274
Net (gain)/loss on sale of non-current assets		(265)	(246)
(Increase)/Decrease in trade and other receivables		(110,788)	32,850
(Increase)/Decrease in inventories		4,980	(4,504)
Increase/(Decrease) in trade and other liabilities		26,822	3,018
Increase/(Decrease) in liabilities to employees		16,276	17,894
<b>Cash provided by operating activities</b>		<b>729,963</b>	<b>682,599</b>
Income tax paid		(62,410)	(71,282)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>667,553</b>	<b>611,317</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment and intangibles		(118,958)	(70,589)
Loans granted		(1,722)	(432)
Repayment of loans granted		852	2,736
Acquisition of subsidiary (net of cash acquired)		(4,425)	(62,977)
Other		(105)	(164)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(124,358)</b>	<b>(131,426)</b>
<b>Cash flows from financing activities</b>			
Repayment of share premium		-	(2,735,951)
Borrowings received		-	1,959,516
Borrowings repaid		(172,483)	(59,000)
Interest paid		(172,149)	(187,349)
Lease payments		(14,566)	(12,138)
Revolving facility availability fee payments		(1,646)	(1,483)
Interest rate hedging instrument settlements		(11,465)	(7,377)
Receipts from other financial activities		-	(16,145)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(372,309)</b>	<b>(1,059,927)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>170,886</b>	<b>(580,036)</b>
Cash and cash equivalents at the beginning of the financial period		403,877	794,027
Cash and cash equivalents at the end of the financial period		574,763	213,991

19 August 2020

Date

Gautier Laurent  
Board Member

Cedric Pedoni  
Board Member

Jonathan Eastick  
Group Chief Financial Officer



NOTES TO THE INTERIM  
CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Adinan Super Topco S.à r.l. Group ('Group') consists of Adinan Super Topco S.à r.l. ('Parent') and its subsidiaries. Adinan Super Topco and other members of the Group were established for an unspecified period.

The Group is registered in Luxembourg, and its registered office is located at 4, Rue Albert Borschette, Luxembourg.

The Group operates in Poland through Allegro.pl sp. z o.o., Ceneo.pl sp. z o.o. and eBilet Polska sp. z o.o. The Group's core activities comprise:

- online marketplace;
- advertising;
- online price comparison services;
- retail sale via mail order houses or via the Internet;
- online tickets distribution;
- web portal operations;
- 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 six month period ended 30 June 2020 together with comparative amounts for the corresponding period of 2019.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2020 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting (as adopted by the European Union).

The Interim Condensed Consolidated Financial Statements were prepared on the assumption that the Group would continue as a going concern for at least 12 months subsequent to 30 June 2020. In making this going concern assumption Management took into consideration the impact of the Covid-19 crisis on the Group's business, noting that operations have continued with minimal disruption since most staff moved to home working mode on 12 March 2020 and that the Group's sales increased following the imposition of Covid-19 related lock-down measures by the Polish government.

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 Adinan Super Topco S.à r.l. Group for the years ended 31 December 2019, 31 December 2018 and 31 December 2017. The accounting policies adopted are consistent with these Consolidated Financial Statements, except for the estimation of income tax prepared under IAS 34 (see note 11) and the adoption of new and amended standards effective after 1 January 2020 as set out in note 7.

There were no changes in accounting policies in the period covered by the Interim Condensed Consolidated Financial Statements of Adinan Super Topco S.à r.l. Group ended 30 June 2020 in comparison to the 2019 Consolidated Financial Statements of the Adinan Super Topco S.à r.l.

### 3. GROUP STRUCTURE

As at 30 June 2020, the Adinan Super Topco Group comprised Adinan Super Topco S.à r.l. (Parent) as well as intermediate holding companies Adinan Topco S.à r.l., Adinan Holdco S.à r.l., Adinan Bondco S.à r.l., Adinan Seniorco S.à r.l. and Adinan Midco S.à r.l. with their registered office in Luxembourg and companies conducting operating activities in the territory of Poland – Allegro.pl Sp. z o.o., Ceneo.pl Sp. z o.o, Trade Analytics Sp. z o.o. Instytut Badań Ecommerce Sp. z o.o., eBilet Polska Sp. z o.o., Allegro Finance Sp. z o.o. and FinAi Sp. z o.o., together with their non-operating subsidiary company Allegro Logistyka Sp. z o.o. Each of the Polish Operating Companies and their subsidiaries have their registered offices located in Poland. In addition, Allegro.pl owns the Allegro All For Planet Foundation, which is not consolidated due to its immateriality.

Key information regarding the members of the Group, shares held by the Group as at 30 June 2020 is presented below.

Entity name	Registered office	Interest held
<b>Adinan Super Topco S.à r.l.</b>	<b>Luxembourg</b>	
Adinan Topco S.à r.l.	Luxembourg	100.00%
Adinan Holdco S.à r.l.	Luxembourg	100.00%
Adinan Bondco S.à r.l.	Luxembourg	100.00%
Adinan Seniorco S.à r.l.	Luxembourg	100.00%
Adinan Midco S.à r.l.	Luxembourg	100.00%
Allegro.pl Sp. z o.o.	Poland	100.00%
Allegro Logistyka Sp. z o.o.	Poland	100.00%
eBilet Polska Sp. z o.o.	Poland	80.00%
Allegro Finance Sp. z o.o.	Poland	100.00%
Trade Analytics Instytut Badań Ecommerce Sp. z o.o.	Poland	50.00%
Ceneo.pl Sp. z o.o.	Poland	100.00%
Trade Analytics Instytut Badań Ecommerce Sp. z o.o.	Poland	50.00%
FinAi S.A.	Poland	100.00%

### 4. BUSINESS COMBINATIONS

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

#### Acquisition of eBilet.pl Polska sp. z o.o.

On 19 April 2019 Allego.pl sp. z o.o. purchased 135,520 shares in eBilet.pl Polska sp. z o.o. (“eBilet”) composing 80% of the shares outstanding from unrelated party – Bola Investments Limited for a final cash consideration of PLN 95,894 thousand. The remaining 20% of shares can be acquired in two tranches on the basis of call options granted to Allegro.pl by the Sellers or the put option granted on those shares by Allegro.pl to the Sellers. This transaction was financed from the Group’s own funds.

Allegro.pl entered into put and call option contracts to be settled the future transfer of the non-controlling interest’s shares. Call options may be exercised for a first tranche of 10% of shares in each of the years 2021-2023 and for the second 10% tranche in each of the year 2022-2027, while put options may be exercised for a first tranche of 10% of shares in each of the years 2020-2022 and for the second 10% tranche in each of the year 2021-2026. The call and put options have the same exercise price, which is a variable amount calculated according to the formula based on EBITDA. The fair value of call options is zero in the financial statements and the put options give rise to a financial liability recognized at the present value of the redemption amount which equals PLN 30,859 thousand, at the date of initial recognition; there were no remeasurement changes recognized by the balance sheet date. Because the ownership risks and

rewards of the shares relating to the options remain with the non-controlling interest, the financial liability reduces the Group equity on initial recognition; the Group applies the policy to recognize also the subsequent re-measurements in equity, except for the unwinding of discount which is recognized in profit/loss (see note 21).

eBilet is one of the largest Polish online ticket distributors. Its activity includes sales of tickets for cultural, sport and other entertainment events, mostly through its online channel. The purchase opens a new market for Adinan Super Topco Group, previously not available on Allegro and Ceneo platforms.

Based on the Group's purchase price allocation, Goodwill on the acquisition of PLN 48,937 thousand, is attributable mostly to synergies from cooperation with Allegro. All synergies are expected to occur in eBilet Polska.

Costs related to the purchase transaction in the amount of PLN 1,367 thousand, were recognized in the consolidated statement of profit or loss and other comprehensive income as Transaction Costs for the period ended 30 June 2019.

The Group measured the non-controlling interests at the proportionate share in net identifiable assets of the acquired company.

The effect of accounting for the acquisitions is presented below:

[PLN million]	eBilet
As at the acquisition date	19.04.2019
Purchase consideration paid - cash	96
Non-controlling interest - measured at proportional share in the net assets	12
Net assets	(59)
<b>Goodwill</b>	<b>49</b>
<b>Net assets acquired</b>	
Trademarks	5
Customer Relationships	22
Domains	5
Software	19
Other intangibles	5
Property, plant and equipment	1
Accounts receivable and other receivables	2
Cash acquired	33
Accounts payable and other liabilities	(24)
Income tax provision	1
Provision for deferred tax	(10)
<b>Net assets</b>	<b>59</b>
Purchase consideration	96
Cash and cash equivalents acquired	(33)
<b>Cash flow used in acquisition</b>	<b>63</b>

Goodwill is tested for impairment annually or more frequently, if there is objective evidence of impairment. Customer relationships, trademarks, domains and software are amortized over its estimated useful economic life.

The revenue and net profit of eBilet since the acquisition date included in the consolidated statement of comprehensive income for the reporting period ended 30 June 2019 amount to PLN 3,790 thousand, and PLN 1,423 thousand. The revenue and net profit of the Group for the reporting period ended 30 June 2019 period would be PLN 1,172,561 thousand, and PLN 197,521

thousand, respectively if the acquisition of eBilet had been as of the beginning of the annual reporting period.

eBilet has been assigned to segment "Other" as it is not material under IFRS 8.

## 5. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

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

### - **The acquisition of FinAi S.A. in January 2020**

On 27 January 2020 Allegro.pl Sp. z o.o. acquired 100% shares of FinAi S.A. The price amounted to PLN 7,000 for 100% of the company's shares and the cash payment was divided into two tranches – PLN 2,000 was settled in 2019 and the remaining PLN 5,000 in January 2020. The Group with legal entity acquired the following assets: cash balance in the amount of PLN 798, intangible assets of PLN 5,719, trade and other receivables amounted to PLN 487 as well as trade liabilities in the amount of PLN 568 and liabilities to employees of PLN 304. The company was a financial intermediary start-up which ceased to trade in September 2019. Together with FinAi, Allegro acquired existing software applicable to credit analysis of the Allegro platform Buyers and performance of AML and KYC checks. Allegro.pl expected such competencies and capabilities to be important enablers to further development of financial services penetration on the marketplace platform in the future.

As Allegro.pl acquired means of production as opposed to a functioning business the transaction is treated as a purchase of assets. No goodwill or gain on a bargain purchase were recognized.

On 27 May 2020 Adinan Midco purchased 100% shares in FinAi S.A. from its subsidiary Allegro.pl.

### - **The pandemic of Covid-19 as described in note 2**

The existence of coronavirus (Covid-19) was confirmed in early 2020 and has spread across Europe and Poland, causing disruptions to businesses and economic activity. The pandemic had a positive impact on revenues generated by companies operating in online marketplace industry and a negative impact on online ticket distribution. The Group introduced several assistance programs for its Sellers and Buyers. The Group assessed the impact of COVID-19 on the Group's operations and the numbers presented in these Interim Condensed Consolidated Financial Statements. The Group performed the analysis in terms of expected credit losses and Goodwill impairment (see note 6).

### - **The development costs**

The Group does not have any department dedicated to research and development, however, such activities are performed throughout the organization. Research and development expenditure that meet the capitalization criteria are deducted from expenses and recognized as intangible assets. The Group develops its platform and introduce new projects in order to satisfy the needs of its Buyers and Sellers.

There were no changes in accounting policies in the period covered by Interim Condensed Consolidated Financial Statements of the Group as of for the six month period ended 30 June 2020 in comparison to the 2019 Consolidated Financial Statements of the Adinan Super Topco S.à r.l.



## 6. INFORMATION ON MATERIAL ACCOUNTING ESTIMATES

The preparation of the condensed interim 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. Estimations 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.

In preparing these condensed interim consolidated financial statements, the significant judgments made by Management in applying the Group's accounting policies were the same as those described in the 2019 Consolidated Financial Statements of the Adinan Super Topco S.à r.l. The Management noted that the recoverable amount on the cash-generating unit of eBilet Polska could be affected by the business disruption caused by Covid 19. A goodwill impairment test was performed and the value in use was recalculated using adjusted assumptions of severe disruptions to mass events throughout 2020 and a strong recovery thereafter. The Management concluded there is no impairment risk unless severe Covid-19 disruptions of events continue into 2021 and the medium term.

The critical assumptions made when calculating recoverable amount were as follows:

	eBilet	
	30.06.2020	31.12.2019
Compound annual growth rate of revenues during the forecast period	18.96%	20.03%
Average annual rise/(fall) in EBITDA margin	(1.83) ppt	(2.10) ppt
Marginal growth rate outside the forecast period	2.50%	2.50%
Discount rate (pre-tax)	11.00%	10.30%

Future net cash flow of the cash-generating units are based on the critical assumptions presented above, each of which involve a degree of uncertainty.

Sensitivity analysis of the aforesaid assumptions shows that the Group would recognize impairment if any of the key assumptions is changed as follows:

	eBilet	
	30.06.2020	31.12.2019
Decrease of the revenue CAGR by:	7.15 ppt	8.30 ppt
Decline in annual EBITDA margin by:	5.91 ppt	7.62 ppt
Decrease of the marginal growth rate by:	11.50 ppt	36.50 ppt
Growth in the discount pre-tax rate by:	6.84 ppt	14.30 ppt

In Management's assessment, they are not aware of any reasonably likely assumptions that might result in business performance outcomes similar or worse than those shown in these sensitivities for the CGUs as of 30 June 2020 and therefore result in a material impairment.

There were no changes in the case with the Office of Competition and Consumer Protection ("OCCP") comparing to the situation described in the 3-year financial statements.

## 7. 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 2020 were applied. The amendments do not have a significant impact on these financial statements.

**Amendments to References to the Conceptual Framework** in IFRS Standards issued by IASB on 29 March 2018. Due to the fact that Conceptual Framework was revised, the IASB updated references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC



12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The amendments are effective for annual periods beginning on or after 1 January 2020.

**Amendments to IFRS 3 “Business Combinations”** - Definition of a Business issued by IASB on 22 October 2018. Amendments were introduced to improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

The amendments are effective for annual periods beginning on or after 1 January 2020.

**Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies”, Changes in Accounting Estimates and Errors”** - Definition of Material issued by IASB on 31 October 2018. The change applies to periods beginning after January 1, 2019. The amendments clarify the definition of material and how it should be applied by including in the definition guidance.

The amendments are effective for annual periods beginning on or after 1 January 2020.

# NOTES TO THE INTERIM STATEMENT OF COMPREHENSIVE INCOME

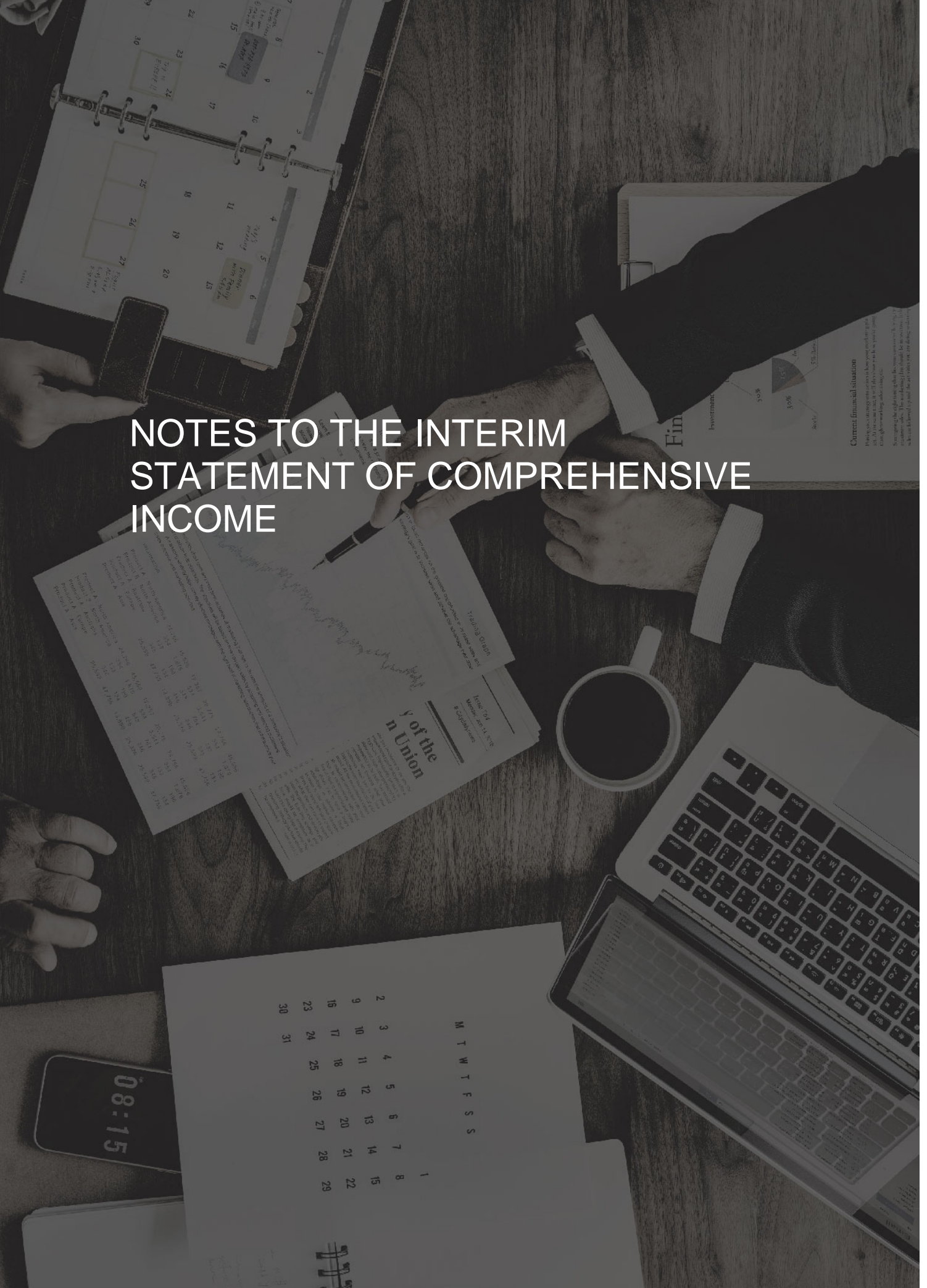


Table with financial data, including columns for '2019', '2018', and '2017'. The table contains numerical values and some text labels, likely representing financial metrics over time.

Calendar grid showing days of the week (M T W T F S S) and dates from 1 to 31. The date 08:15 is visible on a smartphone screen in the foreground.



## 8. SEGMENT INFORMATION

### 8.1 Description of segments and principal activities

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

Other segment consists mainly of eBilet results, which was consolidated starting from May 2019, as well as minor costs of holding companies.

The reportable operating segments are identified at the Group level. The Parent, as a holding company is not included in any segments. Segment performance is assessed on the basis of revenue, operating profit before amortisation and depreciation (EBITDA) and adjusted EBITDA. 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 segments have a dispersed customer base – no single customer generates more than 10% of segment revenue.

6 months ended 30.06.2020	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	1,770,148	1,656,351	107,696	6,101	-
Inter-segment revenue	-	3,209	15,819	735	(19,763)
<b>Net revenue</b>	<b>1,770,148</b>	<b>1,659,560</b>	<b>123,515</b>	<b>6,836</b>	<b>(19,763)</b>
Operating expenses	(981,574)	(920,164)	(62,770)	(18,403)	19,763
<b>EBITDA</b>	<b>788,574</b>	<b>739,396</b>	<b>60,745</b>	<b>(11,567)</b>	<b>-</b>
Amortisation and Depreciation	(228,205)				
Net financial result	(183,674)				
<b>Profit before income tax</b>	<b>376,695</b>				
Tax expense	(87,041)				
<b>Net profit</b>	<b>289,654</b>				

6 months ended 30.06.2019	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	1,166,473	1,080,081	82,602	3,790	-
Inter-segment revenue	-	1,800	13,087	540	(15,427)
<b>Net revenue</b>	<b>1,166,473</b>	<b>1,081,881</b>	<b>95,689</b>	<b>4,330</b>	<b>(15,427)</b>
Operating expenses	(541,423)	(504,512)	(45,781)	(6,557)	15,427
<b>EBITDA</b>	<b>625,050</b>	<b>577,369</b>	<b>49,908</b>	<b>(2,227)</b>	<b>-</b>
Amortisation and Depreciation	(216,863)				
Net financial result	(161,848)				
<b>Profit before income tax</b>	<b>246,339</b>				
Tax expense	(50,599)				
<b>Net profit</b>	<b>195,740</b>				

## 8.2 Adjusted EBITDA (non-gaap measure)

EBITDA is the most relevant measure of profit and it corresponds to net profit before net financial result, taxes and amortisation and depreciation expense. Adjusted EBITDA excludes the effects of significant items of income and expenditure that may have an impact on the quality of earnings. The Group decided to exclude transaction costs, monitoring fees, preparation of market strategy costs, employee restructuring and regulatory proceedings costs as well as Group restructuring costs from adjusted EBITDA, because these expenses are not related to core operations of the Group.

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

	6 months ended 30.06.2020	6 months ended 30.06.2019
<b>EBITDA</b>	<b>788,574</b>	<b>625,050</b>
Transaction costs <sup>1</sup>	-	1,367
Monitoring costs <sup>2</sup>	1,741	1,811
Regulatory proceeding costs <sup>3</sup>	1,958	437
Group restructuring costs <sup>4</sup>	2,702	600
Donations to various public benefit organisations <sup>5</sup>	3,650	-
Bonus for employees and funds spent on sanitary protection of employees <sup>6</sup>	2,523	-
Management Incentive Plan <sup>7</sup>	6,866	2,147
<b>Adjusted EBITDA</b>	<b>808,014</b>	<b>631,412</b>

- (1) Represents transaction costs related the acquisition of eBilet in 2019
- (2) Represents expenses incurred in relation to performance of advisory services by the shareholders of the Group, including travel expenses and expenses for services provided for projects outside the usual scope of our business
- (3) Represents legal costs related to regulatory proceeding - the Polish competition authority, the OCCP, conducted an inspection at Allegro's offices in June 2017 related to antitrust proceedings against Allegro.pl concerning the alleged abuse of a dominant position by Allegro.pl on the Polish market for online B2C intermediary sales services. The OCCP's investigation is still at a preliminary stage and the Group cannot speculate on the potential outcome
- (4) Represents legal and financial due diligence expenses with respect to not concluded acquisitions of target companies and pre-IPO preparation costs
- (5) Represents donations made by the Group to support several public organizations during the COVID-19 pandemic
- (6) Represents expenses incurred by the Group to buy employees' sanitary protections and to pay employees' bonuses for the purchase of the necessary equipment to enable them to work remotely during the COVID-19 pandemic
- (7) Represents Management Incentive Plans and relates to share based payments that the management participates indirectly through different kind of shares of a trust entity Adiman SCSp and directly via type C and D shares issued by Adinan Super Topco in the Group. The Management Incentive Plans will cease to exist upon the public offering of shares of Adinan Super Topco S.à r.l.

## 9. REVENUES FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of revenue from contracts with customers

6 months ended 30.06.2020	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	1,440,791	-	6,101	(330)	1,446,562
Advertising revenue	122,859	19,771	-	(1,372)	141,258
Price comparison revenue	-	101,971	-	(12,594)	89,377
Retail revenue	82,623	-	-	-	82,623
Other revenue	13,287	1,773	735	(5,467)	10,328
<b>Net revenue</b>	<b>1,659,560</b>	<b>123,515</b>	<b>6,836</b>	<b>(19,763)</b>	<b>1,770,148</b>

6 months ended 30.06.2019	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	958,818	-	3,790	-	962,608
Advertising revenue	70,445	19,008	-	(1,887)	87,566
Price comparison revenue	-	74,621	-	(8,408)	66,213
Retail revenue	37,233	-	-	-	37,233
Other revenue	15,385	2,060	540	(5,132)	12,853
<b>Net revenue</b>	<b>1,081,881</b>	<b>95,689</b>	<b>4,330</b>	<b>(15,427)</b>	<b>1,166,473</b>

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.

6 months ended 30.06.2020	Allegro	Ceneo	Other	Eliminations	Total
<b>Timing of revenue recognition:</b>					
At a point in time	1,084,746	102,532	6,836	(19,763)	1,174,351
Over time	574,814	20,983	-	-	595,797
<b>Net revenue</b>	<b>1,659,560</b>	<b>123,515</b>	<b>6,836</b>	<b>(19,763)</b>	<b>1,770,148</b>

6 months ended 30.06.2019	Allegro	Ceneo	Other	Eliminations	Total
<b>Timing of revenue recognition:</b>					
At a point in time	653,630	75,526	4,330	(15,427)	718,059
Over time	428,251	20,163	-	-	448,414
<b>Net revenue</b>	<b>1,081,881</b>	<b>95,689</b>	<b>4,330</b>	<b>(15,427)</b>	<b>1,166,473</b>

The Group's operations are conducted in one geographical area, on the territory of the Republic of Poland. The Group has a dispersed customer base – no single customer generates more than 10% of revenue.

## 10. FINANCIAL INCOME AND FINANCIAL COSTS

	6 months ended 30.06.2020	6 months ended 30.06.2019
Interest from deposits	2,149	6,541
Other financial income	1,175	655
Valuation of financial assets	9,515	-
Net exchange gains on foreign currency transactions	-	1,360
<b>Financial income</b>	<b>12,839</b>	<b>8,556</b>
Interest paid and payable for financial liabilities	(189,347)	(166,284)
Interest on leases	(1,627)	(2,031)
Revolving facility availability fee	(1,646)	(1,475)
Net exchange losses on foreign currency transactions	(3,434)	-



	6 months ended 30.06.2020	6 months ended 30.06.2019
Other financial costs	(459)	(614)
<b>Financial costs</b>	<b>(196,513)</b>	<b>(170,404)</b>
<b>Net financial costs</b>	<b>(183,674)</b>	<b>(161,848)</b>

## 11. 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 year to 30 June 2020 is 22.7%, compared to 20.4% for the six months ended 30 June 2019.

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

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

	6 months ended 30.06.2020	6 months ended 30.06.2019
Current income tax on profits	(102,587)	(63,402)
(Increase)/Decrease in net deferred tax liability	15,546	12,803
<b>Income tax expense</b>	<b>(87,041)</b>	<b>(50,599)</b>

## 12. EARNINGS PER SHARE

The amounts in this note are provided in PLN and not in thousand PLN. Earnings per share (EPS) are calculated based on the current shares structure that will change at the Initial Public Offering.

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity holders of the Parent Company decreased by preferential cumulative dividend, by the weighted average number of ordinary A1 and A2 shares. B1, B2, C1 and C2 shares were granted to the key Management and selected other managers with the determined vesting period and were excluded from the earnings per share calculation. B and C series shares are considered to have potential dilutive effect on the EPS calculation, however are not considered dilutive due to the fact that an exit event is considered as a contingently issuable feature. As the vesting conditions are not met at closing dates no dilutive effect is triggered by B and C shares.

	30.06.2020	30.06.2019
Net profit attributable to equity holders of the Parent Company	289,944,669	195,455,407
Preference annual interest	(494,341,921)	(553,104,984)
<b>Loss for ordinary shareholders</b>	<b>(204,397,252)</b>	<b>(357,649,577)</b>
Average number of ordinary shares	869,609,580	869,609,580
<b>Loss per ordinary share (basic)</b>	<b>(0.24)</b>	<b>(0.41)</b>

The holders of Preference Shares shall be entitled to receive a preferential cumulative dividend. The net profit attributable to the owners of the Group was adjusted by the dividends due to Preference Shares.

A person's hands are holding a document with a line graph. The graph shows data points connected by lines, with a y-axis ranging from 70% to 100% and an x-axis with days of the week. The background shows a laptop keyboard.

# NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 13. TRADE AND OTHER RECEIVABLES

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

	30.06.2020	31.12.2019
Trade receivables, gross	510,081	424,460
Impairment of trade receivables	(57,268)	(40,486)
<b>Trade receivables, net</b>	<b>452,813</b>	<b>383,974</b>
Other receivables	12,576	12,827
<b>Total</b>	<b>465,389</b>	<b>396,801</b>

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. The Group's receivables were pledged as security in accordance with the Borrowing Agreements acceded to by the Group's companies.

The increase in the balance of trade receivables as at 30 June 2020 is caused by unseasonably high second quarter sales due to the Covid-19 pandemic and by the introduction of the Sellers' assistance program. The Group decided to prolong payment terms for small and medium merchants because of Covid-19.

### 14. CASH AND CASH EQUIVALENTS

At the balance sheet date cash and cash equivalents comprised:

	30.06.2020	31.12.2019
Bank deposits	268,347	64,004
Cash at bank	273,364	315,655
Cash equivalents	33,043	24,209
Cash in hand	9	9
<b>Total</b>	<b>574,763</b>	<b>403,877</b>

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

As at 30 June 2020 and 31 December 2019 the Group had no restricted cash.

### 15. BORROWINGS

At the balance sheet date borrowings comprised:

	30.06.2020	31.12.2019
Loans	5,830,707	6,001,174
<b>Long term borrowings</b>	<b>5,830,707</b>	<b>6,001,174</b>
<b>Loans:a</b>	<b>338,796</b>	<b>335,741</b>
Interest	-	-
Principal	338,796	335,741
<b>Short term borrowings</b>	<b>338,796</b>	<b>335,741</b>
<b>Total borrowings</b>	<b>6,169,503</b>	<b>6,336,915</b>



## 16. OTHER FINANCIAL LIABILITIES

At the balance sheet date other financial liabilities comprised:

	30.06.2020	31.12.2019
Other financial liabilities	118,326	36,893
<b>Long term</b>	<b>118,326</b>	<b>36,893</b>
Other financial liabilities	-	2,032
<b>Short term</b>	<b>-</b>	<b>2,032</b>
<b>Total other financial liabilities</b>	<b>118,326</b>	<b>38,925</b>

Borrowings with floating interest rates expose the Group to the risk of changes in cash flows. The Group dynamically assesses its exposure to interest rate change risk. That risk is partially mitigated by cash deposits bearing floating interest and by interest rate swap contracts ("IRS").

On 26 and 29 June 2020 the Group entered into floating to fixed interest rate hedges on a nominal value of 2 billion PLN for interest payments due between 30 June 2022 and 30 June 2024. Those transactions have the effect of extending cash flow hedging coverage of floating rate interest risk on borrowings by two years to 30 June 2024.

In measuring the fair value of interest rate swaps, the Group uses the present value of future cash flow based on observable income curves. At the end of June, Warsaw Interbank Offer Rate 3 Months (Wibor 3M) had decreased by 145 bps in comparison with December 2019, resulting in swap valuation increasing significantly.

## 17. DEFERRED TAX

### 17.1 Deferred tax assets

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

	30.06.2020	31.12.2019
Accrued expenses	33,964	28,445
Liabilities to employees	17,697	14,818
Cash flow hedges	29,510	9,708
Impairment of trade receivables	8,859	6,500
Other items	8,628	9,242
<b>Total deferred tax assets</b>	<b>98,658</b>	<b>68,713</b>
Deferred tax assets pursuant to set-off rules	(68,732)	(59,001)
<b>Net deferred tax assets</b>	<b>29,926</b>	<b>9,712</b>

	Accrued expenses	Liabilities to employees	Other	Offsetting	Total
As at 31.12.2019	28,445	14,818	25,450	(59,001)	9,712
(Charged)/credited to profit or loss	5,519	2,879	(832)	(9,731)	(2,165)
(Charged)/credited to OCI	-	-	22,379	-	22,379
As at 30.06.2020	33,964	17,697	46,997	(68,732)	29,926

## 17.2 Deferred tax liabilities

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

	30.06.2020	31.12.2019
Intangible assets	675,929	687,760
Loan valuation	6,128	4,767
Property, plant and equipment	4,422	3,736
Other items	8,050	6,246
<b>Total deferred tax liabilities</b>	<b>694,529</b>	<b>702,509</b>
Deferred tax liabilities pursuant to set-off rules	(68,732)	(59,001)
<b>Net deferred tax liabilities</b>	<b>625,797</b>	<b>643,508</b>

	Recognition of intangible assets	Other	Offsetting	Total
As at 31.12.2019	687,760	14,749	(59,001)	643,508
Charged/(credited) to profit or loss	(11,831)	3,851	(9,731)	(17,711)
As at 30.06.2020	675,929	18,600	(68,732)	625,797

## 17.3 Deferred income tax

The deferred income tax calculation is based on the Group's best estimates. The Group intends to continue to analyse the Group's deferred income tax at each future balance sheet date.

The unrecognized tax losses of PLN 60,149 were incurred by Adinan Seniorco in 2019 and PLN 38,814 in 2020. The subsidiary is not likely to generate taxable income in the foreseen future.

There were no negative or positive temporary differences, or unused tax reliefs for which the Group did not recognize a respective deferred tax asset or liability.

## 18. LIABILITIES TO EMPLOYEES

### Movements in liabilities to employees

	31.12.2019	Charged	Reversed	Utilised	30.06.2020
Employee incentive program (LTI)	19,111	5,459	-	-	24,570
Provision for pensions and disability pensions	3,451	-	-	-	3,451
Long-term liabilities to employees	22,562	5,459	-	-	28,021
Bonus provision	47,628	48,748	(2,515)	(45,610)	48,251
Unused holiday provision	11,428	55,620	-	(45,500)	21,548
Provision for pensions and disability pensions	31	-	-	-	31
Other	527	666	-	(567)	626
Short-term liabilities to employees	59,614	105,034	(2,515)	(91,677)	70,456
<b>Total</b>	<b>82,176</b>	<b>110,493</b>	<b>(2,515)</b>	<b>(91,677)</b>	<b>98,477</b>

## 19. TRADE AND OTHER LIABILITIES

Trade and Other Liabilities at the balance sheet date comprised:

	30.06.2020	31.12.2019
Trade liabilities	230,230	207,147
Contract and refund liabilities	75,911	70,422
VAT liabilities	50,146	52,259
Social insurance and other tax liabilities	12,582	9,768
Other liabilities	5,013	9,565
<b>Total</b>	<b>373,882</b>	<b>349,161</b>

## 20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Classification and measurement

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

The Group holds the following financial instruments:

	Notes	30.06.2020	31.12.2019
<b>Financial assets at amortised cost</b>		<b>1,038,090</b>	<b>797,175</b>
Loans granted		10,514	9,324
Trade receivables and other receivables*	13	452,813	383,974
Cash and cash equivalents	14	574,763	403,877

\* excluding tax-related settlements

	Notes	30.06.2020	31.12.2019
<b>Liabilities at amortised cost</b>		<b>6,433,611</b>	<b>6,596,837</b>
Trade and other liabilities*	19	235,243	216,712
Borrowings	15	6,169,503	6,336,915
Written put option liability	21	28,865	43,210
<b>Financial liabilities at fair value through OCI</b>		<b>118,326</b>	<b>38,925</b>
Derivative financial instruments (cash flow hedge)	16	118,326	38,925

\* excluding tax-related settlements and contract liabilities

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

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

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

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

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

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

## 21. WRITTEN PUT OPTION LIABILITY

The value of written put option liabilities was:

	30.06.2020	31.12.2019
Written put option liability	-	21,002
<b>Long term</b>	-	<b>21,002</b>
Written put option liability	28,865	22,208
<b>Short term</b>	<b>28,865</b>	<b>22,208</b>
<b>Total written put option liability</b>	<b>28,865</b>	<b>43,210</b>

The written put option liabilities arose from business combinations and represents put options for non-controlling interests in eBilet. As of the date of these interim condensed consolidated financial statements, the Group holds control over of 80% of the shares in eBilet but before the end of the reporting period, Bola Investments submitted a declaration on the exercise of its put option on the first tranche of 10% of shares. The price for the 10% of shares will be determined in accordance with the shareholders' agreement and depends on the level and growth dynamics of the EBITDA. The Group estimated potential outflow and decreased the written put option liability as at 30 June 2020. The lower amount in comparison with 31 December 2019 was the effect of a change in assumptions. The severe disruption to online ticket sales caused by the Covid-19 pandemic had a significant impact on the assumptions used to calculate the written put option liability. As at the end of 2019 the Group assumed, the first option will be exercised in 2021 not in 2020.

An increase in the forecasted EBITDA margin by 1 ppt per annum in 2020 increases the value of the financial liability by 0.37%. An increase in the discount rate of 1 ppt decreases the financial liability by 0.46%.

## 22. RELATED PARTY TRANSACTIONS

Transactions with related parties referred to settlements of consulting and management services and loans granted. All transactions were entered into on an arm's length basis. Transactions with Black Pines Capital Partners relate to the services provided by the Chairman of the Group.

The Group made the following related party transactions in the period ended 30 June 2020 and 30 June 2019:

<b>Related party</b>	<b>6 months ended 30.06.2019</b>	<b>As at 31.12.2019</b>
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	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
<b>Shareholder:</b>							
Adinan (MEF IV) Limited	-	138	-	-	-	-	-
Adiman SCSp	-	-	-	-	75	-	-
Cinven Partners LLP	-	1,346	-	-	-	-	-
Permira Advisers (London) Ltd	-	454	-	-	-	-	-
<b>Management:</b>							
Loans granted	-	-	135	-	-	-	8,360
BlackPines Capital Partners Ltd	-	1,731	-	-	-	-	-
<b>Affiliates:</b>							
Polskie Badania Internetu sp. z o.o.	-	138	-	238	-	23	-
Fundacja Allegro All For Planet	14	1,077	-	-	-	-	-
<b>Total</b>	<b>14</b>	<b>4,884</b>	<b>135</b>	<b>238</b>	<b>75</b>	<b>23</b>	<b>8,360</b>

	6 months ended 30.06.2020				As at 30.06.2020		
Related party	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
<b>Shareholder:</b>							
Adinan (MEF IV) Limited	-	68	-	-	-	-	-
Adiman SCSp	-	-	-	-	362	-	-
Cinven Partners LLP	-	413	-	-	-	-	-
Permira Advisers (London) Ltd	-	777	-	-	-	-	-
<b>Management:</b>							
Loans granted	-	-	168	-	-	-	8,904
BlackPines Capital Partners Ltd	-	1,776	-	-	-	-	-
<b>Affiliates:</b>							
Polskie Badania Internetu sp. z o.o.	-	138	-	-	-	23	-
Fundacja Allegro All For Planet	12	-	-	-	6	-	-
<b>Total</b>	<b>12</b>	<b>3,172</b>	<b>168</b>	<b>-</b>	<b>368</b>	<b>23</b>	<b>8,904</b>

## 23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No reportable events occurred between the balance sheet date and the date of these financial statements.

## INDEX OF DEFINED TERMS

<p>1915 Law ..... 257</p> <p>1P ..... 14, 257</p> <p>2005 Hague Convention ..... 257</p> <p>3P ..... 13, 257</p> <p>3P Sellers ..... 19, 122</p> <p>Acquisition ..... 75</p> <p>Act on Public Offering ..... 257</p> <p>Act on Supervision over the Capital Market ..... 257</p> <p>Act on Trading in Financial Instruments ..... 257</p> <p>Active Buyers ..... 60</p> <p>Adiman ..... 6, 168, 257</p> <p>Adjusted EBITDA ..... 46, 60</p> <p>Adjusted EBITDA/GMV ..... 46, 61</p> <p>Adjusted EBITDA/net revenue ..... 46, 61</p> <p>Admission ..... 257</p> <p>AI ..... 257</p> <p>AI Prime ..... 131</p> <p>AIP ..... 162, 257</p> <p>AISP ..... 142</p> <p>Allegro Fulfillment ..... 13</p> <p>Allegro.pl ..... 75, 130, 257</p> <p>Allen &amp; Overy ..... 246</p> <p>Allotment Date ..... 6, 187, 257</p> <p>Alter Domus ..... 171</p> <p>Annual Financial Statements ..... 45</p> <p>Annual General Meeting ..... 177</p> <p>APMs ..... 46</p> <p>APS ..... 141</p> <p>ASIC ..... 44, 206</p> <p>Audit Committee ..... 161</p> <p>Australian Corporations Act ..... 206</p> <p>Authorized Capital ..... 173</p> <p>B2C ..... 2, 62, 105, 113</p> <p>Bank Pekao ..... iii, 5, 39</p> <p>Banks ..... iii, 5, 39, 257</p> <p>Barclays ..... iii, 5, 39</p> <p>BM PKO BP ..... iii, 5, 39, 257</p> <p>Board Meetings ..... 180</p> <p>BofA Securities ..... iii, 5, 39</p> <p>Bola ..... 121</p> <p>Bottom of the Offer Price Range ..... 257</p> <p>business day ..... 257</p> <p>C2C ..... 2, 62, 105, 113</p> <p>CAGR ..... 257</p> <p>capitalized development costs ..... 46, 95</p> <p>CEE ..... 257</p> <p>Ceneo ..... 113</p> <p>Ceneo.pl ..... 75, 257</p> <p>Chairman ..... 166</p> <p>Chairperson ..... 180</p> <p>Cidinan ..... i, 1, 168, 169</p> <p>Cinven ..... 257</p> <p>Cinven Cullinan ..... 169</p> <p>CISA ..... 42, 204</p>	<p>CIT Act ..... 258</p> <p>Citi ..... iii, 5, 39</p> <p>Clifford Chance ..... 246</p> <p>Code ..... 242</p> <p>Co-Investment Plans ..... 169</p> <p>Co-Lead Managers ..... iii, 5, 39, 258</p> <p>Competition Act ..... 19, 258</p> <p>Conversion ..... 258</p> <p>Co-Offering Agents ..... iii, 5, 39, 258</p> <p>Corporations Act ..... 44</p> <p>COVID-19 ..... 16</p> <p>Crédit Agricole ..... iii, 5, 39</p> <p>Credit Facility Borrower ..... 128</p> <p>CRS ..... 241</p> <p>CRS Law ..... 241</p> <p>CSR ..... 21</p> <p>CSSF ..... ii, 1, 5, 258</p> <p>Cumulative 2017 ..... 77</p> <p>DAC 2 ..... 241</p> <p>DAC 6 ..... 242</p> <p>Debtors ..... 130</p> <p>Deeds of Election ..... 258</p> <p>DFSA ..... 43, 206</p> <p>DIFC ..... 44, 206</p> <p>Directive on Consumer Rights ..... 139</p> <p>Directive on Product Safety ..... 140</p> <p>Director ..... 180</p> <p>Director's Representative ..... 180</p> <p>DMBH ..... iii, 5, 39</p> <p>eBilet Polska ..... 121</p> <p>eBilet Polska Investment Agreement ..... 130</p> <p>EC ..... 19, 258</p> <p>E-Commerce Directive ..... 132</p> <p>EEA ..... 258</p> <p>Entrepreneur Law Act ..... 258</p> <p>Erste Group ..... iii, 5, 39</p> <p>EU ..... 227, 237, 258</p> <p>EU Parent-Subsidiary Directive ..... 237</p> <p>EU payment institutions ..... 141</p> <p>EUR ..... 258</p> <p>Euro ..... 258</p> <p>Exempt Investors ..... 206</p> <p>Existing Facilities ..... 126</p> <p>Existing Intercreditor Agreement ..... 126</p> <p>Existing RCF ..... 126</p> <p>Existing Sale Shares ..... i, 4, 185, 258</p> <p>Existing Second Lien Facility ..... 7, 126</p> <p>Existing Second Lien Facility Agreement ..... 126</p> <p>Existing Senior Facilities ..... 126</p> <p>Existing Senior Facilities Agreement ..... 126</p> <p>Existing Senior Facility A ..... 7, 126</p> <p>Existing Senior Facility B ..... 7, 126</p> <p>Existing Senior Term Facilities ..... 7, 126</p> <p>Existing Term Facilities ..... 7, 126</p>
--	---

FDI .....	34	Majority Shareholder .....	213
FDI Regime .....	143	Mandated Lead Arrangers.....	128
Financial Statements.....	45	Mandatory Sell-Out .....	213
FinSA .....	42, 204	Mandatory Squeeze-Out .....	213
FinTech.....	258	MAR .....	199, 260
Foreign Investor .....	143	Maximum Price.....	ii, 190, 260
Framework Agreement.....	131	MDR .....	242
full-stack.....	258	Member State.....	260
GAAR.....	24, 258	Mepinan .....	i, 1, 168, 169
GDP .....	258	Mid Europa Partnership Vehicles .....	169
GDPR .....	20, 134	MiFID II.....	45
General Meeting.....	258	MiFID II Product Governance Requirements .....	45
Genuine Economic Activity .....	259	Minimum Net Wealth Tax .....	238
Global Coordinators .....	ii, 39, 259	MVO .....	130
GMV .....	46, 60, 62, 105, 259	NBP.....	260
GMV per Active Buyer .....	60	NDS .....	1, 195, 260
Greenberg Traurig.....	246	net debt.....	46
Group.....	39, 259	net leverage.....	46
Grupa OLX.....	123	New Facilities .....	128
GUS .....	259	New Facilities Agreement.....	128
IAS .....	45, 259	New Intercreditor Agreement .....	130
IFRS .....	45, 259	New RCF .....	128
IFRS 15 .....	259	New Sale Shares .....	i, 4, 185, 260
Independent Directors .....	180	New Senior Facility B.....	7, 128
Individual Selling Shareholders.....	6, 168	New Withholding Tax Regime .....	235
InPost.....	131	NI 33-105.....	43, 205
Institutional Investors .....	ii, 5, 185, 259	NIS Directive .....	136
Institutional Investors Offer Price ....	ii, 190, 259	NPI.....	141
Interim Financial Statements.....	45	NPS .....	107, 260
International Institutional Investorsi, 5, 185, 259		Obligation to Withhold Tax .....	235
International Offering.....	ii, 5, 185, 259	OC&C .....	48, 261
Investment Funds Act.....	259	OECD .....	34
Investment Opportunities .....	162	Offer Price Range .....	i, 261
Investment Plan .....	259	Offer Shares .....	i, 4, 185, 261
IPO Share Grant .....	162	Offering.....	ii, 4, 261
IRS.....	242, 260	Order .....	42, 204
ISIN .....	1	OSA .....	19
Issuer .....	i, 1, 168, 260	other capital expenditure.....	46, 95
Issuer's Articles of Association .....	173	Over-Allotment Option.....	261
Issuer's Board .....	17, 260	Over-Allotment Period.....	199
Issuer's Extraordinary General Meeting .....	175	Over-Allotment Shares .....	i, 1, 4, 261
IT260		Parent .....	126
Joint Bookrunners.....	iii, 5, 39, 260	Participants.....	261
KPIs .....	63	Participation Exemption Regime .....	237
Latest Practicable FX Rate .....	2, 260	PayU .....	130
Lazard.....	247	PCAOB Standards .....	45
Legal Reserve.....	176	Pekao Investment Banking .....	iii, 5, 39
LEI.....	1	Permira.....	261
Listing Date .....	ii, 6, 187, 260	Permira VI.....	i, 168
LTM Period.....	46	Permira VI.....	1
Lugano Convention .....	260	Permira VI.....	169
Luxembourg .....	i, 168, 260	PFIC.....	244
Luxembourg Mandatory Squeeze-Out and Sell-Out Law .....	213	PFSA.....	ii, 5, 261
Luxembourg Market Abuse Law.....	260	PIT Act.....	261
Luxembourg Prospectus Law .....	ii, 260	PLN.....	261
Luxembourg Takeover Law .....	212	Poland .....	i, 261
Luxembourg Transparency Law.....	209, 260	Polish Institutional Investors.....	i, 261
Luxembourg-Poland Double Taxation Treaty	35	Polish Institutional Offering.....	261
Majority Selling Shareholders.....	i, 168, 260	Polish Public Offering.....	i, 5, 185, 261
		PPK.....	121

Pre-Acquisition Period .....	76	Shares.....	ii, 1, 4, 262
Pricing Date.....	iii, 5, 187, 261	Sixth Cinven Fund .....	169
Principal Selling Shareholders .....	i, 168, 261	SKU .....	262
Prospectus.....	i, 1, 261	SME .....	262
Prospectus Regulation .....	ii, 261	South African Companies Act .....	44
PSUs.....	162	sp. Z o.o. ....	262
QIBs .....	i, 5, 185, 261	SPI.....	141
qualified investors .....	42, 204	Stabilizing Manager.....	ii, 4, 262
Qualified Permanent Establishment .....	241	Stabilizing Regulation.....	199
Qualified Shareholding.....	237	Subsidiaries.....	262
Qualified Subsidiary.....	237	Substitute Investors.....	195, 262
Raiffeisen Centrobank.....	iii	Take Rate .....	60, 263
Raiffeisn Centrobank.....	5, 39	Takeover Directive.....	211, 263
Record Date.....	183	Target Market Assessment.....	45
Regulation 1215/2012 .....	49	Tax Ordinance.....	263
Regulation 2019/1150 .....	132	Termination Date .....	164
Regulation on the Market and Issuers .....	262	TFEU .....	19
Regulation S .....	39, 262	Top of the Offer Price Range.....	263
Relevant Member State .....	208, 262	total capital expenditure .....	46
relevant persons.....	42, 204	Treaty.....	263
Relevant State.....	41, 262	U.S. ....	263
Relevant Threshold.....	209	U.S. dollars .....	263
Remuneration and Nomination Committee..	161	U.S. Exchange Act.....	263
Resigning Directors.....	147	U.S. GAAP .....	263
Retail Investors.....	i, 1, 262	U.S. Securities Act.....	i, 263
Retail Investors Offer Price .....	ii, 190, 262	UKE .....	29
Retail Offering.....	262	Underwriting Agreement .....	7, 198, 263
Retail Syndicate.....	192, 262	United States .....	i, 263
RSUs .....	162	UOKiK.....	263
Rule 144A .....	39, 262	UOKiK President .....	263
SA Relevant Persons .....	44	US GAAP .....	45
Sale Shares .....	i, 4, 185, 262	US GAAS .....	45
Santander Poland.....	iii, 5, 39, 262	USD .....	263
SEC .....	262	WIBOR .....	263
Selling Shareholders.....	i, 168, 262	Withdrawal Agreement.....	263
Senior Managers.....	262	working capital .....	46
SFA .....	43, 205	WSE.....	ii, 1, 263
Share Premium Account.....	175	WSE Best Practices.....	263
Shareholder Rights Law .....	177, 262	WSE Rules.....	263
Shareholders .....	262	zloty .....	261



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