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QUARTERLY REPORT OF ALLEGRO.EU GROUP

for the three and nine month period ended 30 September 2021

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TABLE OF CONTENTS

allegro

I.

GENERAL INFORMATION

allegro

1. Definitions

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

"1P"	First-party.
"3P"	Third-party.
"AIP"	Allegro Incentive Plan.
"Allegro.pl"	Allegro.pl sp. z o.o.
"APMs" or "Lockers"	Automated Parcel Machines.
"Ceneo.pl"	Ceneo.pl sp. z o.o.
"Cinven"	Depending on the context, any of, or collectively, Cinven Partnership LLP, Cinven Holdings Guernsey Limited, Cinven (Luxco 1) S.A. and their respective "associates" (as defined in the UK Companies Act 2006) and/or funds managed or advised by any of the foregoing.
"Company" or "Allegro.eu"	Allegro.eu (formerly Adinan Super Topco S.à r.l.), a public limited liability company (société anonyme), incorporated and existing under the laws of Luxembourg, with its registered office currently at 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B214830.
"CPC"	Cost Per Click.
"EC"	European Commission.
"EU"	European Union.
"FY"	A financial year of the Company ending on 31 December of the relevant civil year.
"GMV"	Gross merchandise value.
"Group"	Allegro.eu and its consolidated subsidiaries.
"IAS"	International Accounting Standards as adopted by the EU.
"IFRS"	International Financial Reporting Standards, as adopted by the EU.
"IFRS 15"	International Financial Reporting Standard 15 'Revenue from contracts with customers'.
"IPO"	The initial public offering of the shares of the Company on the WSE.
"IT"	Information Technology.
"Key Managers"	Individuals, in addition to the Board of Directors, considered relevant to establishing that the Group has the appropriate expertise and experience for the management of the business.
"Lockers" or "APMs"	Automated Parcel Machines.
"LTM"	Last twelve months. Represents twelve months preceding the end of a period.
"Luxembourg"	The Grand Duchy of Luxembourg.
"MOV"	Minimum order value necessary to receive a service or a discount.
"Permira"	Depending on the context, any of, or collectively, Permira Holdings Limited, Permira Debt Managers Limited, Permira Advisers (London) Limited, Permira Advisers LLP and each of Permira Holdings Limited's subsidiary undertakings from time to time, including the various entities that individually act as advisers or consultants in relation to the funds advised and/or managed by Permira.
"PLN" or "złoty"	Polish złoty, the lawful currency of Poland.
"Poland"	The Republic of Poland.
"PPC"	Pay Per Click.
"PSU"	Performance Share Unit plan which represents part of AIP.
"QoQ"	Quarter over quarter, i.e. sequential quarterly change.
"Report"	This report of the Company on three and nine months ended 30 September 2021.
"RSU"	Restricted Stock Unit plan which represents part of AIP.
"sp. z o.o."	Limited liability company (spółka z ograniczoną odpowiedzialnością).
"UOKiK or OCCP"	Polish Office for Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów).
"UOKiK or OCCP President"	The President of the Office for Competition and Consumer Protection.
"WIBOR"	The Warsaw Interbank Offered Rate is the average interest rate estimated by leading banks in Warsaw that the average leading bank would be charged if borrowing from other banks. Unless specified otherwise, this refers to three-month WIBOR for loans for a three-month period.
"WSE"	The Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) and, unless the context requires otherwise, the regulated market operated by such a company.
"YoY"	Year over year.
"YTD"	Year-to-date.

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2. Introduction

This is the report relating to the third quarter of the financial year 2021 of Allegro.eu, a public limited liability company (société anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B214830. This Report summarizes consolidated financial and operating data of Allegro.eu and its subsidiaries.

Allegro.eu is a holding company (together with all of its subsidiaries, the "Group"). The Group operates the leading online marketplace in Poland, Allegro.pl, and the leading price comparison platform in Poland, Ceneo.pl. Allegro.pl and Ceneo.pl are the Group's key operating companies and are both entities incorporated under the laws of Poland. The Group also operates eBilet.pl, which is the leading event ticket sales site in Poland.

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

At the date of the Report, (i) 28.03% of the issued shares of the Company are controlled by Cidinan S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B204672 ("Cidinan S.à r.l."), representing the interests of Cinven & Co-Investors, (ii) 28.03% by Permira VI Investment Platform Limited, representing the interests of Permira & Co-Investors, and (iii) 6.23% by Mepinan S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 163, rue du Kiem, L-8030 Strassen, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B246319 ("Mepinan S.à r.l."), representing the interests of Mid Europa Partners Funds. The remaining 37.71% is owned by other shareholders amongst which the management of the Allegro Group. The number of shares held by each investor is equal to the number of votes, as there are no privileged shares issued by the Company in accordance with the articles of association of the Company.

3. Forward-looking statements

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

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

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

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

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4. Presentation of financial information

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

Historical Financial Information

This Report includes the consolidated financial information of the Group as of 30 September 2021 and for the nine-month periods ended 30 September 2021 and 30 September 2020, which have been derived from the unaudited interim condensed consolidated financial statements of the Group as of and for the nine-month periods ended 30 September 2021 and 30 September 2020, prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting," the standard of IFRS applicable to the preparation of interim financial statements (the "Interim Financial Statements," together with the Annual Financial Statements, the "Financial Statements"), and included elsewhere in this Report. PricewaterhouseCoopers, Société coopérative, having its registered office at 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B65477, has reviewed the comparative information presented within these Interim Condensed Consolidated Financial Statements for the three and nine month periods ended 30 September 2020 and audited financial information as of 31 December 2020 in its capacity as independent statutory auditors (réviseur d'entreprises agréé) of the Company. The Interim Condensed Consolidated Financial Statements for the three and nine month periods ended 30 September 2021 and financial information as at 30 September 2021 have not been subject to review by the auditor.

Alternative Performance Measures

The Group has included certain alternative performance measures in this Report, including, among others, GMV, Adjusted EBITDA, Adjusted EBITDA/net revenue, Adjusted EBITDA/GMV, Total capital expenditure, Capitalized development costs, Other capital expenditure, Net debt, Leverage and Changes in working capital.

THE GROUP HAS DEFINED THE ALTERNATIVE PERFORMANCE MEASURES AS FOLLOWS:

"Adjusted EBITDA" means operating profit before depreciation and amortization further adjusted to exclude transaction costs, monitoring costs, market strategy preparation costs, employee restructuring costs, regulatory proceeding costs, group restructuring costs, donations to various public benefit organizations, certain bonuses for employees, the Management Investment Plan, funds spent on protective equipment against COVID-19, and expenses related to share based payments in connection with the Allegro Incentive Plan;

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

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

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

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

"GMV" means gross merchandise value, which represents the total gross value of goods and tickets sold on the platforms: Allegro.pl, Allegrolokalnie.pl, and eBilet.pl (including value added taxes);

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

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

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

"Other capital expenditure" means amounts paid for investments in building the relevant capacity of data centers, equipping employees with appropriate equipment (i.e. workstations), office equipment (e.g. fit-out and IT devices) and copyrights;

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

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

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

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

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

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

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

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

In this Report, for consistency in published materials, we have adjusted the names of the following Alternative Performance Measures, while their definitions remained unchanged between periods: "Net leverage" is now referred to as "Leverage", "Adjusted EBITDA/net revenue" is now referred to "Adjusted EBITDA/revenue", and "Working capital" is referred to as "Changes in working capital".

We have also changed the definition of "Other capital expenditure" from "cost" to "amount paid" in order to reflect the cash basis instead of accrual basis of the measure.

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

Non-Financial Measures

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

THE GROUP HAS DEFINED THE NON-FINANCIAL MEASURES AS FOLLOWS:

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

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

II.

MANAGEMENT REPORT

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1. Selected consolidated financial and operational highlights

Income Statement, PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %	Q3 2021	Q3 2020	Change %
Revenue	3,752.2	2,698.8	39.0%	1,233.9	928.7	32.9%
EBITDA	1,532.1	1,073.3	42.7%	457.1	284.7	60.5%
Adjusted EBITDA	1,567.2	1,216.5	28.8%	471.7	408.5	15.5%
EBIT	1,151.1	728.1	58.1%	323.1	167.8	92.6%
Profit / (Loss) before Income tax	1,106.6	292.0	278.9%	380.7	(84.7)	N/A
Net Profit / (Loss)	889.9	158.0	463.2%	324.4	(131.7)	N/A
Adjusted Net Profit	918.3	454.1	102.2%	336.2	147.4	128.1%

KPIs (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %	Q3 2021	Q3 2020	Change %
Active Buyers (millions)	13.3	12.6	5.6%	13.3	12.6	5.6%
GMV per Active Buyer (PLN)	3,067.5	2,463.3	24.5%	3,067.5	2,463.3	24.5%
GMV (PLN in millions)	29,933.2	24,259.7	23.4%	9,897.1	8,253.1	19.9%
LTM GMV (PLN in millions)	40,784.4	31,147.7	30.9%	40,784.4	31,147.7	30.9%
Take Rate (%)	10.40%	9.19%	1.20 pp	10.29%	9.40%	0.90 pp

Cash Flow, PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %	Q3 2021	Q3 2020	Change %
Net cash inflow/(outflow) from operating activities	1,033.3	1,165.0	(11.3%)	377.0	497.5	(24.2%)
Net cash inflow/(outflow) from investing activities	(256.9)	(170.3)	50.8%	(103.7)	(46.0)	(125.4%)
Net cash inflow/(outflow) from financing activities	(172.9)	(673.4)	(74.3%)	(55.6)	(301.1)	(818.5%)
Net increase/(decrease) in cash and cash equivalents	603.5	321.3	87.8%	217.7	150.4	44.8%

	30.09.2021 (unaudited)	31.12.2020	Change %
Assets	**16,217.1**	**15,147.9**	**7.1%**
Equity	**9,116.8**	**8,089.6**	**12.7%**
Net Debt	**3,791.8**	**4,326.0**	**(12.3%)**

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

2.1. Key Performance indicators

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

KPIs (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %	Q3 2021	Q3 2020	Change %
Active Buyers (millions)	13.3	12.6	5.6%	13.3	12.6	5.6%
GMV per Active Buyer (PLN)	3,067.5	2,463.3	24.5%	3,067.5	2,463.3	24.5%
GMV (PLN in millions)	29,933.2	24,259.7	23.4%	9,897.1	8,253.1	19.9%
LTM GMV (PLN in millions)	40,784.4	31,147.7	30.9%	40,784.4	31,147.7	30.9%
Take Rate (%)	10.40%	9.19%	1.20 pp	10.29%	9.40%	0.90 pp
Adjusted EBITDA (PLN in millions)	1,567.2	1,216.5	28.8%	471.7	408.5	15.5%
Adjusted EBITDA/revenue (%)	41.77%	45.08%	(3.31 pp)	38.23%	43.99%	(5.76 pp)
Adjusted EBITDA/GMV (%)	5.24%	5.01%	0.22 pp	4.77%	4.95%	(0.18 pp)

GMV and Active Buyers

During the nine months ended 30 September 2021, GMV reached PLN 29,933.2 million, up 23.4% YoY from PLN 24,258.7 million for the nine months ended 30 September 2020, whereas in Q3 2021 GMV reached PLN 9,897.1 million, which represented a 1,643.9, or 19.9% YoY increase.

GMV per Active Buyer grew in the nine months ended 30 September 2021 by 24.5% YoY, to reach PLN 3,067. At the same time, the number of Active Buyers grew to 13.3m at 30 September 2021, up by 5.6% YoY.

GMV growth in the nine month period was entirely driven by the Allegro Marketplace with a minimal drag of 0.1 pp coming from eBilet as severe lockdown restrictions negatively impacted public events and eBilet's ticket sales during much of H1 2021, with restrictions on mass gathering events being gradually eased from May 2021.

The Group's GMV growth reached 23.4% YoY for the nine months ended 30 September 2021 and was in line with management expectations, with widely varying growth rates registered in each quarter due to COVID-19 related impacts. In Q1 2021 GMV growth was 46.1%, dropping to 10.6% in Q2, before accelerating again to 19.9% YoY in Q3. Due to COVID-19, the Polish government imposed lockdowns on all non-essential offline retail in March-May 2020 and subsequently implemented less severe restrictions, focused on closing covered shopping malls, three times in Nov 2020, Jan 2021 and March-early May 2021. This disruption to normal shopping patterns raised demand for online e-commerce and accelerated adoption of regular online shopping. Furthermore, during the most severe March-May 2020 lockdown, the Group made its SMART! Program, with free delivery, available for free to any Active Buyers who wished to register, resulting in a peak YoY growth rate for 2020 of 71.5% for the second quarter.

The annual lapping of this sequence of disruptive events resulted in the Q1 2021 46.1% growth being achieved against a prior year period minimally impacted by COVID-19, Q2 growth of 10.4% being achieved against peak disruption and highest demand in the prior year, and the accelerating Q3 growth of 19.9% was delivered against a backdrop of minimal COVID-19 impact in both the current and prior year quarter. Looking through these events to 2 year CAGR growth from 2019 to 2021, growth in GMV for the nine month period ending 30 September 2021 has been 37.2%, well above the pre-pandemic trend of low to mid-twenties growth.

This higher GMV growth on a 2 year CAGR basis reflects buyers' increased online purchasing frequency following a positive shopping experience and the learning of new online shopping habits during the lockdowns. Increased demand has been further supported by the Group focusing on the retail basics of increasing selection, ensuring competitive prices and providing a fast and reliable delivery experience, together with increased uptake of SMART! users further boosting purchasing frequency.

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Adjusted EBITDA

The Group's Adjusted EBITDA increased by PLN 350.7 million, or 28.8% YoY, from PLN 1,216.5 million for nine months ended 30 September 2020 to PLN 1,567.2 million for nine months ended 30 September 2021. In Q3 2021 Adjusted EBITDA increased by PLN 63.2 million, or 15.5% YoY, from PLN 408.5 million for Q3 2020 to PLN 471.7 million for Q3 2021. This increase in profitability was achieved mainly due to the Group's GMV growing by 23.4% YoY in the nine months ended 30 September 2021 and 19.9% YoY in Q3 2021. In addition, increases in the Take Rate of 1.20 pp YoY in the nine months ended 30 September 2021 and 0.90 pp YoY in Q3 2021 helped to offset the growth of operating expenses, adjusted for one-off items, of 47.4% YoY in the nine months ended 30 September 2021 and 46.5% YoY in Q3 2021.

This improved Take Rate monetization mainly reflects the June 2020 introduction of success fees on delivery charges paid by buyers (a market standard practice aimed to fight artificially high delivery prices), the April 2020 launch of merchant co-financing of SMART! deliveries by courier and the January 2021 launch of similar co-financing charges for lockers. Furthermore, a positive impact from targeted success fee increases in specific categories and for promoted offers, both introduced in January 2021, also contributed to the higher Take Rate performance. As some of these measures began to be reflected in the base period, and the Group intensified investment in pricing support and pay-for-performance rebates, the Take Rate declined moderately by 0.17pp QoQ during Q3 2021. Furthermore, advertising revenues, which deliver higher than average margins, grew by 47.7% YoY in the nine months ended 30 September 2021 and by 39.7% in Q3 2021, helping to deliver total revenue growth of 39.0% YoY for the nine month period and 32.9% YoY for the third quarter .

Operating expenses grew by 36.6% YoY in the nine months ended 30 September 2021 and 20.6% YoY in Q3 2021. After elimination of one-off expenses described in the Adjusted EBITDA reconciliation table below, the YoY growth was 47.4% YoY for the first nine months and 46.5% YoY for Q3 2021.

Strategic investments in growing the SMART! subscriber base drove a 94.2% YoY rise in net delivery costs in the nine months ended 30 September 2021. When adjusting for free SMART! program costs included in marketing expenses in the base period, the YoY increase was a more moderate 61.7% for the three quarters and 57.3% YoY in Q3 2021. Marketing expenses grew by 9.2% in the nine months ended 30 September 2021, but after adjusting for the free SMART! program costs in the base period, the YoY growth reached 38.8% in the nine months ended 30 September 2021 and 32.2% in Q3 2021. An increase in the number of staff employed by 32.9% YoY contributed to the increase in staff costs which, adjusted for one-off items, grew by 36.1% YoY in the nine months ended September 2021, and by 41.7% YoY in Q3 2021. Recruitment was concentrated in key areas of the organisation such as Technology, Commerce, Delivery Experience, and Customer Experience, that should directly contribute to higher GMV and revenues over time.

Higher YoY Take Rate and increased share of advertising revenue combined to offset higher net costs of delivery from a larger base of highly engaged SMART! customers and further investment in marketing and resources to improve Adjusted EBITDA/GMV in the nine months period ending 30 September 2021 by 23 basis points YoY from 5.01% to 5.24%. In line with management's expectations, this margin measure fell back by 18 basis points YoY in Q3 2021 from 4.95% in Q3 2020 to 4.77% in Q3 2021. Sequentially lower Take Rate (-17 bps QoQ) combined with the increasing share of SMART! GMV that drives delivery expenses higher, along with ongoing ramp up of investments in marketing and team capacity were the main factors underpinning the lower margin

In the nine months ended 30 September 2021 the Group recognized PLN 12.5 million of new Allegro Incentive Plan costs, PLN 18.6 million in group restructuring and development costs, and PLN 4.0 million of other one-off costs in adjustments to EBITDA.

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

Reconciliation of Adjusted EBITDA, PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %	Q3 2021	Q3 2020	Change %
EBITDA	**1,532.1**	**1,073.3**	**42.7%**	**457.1**	**284.7**	**60.5%**
Monitoring costs [1]	—	2.8	(100.0%)	—	1.1	(100.0%)
Regulatory proceeding costs [2]	0.8	2.6	(70.5%)	0.2	0.7	(65.5%)
Group restructuring and development costs [3]	18.6	2.8	563.0%	10.2	0.1	10,447.9%
Donations to various public benefit organisations [4]	2.3	4.5	(48.5%)	—	0.8	(100.0%)
Bonus for employees and funds spent on protective equipment against COVID-19 [5]	1.0	2.9	(67.2%)	0.4	0.4	(5.9%)
Allegro Incentive Plan [6]	12.5	14.6	(14.1%)	3.8	14.6	(74.0%)
Management Investment Plan [7]	—	52.2	(100.0%)	—	45.3	(100.0%)
Transaction costs [8]	—	60.8	(100.0%)	—	60.8	(100.0%)
Adjusted EBITDA	**1,567.2**	**1,216.5**	**28.8%**	**471.7**	**408.5**	**15.5%**

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

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

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

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

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

[6] Represents the costs of the Allegro Incentive Plan, under which awards in the form of Performance Share Units ("PSU") and Restricted Stock Units ("RSU") are granted to Executive Directors, Key Managers and other employees. Costs recognized in the nine months period ended 30 September 2021 represent the accrued cost of share based compensation in relation to the PSU and RSU Plans.

For 2020, the cost represents the part of a one-off grant to employees of shares awarded at the Group's IPO ("Free Share Awards") accrued between the date of announcement and 30 September 2020. The remainder of the total cost of PLN 25,428 was recognized between 1 October 2020 and the date of the IPO on 12 October 2020.

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

[8] Represents costs of advisory and consultancy incurred during the IPO process in 2020 (PLN 60,397) and the acquisition of a 20% minority interest in eBilet (PLN 430).

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

2.2.1. REVIEW OF Q3 2021 RESULTS

RESULTS OF OPERATIONS

The following table presents the Group's summary consolidated statements of comprehensive income data for Q2 2021.

PLN m (unaudited)	Q3 2021	Q3 2020	Change %
Revenue	**1,233.9**	**928.7**	**32.9%**
Marketplace revenue	1,010.5	771.5	31.0%
Advertising revenue	109.4	78.3	39.7%
Price comparison revenue	35.5	37.4	(5.2%)
Retail revenue	68.2	35.6	91.8%
Other revenue	10.3	5.8	75.8%
Operating expenses	**(776.8)**	**(644.0)**	**20.6%**
Payment charges	(31.6)	(36.3)	(12.8%)
Cost of goods sold	(71.8)	(37.9)	89.4%
Net costs of delivery	(278.2)	(174.1)	59.8%
Marketing service expenses	(157.7)	(122.5)	28.7%
Staff costs	(134.4)	(154.0)	(12.7%)
IT service expenses	(26.8)	(15.0)	78.4%
Other expenses	(60.8)	(33.8)	79.5%
Net impairment losses on financial and contract assets	(15.6)	(9.6)	63.5%
Transaction costs	—	(60.8)	(100.0%)
Operating profit before amortisation and depreciation (EBITDA)	**457.1**	**284.7**	**60.5%**
Amortisation and Depreciation	**(133.9)**	**(117.0)**	**14.5%**
Amortisation	(110.7)	(100.7)	10.0%
Depreciation	(23.2)	(16.3)	42.5%
Operating profit	**323.1**	**167.8**	**92.6%**
Net Financial result	**57.6**	**(252.4)**	**N/A**
Financial income	109.5	0.5	23,936.3%
Financial costs	(51.8)	(252.2)	(79.5%)
Foreign exchange (profits)/losses	(0.2)	(0.7)	(74.8%)
Profit/(Loss) before Income tax	**380.7**	**(84.7)**	**N/A**
Income tax expenses	**(56.3)**	**(47.0)**	**20.0%**
Net profit/(loss)	**324.4**	**(131.7)**	**N/A**
Other comprehensive income/(loss)	**35.4**	**(19.9)**	**N/A**
Total comprehensive income/(loss) for the period	**359.8**	**(151.6)**	**N/A**

REVENUE

Revenue increased by PLN 305.2 million, or 32.9%, from PLN 928.7 million for Q3 2020 to PLN 1,233.9 million for Q3 2021. From a two-year perspective for the 2019-2021 period, this growth reflects a 41.1% CAGR. This increase resulted primarily from the growth of marketplace, advertising, and retail revenue streams.

MARKETPLACE REVENUE

Marketplace revenue increased by PLN 238.9 million, or 31.0%, from PLN 771.5 million for Q3 2020 to PLN 1,010.5 million for Q3 2021. This increase resulted primarily from 19.9% YoY GMV growth and a 90 basis points increase in Take Rate compared to last year. GMV growth comprised 19.4% from the Allegro Marketplace with a 0.5 pp positive contribution to YoY growth coming from eBilet. Taking a two year perspective on GMV growth, the CAGR for 2019-2021 was 33.5%.

The Group's third quarter results have been relatively less impacted by COVID-19 related restrictions, as there were no hard offline stores lockdowns in the current nor in the comparable period. The third quarter of 2021 saw further progress with the public vaccination program, with the share of the vaccinated population reaching c. 51.1% as of 30 September 2021, up by c. 14.5pp since early July 2021 and, combined with earlier lockdown measures, this brought the third wave of COVID-19 under control. While the reported COVID-19 cases in Poland started to rise again towards the later part of Q3 2021, the third quarter saw relatively few COVID-related limitations in place on off-line retail aside from mask and shopper density requirements. Hospitality and public mass events remained open from mid-May and infections and hospitalisations remained relatively low throughout Q3 2021. Similarly, in the corresponding quarter of 2020, most COVID-19 restrictions were lifted, with non-essential offline retail open from May 2020.

Mass events remained banned throughout the prior year quarter as lockdown restrictions on events attendance continued throughout Q3 2020, thus severely reducing ticket sales and generating high levels of cancellations and refunds, at eBilet in the comparative period.

Against this COVID-19 backdrop, GMV growth accelerated in Q3 2021 and reached nearly 20% YoY, in line with management expectations. From a two-year perspective for 2019-2021 period, this translated into 33.5% CAGR in Q3 2021.This accelerated GMV growth reflects buyers' increased purchasing frequency following a positive shopping experience and the learning of new online shopping habits during the lockdowns. Increased demand has been further supported by the Group focusing on the retail basics of increasing selection, ensuring competitive prices, and a satisfying delivery experience, together with increased uptake of SMART! subscriptions further boosting purchasing frequency. As a result, GMV per Active Buyer advanced by 3.3% QoQ to PLN 3,067 from PLN 2,969 in the prior quarter. At the same time, the number of Active Buyers grew to 13.3m in Q3 2021, up by 0.8% QoQ and resuming its previous trend of sequential quarterly growth.

The Group's eBilet ticket sales business accelerated to make a positive GMV contribution to YoY growth in Q3 2021 as mass events recommenced from mid-May, contributing 0.5 pp of the total 19.9% GMV growth recorded by the Group as its prior year quarter comparative was essentially zero sales.

In Q3 2021 the Take Rate reached 10.29%, which was up by 0.9pp versus Q3 2020 and slightly down by 0.17pp QoQ. This YoY improved Take Rate monetization mainly reflected the increasing share of merchant co-financing of SMART! deliveries by courier as well as the January 2021 launch of similar co-financing charges for lockers. Furthermore, a positive impact from targeted success fee increases in specific categories and for promoted offers introduced in January 2021, also contributed to the higher Take Rate performance. As the Group intensified investment in pricing support and pay-for-performance rebates, the Take Rate declined moderately by 0.17pp during Q3 2021.

ADVERTISING REVENUE

Advertising revenue increased by PLN 31.1 million, or 39.7%, from PLN 78.3 million for Q3 2020 to PLN 109.4 million for Q3 2021. This increase resulted primarily from strong performance of sponsored offer ads, which remains the key revenue contributor. A strong rebound in demand for display advertising after the COVID-19 disruption of the prior year resulted in a moderate decline of 2pp YoY for sponsored offers in the advertising sales mix. The growth in sponsored offer ads revenue was driven by continuously high growth in the number of merchants using the services, along with rising cost per click, conversion rates and ongoing digital optimization of the ads placements. Advertising network services continue to ramp up, enabling merchants to use Google Adwords in order to drive traffic to their own Allegro offers to support their sales results, simultaneously providing effectively free traffic to the Allegro marketplace.

PRICE COMPARISON REVENUE

Price comparison revenue decreased by PLN 1.9 million, or 5.2%, from PLN 37.4 million for Q3 2020 to PLN 35.5 million for Q3 2021. This decrease reflects a lower number of clicks from third party customers as the e-commerce segment is generally seeing lower consumer search volumes than in the pandemic affected prior year. The click volume was partially replaced as Allegro increased its use of the Ceneo channel for traffic acquisition for its marketplace. As such intra-group trading is eliminated on consolidation, third party sales of price comparison services showed a decline. Fixed Pricing for click-through services increased and bidding prices for listing positions also moved up very significantly by 25.2% YoY, reflecting strong demand across the e-commerce sector for traffic acquisition, offer promotion and advertising services from sellers.

RETAIL REVENUE

Retail revenue increased by PLN 32.6 million, or 91.8%, from PLN 35.6 million for Q3 2020 to PLN 68.2 million for Q3 2021. Retail revenue growth above the rate of GMV growth was largely driven by the intensified role to of Allegro's retail operations to enhance the overall value proposition to the buyers, helping to provide competitive pricing or missing selection of key products when the sellers present on the marketplace are unable to provide the market's lowest prices or source missing products respectively. Retail sales transacted on the marketplace equated to 0.8% of Q3 2021 GMV, versus 0.5% in the prior year quarter.

OPERATING EXPENSES

Operating expenses increased by PLN 132.8 million, or 20.6%, from PLN 644.0 million for Q3 2020 to PLN 776.8 million for Q3 2021. This increase resulted primarily from increased net costs of delivery, marketing expenses and cost of goods sold partially offset by the non-recurrence in the current year of transaction costs related to the IPO as in Q3 2020.

PAYMENT CHARGES

Payment charges decreased by PLN 4.6 million, or 12.8%, from PLN 36.3 million for Q3 2020 to PLN 31.6 million for Q3 2021. This decrease resulted from lower rates from third-party providers after reaching agreed volume thresholds, partially offset by higher sales on the Group's e-commerce marketplace.

COST OF GOODS SOLD

Cost of goods sold increased by PLN 33.9 million, or 89.4%, from PLN 37.9 million for Q3 2020 to PLN 71.8 million for Q3 2021. This increase resulted primarily from increased sales through the Group's 1P retail business operations, while gross sales margin improved by 1.3 pp versus the prior year quarter.

NET COSTS OF DELIVERY

Net costs of delivery increased by PLN 104.1 million, or 59.8%, from PLN 174.1 million for Q3 2020 to PLN 278.2 million for Q3 2021. When adjusting to include PLN 3.3 million remaining free SMART! program costs included in marketing expenses in the base period, the YoY increase was 57.3%.

This increase resulted primarily from significant growth in both the number and share of buyers on the Group's e-commerce marketplace who were users of the SMART! program and to the typically significant increase in spending that comes with the availability of offers with free delivery. The YoY growth in SMART! users was supported by a promotion "Annual subscription for PLN 39" during Q4 2020 and several sequential improvements to the SMART! product, including the "SMART! Student" loyalty program, launching "SMART! na Start" (zero subscription five free deliveries for occasional shoppers), adding the cash on delivery payment method and reducing MOV on courier deliveries in stages from PLN 100 to PLN 80 in February 2021 to PLN 40 in September 2021. Changes to SMART! program requirements for merchants lifted coverage of courier service on SMART! offers to close to 100%.

From a cost perspective, the steps taken to improve courier service within the SMART! product have increased the share of courier deliveries, which are more expensive than lockers or pick-up points, within SMART! by 10.8pp YoY versus Q3 2020. This results in an increase in the average cost per SMART! delivery that is partially offset by the higher co-financing revenues for courier services. However, co-financing for courier deliveries on orders between 40 PLN and 80 PLN is yet to be introduced.

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

MARKETING SERVICE EXPENSES

Marketing service expenses increased by PLN 35.1 million, or 28.7%, from PLN 122.5 million for Q3 2020 to PLN 157.7 million for Q3 2021. After eliminating PLN 3.3 million remaining free SMART! program costs included in marketing expenses in the base period, the YoY increase reached 31.5%. PPC expenses aimed to boost internet traffic acquisition increased by 31% YoY. Competition for Internet buyers remains elevated, driving higher YoY costs per acquired click higher in a change similar to the higher advertising revenues noted by the Group on its own Allegro marketplace. Nevertheless, continued improvement in conversion of purchased traffic and higher Take Rates ensured that ROIs on this main component of marketing spending remained very strong.

STAFF COSTS

Staff costs decreased by PLN 19.6 million, or 12.7%, from PLN 154.0 million for Q3 2020 to PLN 134.4 million for Q3 2021. This decrease resulted predominantly from the base effect, whereby in Q3 2020 staff costs included PLN 45.3 million in respect of the share based compensation for managers who had invested in the Management Investment Plan that was settled at the IPO, and a further PLN 14.6 million related to shares granted to employees at the IPO. Together with PLN 0.4 million spent on protective equipment or employees, total one-offs included in this expense line amounted to PLN 60.3 million in the base period. In Q3 2021 one-off items comprised PLN 3.8 million of share-based payment costs related to the new Allegro Incentive Plan and PLN 0.4 million funds spent on protective equipment against COVID-19. On a like-for-like basis, excluding these one-off costs from both periods, staff costs would have increased by 39.0% YoY. This increase of staff costs was driven by growth in the number of staff employed by 32.9% YoY, with recruitment concentrated in key areas of the organisation such as Technology, Commerce, Delivery Experience and Customer Experience, as well as an increases in base salaries, with the over-indexing of tech and middle-level business management recruitment.

IT SERVICE EXPENSES

IT service expenses increased by PLN 11.8 million, or 78.4%, from PLN 15.0 million for Q3 2020 to PLN 26.8 million for Q3 2021. This increase resulted primarily from new licenses related to the introduction of new software solutions and increased IT costs due to growing technical platform capacity, including external cloud utilisation driven by both growing storage requirements for active offers on the Group's e-commerce marketplace, and capacity requirements for the increasing number of machine learning based solutions embedded in the Group's operations.

OTHER EXPENSES

Other expenses increased by PLN 26.9 million, or 79.5%, from PLN 33.8 million for Q3 2020 to PLN 60.8 million for Q3 2021. On a like-for-like basis, excluding those one-off costs from both periods, other expenses would have increased by 57.2% YoY and this primarily results from higher consultancy and contractor outsourcing costs in connection with the development of new products and services, including IT consulting services, related to the delivery experience development agenda, projects related to customer experience improvements and ongoing work on product catalogue development as well as fit-out costs related to new offices. Items excluded from Adjusted EBITDA in the the other expenses line in Q3 2021 included PLN 10.2 million of group restructuring and development costs and PLN 0.2 million of regulatory proceedings costs vs PLN 0.1 million of group restructuring and development costs, PLN 1.1 million monitoring costs and PLN 0.7 million of regulatory proceeding costs in Q3 2020.

NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Net impairment losses on financial and contract assets increased by PLN 6.1 million, or 63.5% from PLN 9.6 million for Q3 2020 to PLN 15.6 million for Q3 2021. This increase resulted primarily from higher sales on the Group's e-commerce marketplace in H12021. Included within the total is PLN 0.3 million of provisions for expected losses on consumer credits advanced by Allegro Pay during the quarter, down 89% QoQ due to implementation of an improved risk scoring model that resulted in the more accurate determination of the expected credit losses and partial reversal of the previously booked provisions, while the gross loans balance increased by 50.2% QoQ.

TRANSACTION COSTS

Transaction costs were nil million versus 60.8 for Q3 2020. Transaction costs reported in Q3 2020 included IPO-related one-off costs of PLN 60.4 million and costs of acquiring the remaining 20% minority interest of eBilet Polska Sp. z o.o. of PLN 0.4 million.

OPERATING PROFIT BEFORE AMORTIZATION AND DEPRECIATION

Operating profit before amortization and depreciation increased by PLN 172.3 million, or 60.5%, from PLN 284.7 million for Q3 2020 to PLN 457.1 million for Q3 2021 as a result of the factors described above combined with the inclusion of IPO-related one-off costs which amounted to PLN 123.8 million in the base period, including the costs of shares granted to employees, Management Investment Plan and other one-off costs.

AMORTIZATION

Amortization increased by PLN 10.0 million, or 10.0%, from PLN 100.7 million for Q3 2020 to PLN 110.7 million for Q3 2021. This increase resulted primarily from an increase in intangibles associated with capitalized development costs of projects that were completed and put into use since the end of the prior reporting period.

DEPRECIATION

Depreciation increased by PLN 6.9 million, or 42.5%, from PLN 16.3 million for Q3 2020 to PLN 23.2 million for Q3 2021. This increase resulted primarily from the depreciation of right of use assets resulting from new leases of office and warehouse space, computer and office equipment related to growth of the organization and scaling of the server parks required to support the marketplace platform.

OPERATING PROFIT

Operating profit increased by PLN 155.4 million, or 92.6%, from PLN 167.8 million for Q3 2020 to PLN 323.1 million for Q3 2021. This resulted from the growth of Allegro business performance described above combined with the inclusion of IPO-related one-off costs which amounted to PLN 123.8 million in the base period, including the costs of shares granted to employees, Management Investment Plan and other one-off costs.

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NET FINANCIAL COSTS

Net financial costs decreased by PLN 310.0 million, from a cost of PLN 252.4 million for Q3 2020 to a revenue of PLN 57.6 million for Q3 2021. This decrease resulted partly from the recognition of PLN 105.9 million revaluation income, resulting from the improved Group leverage that translated into the Group qualifying for a lower interest rate margin, thereby decreasing future cash outflows associated with those borrowings. In addition, interest expenses fell by 53% to PLN 34.1 million due to the lower interest rate margins applicable in the current borrowing facilities.

The decrease of net financial costs further reflected the high base for the comparative period resulting from the refinancing of borrowing facilities in connection with the Group's IPO. The refinancing process was committed in September 2020 and completed in mid October 2020, resulting in the Q3 2020 write-off of unamortized deferred costs incurred at the inception of the pre IPO borrowings, amounting to PLN 136.7 million, as well as PLN 25.9 million early repayment costs.

PLN m (unaudited)	Q3 2021	Q3 2020	Change %
Valuation of financial assets	3.1	—	N/A
Interest from deposits	0.4	0.2	110.1%
Other financial income	0.1	0.3	(67.7%)
Remeasurement of the borrowings	105.9	—	N/A
Financial income	**109.5**	**0.5**	**23,930.4%**
Deferred borrowing cost	—	(136.7)	(100%)
Interest paid and payable for financial liabilities	(34.1)	(72.7)	(53.0%)
Second Lien early repayment cost	—	(25.9)	(100%)
Interest rate hedging instrument	(14.8)	(15.2)	(2.7%)
Interest on leases	(1.4)	(0.7)	99.5%
Revolving facility availability fee	(0.8)	(0.8)	6.8%
Net exchange losses on foreign currency transactions	(0.2)	(0.7)	(74.8%)
Other financial costs	(0.6)	(0.3)	108.7%
Financial costs	**(51.9)**	**(252.9)**	**(79.5%)**
Net financial costs	**57.6**	**(252.4)**	**N/A**

PROFIT BEFORE INCOME TAX

Profit before income tax increased by PLN 465.4 million, from negative PLN 84.7 million for Q3 2020 to PLN 380.7 million for Q3 2021 as a result of the factors described above, including the one-off operational and financial items.

INCOME TAX EXPENSES

Income tax expenses increased by PLN 9.4 million, or 20.0%, from PLN 47.0 for Q3 2020 to PLN 56.3 million for Q3 2020. The Group's effective tax rate was 55.5% and 14.8% for Q3 2020 and Q3 2021 respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The unusually high effective tax rate in the three months ended 30 September 2020 was due to the non-deductibility of most of the IPO costs recognized during the quarter, whereas the low effective tax rate in Q3 2021 was due to the non-taxable nature of the non-cash revaluation of the Group's borrowings at amortized cost, which resulted in an untaxed gain of PLN 105.9 million being included in net financial income.

PLN m (unaudited)	Q3 2021	Q3 2020	Change %
Current income tax on profits	(70.5)	(64.6)	9.1%
(Increase)/Decrease in net deferred tax liability	14.1	17.6	(19.7%)
Income tax expense	**(56.3)**	**(47.0)**	**20.0%**

NET PROFIT

Net profit increased by PLN 456.1 million, from negative PLN 131.7 million for the Q3 2020 to PLN 324.4 million for Q3 2021 as a result of the factors described above, including the one-off operational and financial items.

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ADJUSTED NET PROFIT

Adjusted net profit increased by PLN 188.8 million, or 128.1% YoY, from PLN 147.4 million for Q3 2020 to PLN 336.2 million for Q3 2021 when PLN 14.6 million of EBITDA adjustments and PLN 2.8 million of tax effect on the above adjustments are excluded from current period vs PLN123.8m of EBITDA adjustments and PLN 3.4 million of tax effect thereon excluded from the base period. In addition, the comparative period was affected by the refinancing transaction connected to the Group's IPO, that resulted in recognition of PLN 132.7 million of deferred borrowings written off and PLN 25.9 million of early repayment costs. There were no one-off financial items excluded from the adjusted net profit calculation in the nine month period ended 30 September 2021.

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

Reconciliation of Adjusted net profit, PLN m (unaudited)	Q3 2021	Q3 2020	Change %
Net Profit	**324.4**	**(131.7)**	**N/A**
EBITDA adjustments	14.6	123.8	(88.2%)
Net financial result adjustment	**—**	**158.6**	**(100.0%)**
Second Lien facility early repayment cost [1]	—	25.9	(100.0%)
Deferred borrowings cost write off [2]	—	132.7	(100.0%)
Tax impact of adjustments	(2.8)	(3.4)	(17.2%)
Adjusted net profit	**336.2**	**147.4**	**128.1%**

[1] Represents early repayment charges of the Second Lien Facility before the due date.
[2] As a result of the Board of Director's decision, taken on 28 September, to refinance its existing borrowing facilities using a new borrowing facility and proceeds of a primary share offering pursuant to the Group's IPO, the carrying value of the existing borrowing facilities was modified to reflect an earlier expected full repayment date of 14 October 2020. As a result of this decision, the carrying value of the existing borrowing facilities at amortized cost increased by PLN 132.7 million and an equivalent amount of deferred borrowings cost was recognized as a non-cash financial expense.

OTHER COMPREHENSIVE INCOME

Other comprehensive income increased by PLN 55.3 million, or 277.9%, from negative PLN 19.9 million for Q3 2020 to PLN 35.4 million for Q3 2021. This increase resulted primarily from favorable changes in the valuation of the floating to fixed interest rate swap contracts amid the upward trend in market expectations for future interest rates yields.

TOTAL COMPREHENSIVE INCOME

Total comprehensive income increased by PLN 511.4 million, or 337.2%, from negative PLN 151.6 million for the Q3 2020 to positive PLN 359.8 million for the Q3 2021 as a result of the factors discussed above.

2.2.2. COMPARISON OF THE NINE MONTHS ENDED 30 SEPTEMBER 2021 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2020

RESULTS OF OPERATIONS

The following table presents the Group's summary consolidated statements of comprehensive income data for the nine months ended 30 September 2021 and nine months ended 30 September 2020.

Income Statement, PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %
Revenue	**3,752.2**	**2,698.8**	**39.0%**
Marketplace revenue	3,088.8	2,218.1	39.3%
Advertising revenue	324.2	219.6	47.7%
Price comparison revenue	126.1	126.8	(0.6%)
Retail revenue	191.9	118.2	62.3%
Other revenue	21.2	16.2	31.3%
Operating expenses	**(2,220.1)**	**(1,625.5)**	**36.6%**
Payment charges	(105.9)	(110.4)	(4.1%)
Cost of goods sold	(192.8)	(120.2)	60.3%
Net costs of delivery	(816.9)	(420.3)	94.4%
Marketing service expenses	(432.2)	(395.8)	9.2%
Staff costs	(402.1)	(356.9)	12.7%
IT service expenses	(71.2)	(42.2)	68.6%
Other expenses	(154.2)	(83.6)	84.6%
Net impairment losses on financial and contract assets	(44.7)	(35.3)	26.6%
Transaction costs	—	(60.8)	(100.0%)
Operating profit before amortisation and depreciation (EBITDA)	**1,532.1**	**1,073.3**	**42.7%**

Income Statement, PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %
Amortisation and Depreciation	**(381.0)**	**(345.2)**	**10.4%**
Amortisation	(320.8)	(298.1)	7.6%
Depreciation	(60.1)	(47.1)	27.7%
Operating profit	**1,151.1**	**728.1**	**58.1%**
Net Financial result	**(44.6)**	**(436.1)**	**(89.8%)**
Financial income	118.2	13.3	789.0%
Financial costs	(163.5)	(445.3)	(63.3%)
Foreign exchange (profits)/losses	0.7	(4.1)	N/A
Profit/(Loss) before Income tax	**1,106.6**	**292.0**	**278.9%**
Income tax expenses	**(216.7)**	**(134.0)**	**61.7%**
Net profit/(loss)	**889.9**	**158.0**	**463.2%**
Other comprehensive income/(loss)	**108.3**	**(85.8)**	**N/A**
Total comprehensive income/(loss) for the period	**998.2**	**72.2**	**1,282.4%**

REVENUE

Revenue increased by PLN 1,053.3 million, or 39.0%, from PLN 2,698.8 million for the nine month period ended 30 September 2020 to PLN 3,752.2 million for the nine month period ended 30 September 2021. From a two-year perspective for 2019-2021 period, it translated into 44.9% CAGR for nine months ended 30 September 2021. This increase resulted primarily from the growth of marketplace, advertising, and retail revenue streams.

MARKETPLACE REVENUE

Marketplace revenue increased by PLN 870.7 million, or 39.3%, from PLN 2,218.1 million for the nine months ended 30 September 2020 to PLN 3,088.8 million for the nine months ended 30 September 2021. This increase resulted primarily from 23.4% YoY GMV growth in the period and a higher Take Rate, which reached 10.40% during the period, up by 1.2pp YoY.

GMV growth in the period was entirely driven by the Allegro Marketplace with a minimal drag of 0.01 pp coming from eBilet as severe lockdown restrictions negatively impacted public events and eBilet's ticket sales during much of H1 2021, with restrictions being gradually eased from May 2021.

The Group's GMV growth reached 23.4% YoY for the nine months ended 30 September 2021, in line with management expectations, with widely varying growth rates registered in each quarter due to COVID-19 related impacts. In Q1 2021 GMV growth was 46.1%, dropping to 10.6% in Q2 before accelerating again to 19.9% YoY from 10.6% YoY in Q3. Due to COVID-19, the Polish government imposed lockdowns on all non-essential offline retail in March-May 2020 and subsequently implemented less severe restrictions, focused on closing shopping malls, three times in Nov 2020, Jan 2021 and March-early May 2021. This disruption to normal shopping patterns raised demand for online e-commerce and accelerated adoption of regular online shopping.

Furthermore, during the most severe March-May 2020 lockdown, the Group made its SMART! Program, with free delivery, available for free to any Active Buyers who wished to register, resulting in a peak YoY growth rate for 2020 of 71.5% for the second quarter. The annual lapping of this sequence of disruptive resulted in the Q1 2021 46.1% growth being achieved against a prior year period minimally impacted by COVID-19, Q2 growth of 10.4% being achieved against peak disruption and highest demand in the prior year and the accelerating Q3 growth of 19.9% against a backdrop of minimal COVID-19 impact in both the current and prior year quarter. Looking through these events to 2 year CAGR growth from 2019 to 2021, growth in GMV for the nine month period ending 30 September 2021 has been 37.2%, well above the pre-pandemic trend of low to mid-twenties growth.

This higher GMV growth on a 2 year CAGR basis reflects buyers' increased online purchasing frequency following a positive shopping experience and the learning of new online shopping habits during the lockdowns. Increased demand has been further supported by the Group focusing on the retail basics of increasing selection, ensuring competitive prices and a satisfying delivery experience, together with increased uptake of SMART! users further boosting purchasing frequency. As a result GMV per Active Buyer advanced to PLN 3,067 and was 24.5% above the levels noted during Q3 2020. At the same time, the number of Active Buyers grew to 13.3m in Q3, up by 5.6% YoY, resuming its previous sequential growth trend.

The Group's eBilet ticket sales business effectively reopened for business in the second quarter of 2021 as mass events recommenced from mid-May and has been recovering strongly towards sales volumes last seen in the first quarter of 2020. For the nine months ended 30 September 2021 eBilet impact on GMV YoY growth rate was broadly flat, with broadly one quarter open for trading in both periods (Q1 2020 and Q3 2021) .

In the nine months ended 30 September 2021 the Take Rate reached 10.40%, which was up by 1.20 pp YoY. This improved Take Rate monetization mainly reflected the June 2020 introduction of success fees on delivery charges paid by buyers (a market standard practice aimed to fight artificially high delivery prices), the April 2020 launch of merchant co-financing of SMART! deliveries by courier and the January 2021 launch of similar co-financing charges for lockers. Furthermore, a positive impact from targeted success fee increases in specific categories and for promoted offers introduced in January 2021, also contributed to the higher Take Rate performance.

ADVERTISING REVENUE

Advertising revenue increased by PLN 104.6 million, or 47.7%, from PLN 219.6 million for the nine months ended 30 September 2020 to PLN 324.2 million for the nine months ended 30 September 2021. This increase resulted primarily from the strong performance of sponsored offer ads, driven by higher numbers of merchants purchasing sponsored ads offers and a rising price per click. The increase was also the result of improved performance of display advertising due to a strong rebound in demand, particularly from major brands, after the COVID-19 disruption of the prior year. This progress on display revenues also reflected the scalability of new self-service solutions, which made access to display products easier for display advertising clients. Advertising network services continued to ramp up throughout the period, enabling merchants to use Google Adwords in order to drive traffic to their own Allegro offers to support their sales results, simultaneously providing effectively free traffic to the Allegro marketplace.

PRICE COMPARISON REVENUE

Price comparison revenue decreased by PLN 0.7 million, or 0.6%, from PLN 126.8 million for the nine months ended 30 September 2020 to PLN 126.1 million for the nine months ended 30 September 2021. This decrease resulted primarily from a growing share of price comparison services acquired by the Allegro marketplace platform, driving a higher share of intra-Group revenue that is eliminated on consolidation.

RETAIL REVENUE

Retail revenue increased by PLN 73.7 million, or 62.3%, from PLN 118.2 million for the nine months ended 30 September 2020 to PLN 191.9 million for the nine months ended 30 September 2021. 1P retail sales represented 0.7% of total GMV in the nine months ended 30 September 2021 and 0.6% of total GMV in the nine months ended 30 September 2020. This increase results from a stronger focus on using 1P retail in order to enhance the overall value proposition to buyers, helping to provide competitive pricing or missing selection of key products when the sellers present on the marketplace are unable to provide lowest prices or source products, especially during shopping event campaigns such as SMART! week.

OPERATING EXPENSES

Operating expenses increased by PLN 594.5 million, or 36.6%, from PLN 1,625.5 million for the nine months ended 30 September 2020 to PLN 2,220.1 million for the nine months ended 30 September 2021. This increase resulted primarily from increased net costs of delivery, cost of goods sold, marketing, IT services and other expenses, partially offset by the non-recurrence in the current year of transaction costs related to the IPO as in Q3 2020.

PAYMENT CHARGES

Payment charges decreased by PLN 4.5 million, or 4.1%, from PLN 110.4 million for the nine months ended 30 September 2020 to PLN 105.9 million for the nine months ended 30 September 2021. This decrease resulted from lower rates from third-party providers due to discounts that increase after reaching pre-agreed volume thresholds, which offset higher sales volumes on the Group's e-commerce marketplace.

COST OF GOODS SOLD

Cost of goods sold generated from retail revenues increased by PLN 72.5 million, or 60.3%, from PLN 120.2 million for the nine months ended 30 September 2020 to PLN 192.8 million for the nine months ended 30 September 2021. This increase resulted primarily from increased sales through the Group's 1P retail business operations, while gross sales margin improved by 1.3 pp versus the prior year period.

NET COSTS OF DELIVERY

Net costs of delivery increased by PLN 396.6 million, or 94.4%, from PLN 420.3 million for the nine months ended 30 September 2020 to PLN 816.9 million for the nine months ended 30 September 2021. When adjusting to include PLN 84.5 million of free SMART! program costs classified as marketing expenses in the base period, the YoY increase was at 61.7%.

This increase resulted primarily from significant growth in both the number and share of buyers on the Group's e-commerce marketplace who were users of the SMART! program and to the typically significant increase in spending that comes with the availability of offers with free delivery. The YoY growth in SMART! users was supported by a promotion "Annual subscription for PLN 39" during Q4 2020 and several sequential improvements to the SMART! product, including the "SMART! Student" loyalty program, launching "SMART! na Start" (zero subscription five free deliveries for occasional shoppers), adding the cash on delivery payment method and reducing MOV on courier deliveries in stages from PLN 100 to PLN 80 in February 2021 to PLN 40 in September 2021. Changes to SMART! program requirements for merchants lifted coverage of courier service on SMART! offers to close to 100%.

From a cost perspective, the steps taken to improve courier service within the SMART! product have increased the share of courier deliveries, which are more expensive than lockers or pick-up points, within SMART! by 5.2pp YoY versus 9M 2020Q3 2021. This results in an increase in the average cost per SMART! delivery that is partially offset by the higher co-financing revenues for courier services.

Net costs of delivery mainly represent the excess of SMART! free delivery costs over the revenues earned from SMART! subscriptions, while co-financing contributions from sellers are recorded as marketplace revenue and thus included in the Take Rate. However, co-financing for courier deliveries on orders between 40 PLN and 80 PLN is yet to be introduced.

MARKETING SERVICE EXPENSES

Marketing service expenses increased by PLN 36.4 million, or 9.2%, from PLN 395.8 million for the nine months ended 30 September 2020 to PLN 432.2 million for the nine months ended 30 September 2021. In the prior year this expense item included PLN 84.5 million of delivery costs associated with free SMART! trialists who received the service as part of a CSR response to the severe first COVID-19 lockdown. Excluding that amount, marketing expenses increased by 38.8% versus the comparable period. PPC expenses grew 41.8%. Increased competition for buyers as offline fully reopened in Q2 2021, drove costs per acquired click higher in a change similar to the higher advertising revenues noted by the Group on its own Allegro marketplace. Nevertheless, improving conversion of purchased traffic and higher Take Rates ensured that ROIs on this main component of marketing spending remained very strong. The marketing services expense line includes PLN 2.3 million for current period and PLN 4.5 million for a base period,costs of donations to the health sector and charitable organisations and NGOs related to COVID-19 included as one-off costs in the Adjusted EBITDA reconciliation.

STAFF COSTS

Staff costs increased by PLN 45.2 million, or 12.7%, from PLN 356.9 million for the nine months ended 30 September 2020 to PLN 402.1 million for the nine months ended 30 September 2021. The comparative period staff costs included PLN 52.5 million in respect of share based compensation for managers who had invested in the Management Investment Plan that was settled at the IPO, a further PLN 14.6 million related to shares granted to employees at the IPO, as well as PLN 2.9 million related to COVID-19 support for employees.

For the nine month period ended 30 September 2021 one-off items included in staff costs comprised PLN 12.5 million of share-based payment costs related to the new Allegro Incentive Plan and PLN 1.0 million spent on protective equipment against COVID-19. Excluding those one-off costs from both periods, staff costs increased by 35.3% YoY, driven by growth in the number of staff employed of 32.9% YoY, with recruitment concentrated in key areas of the organisation such as Technology, Commerce, Delivery Experience and Customer Experience, as well as an increase in base salaries, the over-indexing of tech and middle-level business management recruitment, partially offset by expected annual bonus being accrued at a lower expected payout level than for the prior year.

IT SERVICE EXPENSES

IT service expenses increased by PLN 29.0 million, or 68.6%, from PLN 42.2 million for the nine months ended 30 September 2020 to PLN 71.2 million for the nine months ended 30 September 2021. This increase resulted primarily from new licenses related to the introduction of new software solutions and increased IT costs due to growing technical platform capacity, including external cloud utilisation, driven by both growing storage requirements for active offers on the Group's e-commerce marketplace and capacity requirements for the increasing number of machine learning based solutions embedded in the Group's operations.

OTHER EXPENSES

Other expenses increased by PLN 70.7 million, or 84.6%, from PLN 83.6 million for the nine months ended 30 September 2020 to PLN 154.2 million for the nine months ended 30 September 2021 before exclusion of costs identified as adjustments to EBITDA. This increase resulted primarily from higher consultancy and contractor outsourcing costs in connection with the development of new products and services, including IT consulting services, related to the delivery experience development agenda, projects related to customer experience improvements and ongoing work on product catalogue development.

The nine months ended 30 September 2021 also included a PLN 9.2 million write down of input VAT in the Luxembourg entities after being assessed as irrecoverable. The other expense line in the period included PLN 18.6 million of restructuring and development costs and PLN 0.8 million of regulatory proceedings costs vs PLN 2.8 million of restructuring and development costs, PLN 2.8 million monitoring costs and PLN 2.6 million of regulatory proceeding costs in the comparative nine months period, in both cases included as one-off costs in the Adjusted EBITDA reconciliation. After exclusion of that one-off costs other expenses increased by 79.2%

NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Net impairment losses on financial and contract assets increased by PLN 9.4 million, or 26.6% from PLN 35.3 million for the nine months ended 30 September 2020 to PLN 44.7 million for the nine months ended 30 September 2021. This increase resulted primarily from the growth of sales on the Group's e-commerce marketplace and included provisions of PLN 4.8 million for expected losses on consumer loans advanced by Allegro Pay, compared to PLN 1,076.8 million of new loans originated during the nine months period ended 30 September 2021. The prior year comparative includes a one-off item whereby the Group extended payment terms for SME sellers on the Allegro marketplace from 14 to 60 days for a four months period due to the COVID-19 situation, recording a specific provision in the amount of PLN 4.5 million.

TRANSACTION COSTS

The Group did not incur any transaction costs in the nine month period ended 30 September 2021, whilst the comparative numbers included IPO-related one-off costs, in the amount of PLN 60.4 million and costs of acquiring the remaining 20% minority interest of eBilet Polska Sp. z o.o. of PLN 0.4 million.

OPERATING PROFIT BEFORE AMORTIZATION AND DEPRECIATION

Operating profit before amortization and depreciation increased by PLN 458.8 million, or 42.7%, from PLN 1,073.3 million for the nine months ended 30 September 2020 to PLN 1,532.1 million for the nine months ended 30 September 2021 as a result of the factors described above. This result includes PLN 35.1 million of one-off EBITDA adjustments reported in the period, compared to PLN 143.2 million one-offs, mostly IPO-related, reported in the prior year period.

AMORTIZATION

Amortization increased by PLN 22.8 million, or 7.6%, from PLN 298.1 million for the nine months ended 30 September 2020 to PLN 320.8 million for the nine months ended 30 September 2021. This increase resulted primarily from an increase in intangibles associated with capitalized development costs of projects that were completed and put into use since the end of the prior reporting period.

DEPRECIATION

Depreciation increased by PLN 13.0 million, or 27.7%, from PLN 47.1 million for the nine months ended 30 September 2020 to PLN 60.1 million for the nine months ended 30 September 2021. This increase resulted primarily from the depreciation of right of use assets resulting from new leases of office and warehouse space, computer and office equipment related to growth of the organization and scaling of the server parks required to support the marketplace platform.

OPERATING PROFIT

Operating profit increased by PLN 423.0 million, or 58.1%, from PLN 728.1 million for the nine months ended 30 September 2020 to PLN 1,151.1 million for the nine months ended 30 September 2021. This resulted from the growth of Allegro business performance described above combined with the inclusion of IPO-related one-off costs which amounted to PLN 123.8 million in the base period, including the costs of shares granted to employees, Management Investment Plan and other one-off costs.

NET FINANCIAL COSTS

Net financial costs decreased by PLN 391.5 million, or 89.8%, from PLN 436.1 million for the nine months ended 30 September 2020 to PLN 44.6 million for the nine months ended 30 September 2021. This decrease resulted primarily from lower costs of servicing the Group's borrowings following the refinancing process that was completed in mid October 2020, reducing both the nominal value of borrowings valued at amortized costs and the corresponding interest margin. Further organic deleveraging since the refinancing delivered a further step-down in interest margin during Q3 2021. As a result of these factors, interest costs dropped 56.2% to PLN 109.7 million for the nine months ended 30 September 2021 in comparison to the prior year period.

The lower costs associated with the Group borrowings were partially offset by the higher charges related to the interest rate hedging instruments, PLN 17.7 million or 66.4% YoY, due to a significant fall in WIBOR reference rates triggered by the COVID-19 pandemic.

Expenses and write-offs resulting from the refinancing process in 2020, which were recorded in Q3 2020 and connected with the Group's IPO, included a 136.7 million non-cash charge, representing the unamortized value of costs incurred at the inception of the Group's previous borrowing facilities, as well as corresponding early repayment charges amounting to PLN 25.9 million.

Moreover in the current period the Group recognized the PLN 105.9 million non-cash income on revaluation of borrowings, due to the improving leverage ratio of the Group that lowered interest margin from Q3 2021, thereby reducing the present value of future cash outflows from the Group's borrowings.

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

PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %
Valuation of financial assets	11.2	9.5	17.7%
Interest from deposits	0.8	2.3	(64.4%)
Other financial income	0.2	1.4	(84.3%)
Net exchange gains on foreign currency transactions	0.7	—	N/A
Remeasurement of the borrowings	105.9	—	N/A
Financial income	**118.9**	**13.3**	**794.2%**
Deferred borrowing cost write off	—	(136.7)	(100.0%)
Interest paid and payable for financial liabilities	(109.7)	(250.6)	(56.2%)
Second Lien early repayment cost	—	(25.9)	(100.0%)
Interest rate hedging instrument	(44.3)	(26.6)	66.4%
Interest on leases	(3.3)	(2.3)	39.4%
Revolving facility availability fee	(2.6)	(2.4)	9.8%
Net exchange losses on foreign currency transactions	—	(4.1)	(100.0%)
Other financial costs	(3.5)	(0.8)	357.5%
Financial costs	**(163.5)**	**(449.4)**	**(63.6%)**
Net financial costs	**(44.6)**	**(436.1)**	**(89.8%)**

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PROFIT BEFORE INCOME TAX

Profit before income tax increased by PLN 814.5 million, or 278.9%, from PLN 292.0 million for the nine months ended 30 September 2020 to PLN 1,106.6 million for the nine months ended 30 September 2021 as a result of the factors described above.

INCOME TAX EXPENSES

Income tax expenses increased by PLN 82.7 million, or 61.7%, from PLN 134.0 million for the nine months ended 30 September 2020 to PLN 216.7 million the nine months ended 30 September 2021. The Group's effective tax rate was 19.6% and 45.9% for the nine months ended 30 September 2020 and 2021, respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The effective tax rate in the nine months ended 30 September 2020 was related to the non-deductibility of most of the transaction costs related to the Group's IPO.

PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %
Current income tax on profits	(211.3)	(167.2)	26.4%
(Increase)/Decrease in net deferred tax liability	(5.4)	33.2	(116.2%)
Income tax expense	**(216.7)**	**(134.0)**	**61.7%**

NET PROFIT

Net profit increased by PLN 731.9 million, or 463.2%, from PLN 158.0 million for the nine months ended 30 September 2020 to PLN 889.9 million for the nine months ended 30 September 2021 as a result of the same factors driving Adjusted EBITDA growth discussed above, in addition supported by a significant decline in financial costs.

ADJUSTED NET PROFIT

Adjusted net profit increased by PLN 464.2 million, or 102.2%, from PLN 454.1 million for the nine months ended 30 September 2020 to PLN 918.3 million the nine months ended 30 September 2021, when PLN 143.2 million of EBITDA adjustments, PLN 158.6 million of one-off refinancing costs and PLN 5.7 million of tax impact of that adjustments are excluded in the comparative period.

There were no one-off costs, other than those impacting adjusted EBITDA and associated tax impact, which together represent a net positive impact of PLN 28.4 million, that should be excluded from the adjusted net profit calculation in the nine months period ended 30 September 2021.

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

Reconciliation of Adjusted net profit, PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Change %
Net Profit	**889.9**	**158.0**	**463.2%**
EBITDA adjustments	35.1	143.2	(75.5%)
Net financial result adjustment	**—**	**158.6**	**(100.0%)**
Second Lien facility early repayment cost [1]	—	25.9	(100.0%)
Deferred borrowings cost write off [2]	—	132.7	(100.0%)
Tax impact of adjustments	(6.7)	(5.7)	16.2%
Adjusted net profit	**918.3**	**454.1**	**102.2%**

[1] Represents early repayment charges of the Second Lien Facility before the due date.
[2] As a result of the Board of Director's decision, taken on 28 September, to refinance its existing borrowing facilities using a new borrowing facility and proceeds of a primary share offering pursuant to the Group's IPO, the carrying value of the existing borrowing facilities was modified to reflect an earlier expected full repayment date of 14 October 2020. As a result of this decision, the carrying value of the existing borrowing facilities at amortized cost increased by PLN 132.7 million and an equivalent amount of deferred borrowings cost was recognized as a non-cash financial expense.

OTHER COMPREHENSIVE INCOME

Other comprehensive income increased by PLN 194.1 million, or 226.2%, from negative PLN 85.8 million for the nine months ended 30 September 2020 to PLN 108.3 million for the nine months ended 30 September 2021. This increase resulted primarily from favorable changes in the valuation of the floating to fixed interest rate swap contracts amid the upward trend in market expectations for future interest rates yields.

TOTAL COMPREHENSIVE INCOME

Total comprehensive income increased by PLN 926.0 million, or 1,282.4%, from PLN 72.2 million for nine months ended 30 September 2020 to PLN 998.2 million for the nine months ended 30 September 2021 as a result of the factors discussed above.

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2.2.3. REVIEW OF CASH FLOW PERFORMANCE

The following table summarizes net cash flows from operating, investing and financing activities for the nine months ended 30 September 2021, for the nine months ended 30 September 2020 and three month periods respectively:

Cash Flow, PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Q3 2021	Q3 2020
Net cash inflow/(outflow) from operating activities	**1,033.3**	**1,165.0**	**377.0**	**497.5**
Profit before income tax	1,106.6	292.0	380.7	(84.7)
Income tax paid	(262.7)	(93.2)	(37.6)	(30.8)
Amortisation and depreciation	381.0	345.2	133.9	117.0
Net interest expense	48.1	439.7	(56.6)	250.8
Changes in net working capital	(265.0)	117.3	(66.1)	180.0
Other operating cash flow items	25.3	64.0	22.6	65.1
Net cash inflow/(outflow) from investing activities	**(256.9)**	**(170.3)**	**(103.7)**	**(46.0)**
Capitalized development costs	(162.1)	(106.1)	(58.2)	(36.5)
Other capital expenditure	(94.5)	(59.8)	(45.0)	(10.4)
Acquisition of subsidiaries	—	(4.7)	—	—
Other investing cash flow	(0.3)	0.2	(0.5)	0.9
Net cash inflow/(outflow) from financing activities	**(172.9)**	**(673.4)**	**(55.6)**	**(301.1)**
Borrowings repaid	—	(345.0)	—	(172.5)
Interest rate hedging instrument settlements	(47.6)	(26.9)	(14.8)	(15.5)
Lease payments	(25.9)	(21.8)	(9.8)	(7.2)
Interest paid	(97.0)	(237.3)	(29.9)	(65.1)
Other financing cash flow	(2.5)	(42.4)	(1.1)	(40.8)
Net increase/(decrease) in cash and cash equivalents	**603.5**	**321.3**	**217.7**	**150.4**

NET CASH FROM OPERATING ACTIVITIES

Net cash from operating activities decreased by PLN 131.7 million or 11.3% YoY and decreased by PLN 120.5 million or 24% YoY for Q3 2021. This decrease is fully attributable to the ramp-up of the Allegro Pay consumer finance lending operations, launched in the second half of 2020, that produced a net increase in the outstanding loan book in the nine month period ended 30 September 2021 of PLN 289.9 million and by PLN 116.2 million for Q3 2021. Working capital excluding the impact of Allegro Pay registered a cash inflow in the amount of PLN 24.9 million for the nine months ended 30 September 2021 and PLN 50.1 million for Q3, driven by the higher balance of trade and other payables that was offset by the increasing spending on inventory amid the upcoming peak season falling before Christmas.

In the 9 months period ended 30 September 2021 the Group originated PLN 1,076.8 million of new loans. The accelerating growth of Allegro Pay is driven mostly by the increasing number of active buyers utilising the service. Following a gradual expansion of eligibility for credit in the first half of 2021, in Q3 the possibility to make an eligible credit application for Allegro Pay service was expanded to all Polish bank account holders by leveraging credit data accessible under the PSD2 rules. As a result, all active buyers, including new active buyers with insignificant purchasing history on Allegro, may apply for a credit line to use Allegro Pay's lending services. This change has accelerated the growth in customers taking credit, while also reducing the acceptance rate due to continued cautious risk management policies.

The increasing volume of originated consumer loans was further boosted by several new functionalities introduced by Allegro Pay during the year, including: card repayment, one-click buy directly from the product page and upgraded credit-scoring models, providing a more accurate assessment of the credit limit granted to customers. Despite the significant increase of the base of active borrowers, the Group was able to maintain a relatively low credit loss ratio and limit the increase in the balance of outstanding consumer loans to PLN 341.8 million, compared to PLN 1,076.8 million of new originated loans during the nine month period ended 30 September 2021. This is the result of a good risk management discipline and higher than originally expected demand for Buy Now, Pay Later products, characterized by short tenors and correspondingly fast turnover of the loan book.

In addition to the increased outflows of working capital described above, the other factor contributing significantly to reduced cash flow from operations in the nine month period ended 30 September 2021 versus the prior year period was a 181.8% or PLN 169.5 million increase in income tax paid, which is mostly settled in arrears in the first half of the following tax year.

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NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was PLN 256.9 million for the nine months ended 30 September 2021 which represents a YoY increase of PLN 86.6 million or 50.9% and PLN 57.7 million or 125.4% YoY for Q3 2021. This increase partly results from the higher development costs qualified for capitalization, PLN 56.0 million or 52.8% YoY reflecting the upward trend in the headcount for the technology team, aiming to create the necessary capacity for the ongoing platform development projects.

The Group's other capital expenditures increased by PLN 34.7 million, or 58.0% YoY and PLN 34.6 million or 332,7% YoY for Q3 2021, as key investments enabling the launch of the full commercial pilot phase of the Group's first fulfilment center and accelerating the ramp-up of Allegro's own parcel locker deployment ahead of commercial launch became visible in the capital investment results. Capital investment also accelerated in the third quarter due to fit-out investments commencing at the Group's new office buildings in Poznan and Warsaw, where the first available floors have now been handed over by the respective developers.

NET CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities was PLN 172.9 million for the nine months ended 30 September 2021, which represents a decrease in cash outflow amounting to PLN 500.5 million, or 74.3% YoY, and PLN 245.5 million, or 81.5% YoY for Q3 2021. This decrease is mainly related to the Group's refinancing process that was completed in Q4 2020 and resulted in shifting the previous amortizing repayment schedule to a bullet repayment in 2024. As a result, no principal repayment was recorded in the nine months ended 30 September 2021. Moreover, the completion of the refinancing initiative caused the decrease of both the nominal amount of indebtedness and the corresponding reference interest margin to lower interest payments in the current period. That amount was further reduced by the low level of the WIBOR reference rate across the entire 2021, following the onset of the economic stress connected with the COVID-19 pandemic. In the 2020 the Group completed scheduled amortizing loan repayments recording a net cash outflow in the amount of PLN 345.0 million.

These decreases were partly offset by higher costs related to settlement of fixed interest rate hedging instruments, which rose PLN 20.7 million or 77.0% YoY in the nine month period, but fell slightly YoY in the third quarter. Other financing cash flow in the nine month period ended 30 September 2020 represents payments for acquisition of remaining 20% of shares in eBilet Polska in the amount of PLN 40 million.

2.2.4. INDEBTEDNESS

As of 30 September 2021, the Group's total borrowings (PLN 5,500 million of principal, adjusted by amortised cost) were PLN 5,344.0 million. In addition, the Group had PLN 500.0 million committed under a revolving facility, which was undrawn as of 30 September 2021.

Following steady improvement in the Group's leverage ratio and in line with its borrowing facility agreement, on 5 August 2021 the Group's interest margin was reduced. As a result, the carrying value of the existing borrowings valued at amortized cost decreased by PLN 105.9 million in a non-cash adjustment recorded in financial income for Q3 2021.

This decrease in the book value of borrowings was more than offset by increases in lease liabilities, driven by the recognition of right to use assets and corresponding lease liabilities, as the Group leased its new fulfilment center, leased the initial floors of its new offices in Poznan and Warsaw and began to lease locations for its new locker network during the nine month period ended 30 September 2021.

As a result of the above movements in borrowings and lease liabilities, which was more than offset by a PLN 603.4 million increase in cash held, together with rising Adjusted EBITDA on a rolling twelve month basis by 20% since 31 December 2020, the Group's leverage decreased from 2.47x as of 31 December 2020 to 1.80x as of 30 September 2021.

PLN m (unaudited)	30.09.2021	31.12.2020
Adjusted EBITDA LTM	**2,100.7**	**1,750.0**
Borrowings at amortized cost	5,344.0	5,437.8
Lease liabilities	236.3	73.3
less cash	(1,788.5)	(1,185.1)
= Net Debt	**3,791.8**	**4,326.0**
Leverage	1.80 x	2.47 x
Equity	9,116.8	8,089.6
Net debt to Equity	41.6%	53.5%

Following the execution of agreement to acquire Mall Group a.s. and WE|DO CZ s.r.o. (see Section 6), the Board of Directors estimates that proforma post completion leverage at the end of the first half of 2022 will be less than 3.0x.

3. Expectations for the Group in FY 2021

The Group reiterates its current expectations discussed in the "Expectations For The Group in FY 2021" section of the Company's half-year report, which has been published on the website of the Company.

The Group's expectations take into account intensifying competition on the Polish e-commerce segment from existing category specialists, omni-channel retailers and from international multi-category e-commerce platforms. The Group monitors the e-commerce segment and benchmarks key competing multi-category e-commerce platforms against certain operational key performance indicators.

While the value proposition to consumers has been improved significantly in recent months by some of these competitors, the impact on the key performance indicators has remained limited.

During previous quarters, management had highlighted the downside risks to its current expectations from several digital tax proposals, which reached various stages of consideration by the Polish parliament. However, during the past quarter the risk of such legislation being enacted in time to impact the 2021 results has receded and is no longer considered a threat to achieving the expected financial results for the current year.

	FY 2020 Actual	FY 2021 Q1 2021 report	FY 2021 Updated	Comments
GMV	**54%**	**High teens-Low 20s%**	**Unchanged**	Q4 growth headwind from lockdowns in 2020
	YoY growth	YoY growth	YoY growth	
Revenue	**54%**	**Low 30s%**	**Unchanged**	Take Rate seasonally lower in Q4, inc. lower "Co-fi" yield on Smart! courier
	YoY growth	YoY growth	YoY growth	
Adj. EBITDA [1]	**31%**	**High teens-Low 20s%**	**Unchanged**	• Driving Smart! penetration • Smart! courier delivery mix up in Q4 • Investing in teams to support innovation
	YoY growth	YoY growth	YoY growth	
Capex [2]	**PLN 230m**	**PLN 475-525m**	**Unchanged**	Rolling out One Box and One Fulfillment by Allegro

[1] Adjusted EBITDA defined as EBITDA pre transaction costs, management fees (monitoring fees), stock-based compensation, restructuring costs and other one-off items

[2] Represents cash capex and does not include leased assets (which are presented in balance sheet)

The execution of an agreement to acquire Mall Group a.s. and WE|DO CZ s.r.o. (see Section 6.), has no impact on the expectations for the Group for 2021 as the transaction will not close until H1 2022.

4. Medium Term Expectations

The Group has begun its annual planning process, with the twin goals of rolling forward its medium term plan and preparing an annual budget for 2022. Whilst this planning process is still incomplete, the Board of Directors has noted that:

i. the near term priority is to invest in GMV growth by providing the best price, selection and convenience to buyers while the best value proposition to merchants, while scaling Allegro Pay, Allegro APM and fulfilment operations.

ii. while prioritizing GMV growth may lead to a softening of operating margins in 2022, the Group continues to target sequential growth in absolute Adjusted EBITDA as a key planning outcome.

iii. Adjusted EBITDA to GMV margin stability continues to be a key medium term financial objective.

The above applies to the current Group. Following the execution of an agreement to acquire Mall Group a.s. and WE|DO CZ s.r.o. (see Section 6.), the Board of Directors notes that they intend to start preparing plans for the proforma expanded group at or shortly after completion of the transaction, which is expected in H1 2022.

5. Recent trading

During October 2021, management has noted that GMV trading results are at a level consistent with achieving the Group's current expectations for FY 2021.

In Q4 2020, from mid-October the Group saw a renewed acceleration in GMV YoY growth as a rapidly increasing number of COVID-19 infections led the Polish Government to gradually re-introduce social distancing measures that had been largely absent during the summer months. The deteriorating situation finally resulted in the shutting of covered shopping centres during 7-27 November 2020.

While covid infections are accelerating in Poland at present, the vaccination roll-out has significantly reduced hospitalisation rates and management continues to assume that there will be no further lockdowns of offline retail when formulating its expectations. Accordingly, the COVID-19 situation during Q4 2020 represents a significant growth headwind to current year performance and is reflected in management's expectations for 2021.

Consistent with the above, the Group noted GMV growth in October 2021 in the mid teens and some deceleration in November as the Group laps last year's offline retail lockdown is anticipated and reflected in the Group's current expectations for 2021.

6. Significant events after the end of the reporting period

Execution of agreement to acquire Mall Group a.s. and WE|DO CZ s.r.o.

On 4 November 2021, Allegro.pl entered into a legally binding commitment to acquire 100% of shares in Mall Group a.s. ('Mall Group') and 100% of shares in WE|DO CZ s.r.o. ('WE|DO') from selling shareholders PPF, EC Investments, and Rockaway Capital. The shares in Mall Group and We|Do will be acquired for a combined price of EUR 881 million, based on a firm valuation of EUR 925 million adjusted for debt and debt-like items of EUR 44 million. The final price might be increased by a price adjustment of up to EUR 50 million based on specific short-term financial objectives. Mutual breakup fees of EUR 50 million were agreed pursuant to the share purchase agreement.

The transaction is subject to the customary antitrust and regulatory approvals and is expected to close in H1 2022.

Mall Group has built some of the leading e-commerce businesses in the CEE region, combining a large customer base, strong traffic, highly popular consumer brands, and experienced cross-country teams. The transaction will give the group access to Mall Group and WE|DO's cross-border fulfillment and last-mile logistics infrastructure, while Allegro brings in its 3P marketplace expertise and state-of-the-art technology to accelerate joint growth. The two companies' advantages will thus be leveraged to the full, helping build a truly international business flywheel, based on the know-how from the joint teams. As Allegro will strengthen Mall Group's 3P business, the Group also expects to see growth in Mall Group profitability through significant increase in offer selection and transaction frequency.

The EUR 881 million price will be financed through a combination of stock and cash consideration comprising a ca. 53.7% cash consideration, financed with cash on hand and new debt, and a ca. 46.3% stock or cash consideration which the Company may settle by issuing 33,649,039 new shares, representing 3.3% of the Allegro.eu total issued capital, at an agreed price of PLN 55.98 per share. Allegro has the discretion to either issue stock to Mall Group selling shareholders or raise incremental cash consideration.

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7. Principal risks and uncertainties

The following factors are particularly significant to the realisation or otherwise of the expected financial results for 2021 detailed above in Section 2.3:

- The severity of the coming winter wave of COVID-19 infections, together with the pace of vaccination against COVID-19 and its impact on hospitalisation rates, are hard to predict and will likely affect the approach of the Polish Government to restrictions on offline retail in the fourth quarter of 2021. Moreover, vaccination is expected to reduce the perceived threat from COVID-19 among the Polish population when shopping offline. Both of these factors are likely to have a significant impact on the Group's GMV growth during the fourth quarter of 2021. However the timing and scale of these impacts is difficult to estimate.
- Following the launch of an Amazon.pl website by Amazon and its October introduction of its Prime loyalty program to the Polish market, the announcement of proprietary locker and fulfilment investments by Alibaba in recent months and the launch of the Shopee app on the Polish e-commerce segment in September 2021, the Group is now factoring in intensified competition from multinational e-commerce companies when setting its expectations for the fourth quarter of 2021. In the event that the pace of development of the Group's competitors differs from the Group's assumptions, this may lead to a need to adjust operational plans and commercial positioning and may lead to significant deviations in financial performance for the fourth quarter and for 2021 as a whole from our expectations.
- Operating margins may differ significantly from those implied in our expected financial results should the Group need to change monetization approach due to competitive pressures or if SMART! subscription growth or SMART! na Start uptake is materially different from our current expectations.

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

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

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

  On 1 March 2021, Amazon Inc. ("Amazon") launched an Amazon.pl website having previously invited merchants to register on its dedicated seller central platform. In January 2021, Amazon announced that it had signed a five year contract with InPost to provide delivery services to InPost's network of automatic parcel machines (also referred to as "lockers"). On 12th October 2021, Amazon.pl launched the Group's Prime loyalty program in Poland, which has a similar objective to the Group's SMART! Program of increasing purchasing frequency and loyalty amongst active buyers. As a result of these developments, the Group is expecting competition with Amazon Inc. to gradually intensify.

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

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

  The Group believes that the development strategy that it has pursued over the past several years has prepared it well to meet intensified competition from Amazon. In preparing its budgets and expectations for financial performance of the Group for 2021 and beyond, the Group has used its judgement to make reasonable assumptions about the level of increased competition from Amazon and the resulting impact on its results and operations. However, the Group may be incorrect in its planning assumptions and the impact of intensified competition from Amazon may have a materially more adverse effect on the Group's business, financial condition, and results of operations than currently assumed.
- **System interruptions at any of the third party integrators whose business is to enable merchants to interface their e-stores with multiple e-commerce sales channels such as the Allegro.pl marketplace platform, can lead to serious disruption to the Group's transaction volumes or harm to the Group's reputation.** Some of the merchants who list their offers on the Group's marketplace platform chose to do so via an e-commerce integration service that enables them to interface their own e-store with one or more e-commerce sales channels simultaneously rather than connecting their e-store directly with each of their chosen e-commerce sales channels. Such merchants' ability to manage their offers on the Group's marketplace, including adding new offers, changing prices and processing orders and returns, depends critically on the continuity of service provided by their service provider.

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An example of such interruption occurred in March 2021 when an accidental fire broke out in one of Europe's largest data centers and web hosting providers based in Strasbourg which was the main provider of such services to Allegro's largest third party service integrator. Most Allegro merchants affected by the outage recovered full functionality within 24 hours of the disruption onset while full recovery took up to seven days for some merchants. As a result, a number of Allegro orders were not dispatched on time, leading to increased interactions between buyers and Allegro customer services. The outage also led to a temporary decrease in the number of offers listed. While this disruption did not have a material impact on the Group's financial performance, a repeat of a similar or larger scale outage could result in bigger losses or reputational damage. The Group has started to establish mid to long-term processes to mitigate dependencies and risks associated with third party e-commerce integrators in order to further protect the business stability of the Group's marketplace platform.

- **Works on legislative proposals described in the 2020 Annual Report and on key legislative proposals published in 2021 as described in Q2 2021 Quarterly Report are in progress.** The regulatory debate at the EU and national level focuses largely on online platforms and online marketplaces (Digital Services Act) and may result in additional obligations and costs (e.x.digital taxation). Moreover, EU legislators are reflecting on regulating other business relevant issues, such as third countries subsidies', business to business and business to government data sharing, digital levy, platforms' work, sustainability of products and many others.

- **The Group is aware of certain pending legal disputes between individuals associated with Bola Investment Limited ("Bola") and a third party individual ("Claimant") relating to the ownership of a minority stake of shares in eBilet sp. z o.o.** that was the former owner of eBilet Polska sp. z o.o. ("eBilet Polska"). eBilet Polska has been part of the Group since April 2019. eBilet sp. z o.o. is not, and has never been, part of the Group. Based on information available to the Group and based on the assessment of the Group's legal advisor as of the date of this Report, the Group has no reason to believe that the outcome of the pending disputes known to the Group would have a material impact on the Group.

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

8.

Shareholders of Allegro.eu

Based on the most recent available information, to the best of Management's knowledge, as of the date of this Report, the Company's shares are held by the following entities.

Name	Number of shares	% of shares in the share capital	Number of votes at the General Meeting	% of votes at the General Meeting
Cidinan S.à r.l.	286,778,572	28.03%	286,778,572	28.03%
Permira VI Investment Platform Limited	286,778,572	28.03%	286,778,572	28.03%
Mepinan S.à r.l.	63,728,574	6.23%	63,728,574	6.23%
Other shareholders	385,970,096	37.72%	385,970,096	37.72%
Total:	**1,023,255,814**	**100.00%**	**1,023,255,814**	**100.00%**

Allegro Group management's shareholdings (included in Free Float) received at IPO as settlement of investments made in the Management Investment Plan were subject to a 360 day lockup period that expired on 7 October 2021.

9.
Related parties transactions

We are engaged in certain commercial and financial transactions with related parties. Please refer to Note 18 to the Condensed Consolidated Financial Statements of Allegro.eu Group for the nine months ended 30 September 2021, and to Note 37 to the Consolidated Financial Statements of Allegro.eu Group for the year ended 31 December 2020, for further details.

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

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

Total capital expenditures

The information regarding the total amount of capital expenditures recorded in the nine month period ended 30 September 2021 and 2020 is presented in the investing activities section of the interim condensed consolidated statement of cash flow as a separate line named: "Payments for property, plant & equipment and intangibles".

PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Q3 2021	Q3 2020
Capitalized development costs	(162.1)	(106.1)	(58.2)	(36.5)
Other capital expenditure	(94.5)	(59.8)	(45.0)	(10.4)
Total capital expenditure	**(256.6)**	**(165.9)**	**(103.2)**	**(46.9)**

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Capitalized development costs

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

PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Q3 2021	Q3 2020
Staff costs – Capitalisation of development costs	(113.5)	(84.3)	(38.5)	(28.3)
Other expenses – Capitalisation of development costs	(48.6)	(21.7)	(19.7)	(8.3)
Capitalized development costs	**(162.1)**	**(106.1)**	**(58.2)**	**(36.5)**

Net debt and Leverage

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

PLN m (unaudited)	30.09.2021	31.12.2020
Adjusted EBITDA LTM	**2,100.8**	**1,750.0**
(+) Borrowings at amortized cost	**5,344.0**	**5,437.8**
Non-current liabilities	5,343.5	5,347.2
Current liabilities	0.5	0.6
(+) Lease liabilities	**236.3**	**73.3**
Non-current liabilities	198.6	45.4
Current liabilities	37.7	27.9
(-) Cash	**(1,788.5)**	**(1,185.1)**
= Net Debt	**3,791.8**	**4,326.0**
Leverage (Net Debt / Adjusted EBITDA LTM)	**1.8 x**	**2.47 x**

Changes in working capital

The amount of each title impacting the working capital for the nine month period ended 30 September 2021 and 2020 respectively, are presented in the separate lines of the interim condensed consolidated statement of cash flow. However, the quarterly numbers are not disclosed, as there is no such obligation to do so.

PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Q3 2021	Q3 2020
(Increase)/Decrease in trade and other receivables and prepayments	28.2	(91.6)	7.3	19.2
(Increase)/Decrease in inventories	(64.7)	(6.3)	(52.5)	(11.3)
(Increase)/Decrease in consumer loans	(289.9)	(2.0)	(116.2)	(2.0)
Increase/(Decrease) in trade and other liabilities	118.9	185.3	87.0	158.5
Increase/(Decrease) in liabilities to employees	(57.4)	31.9	8.3	15.6
Changes in working capital	**(265.0)**	**117.3**	**(66.1)**	**180.0**

Adjusted EBITDA/revenue (%)

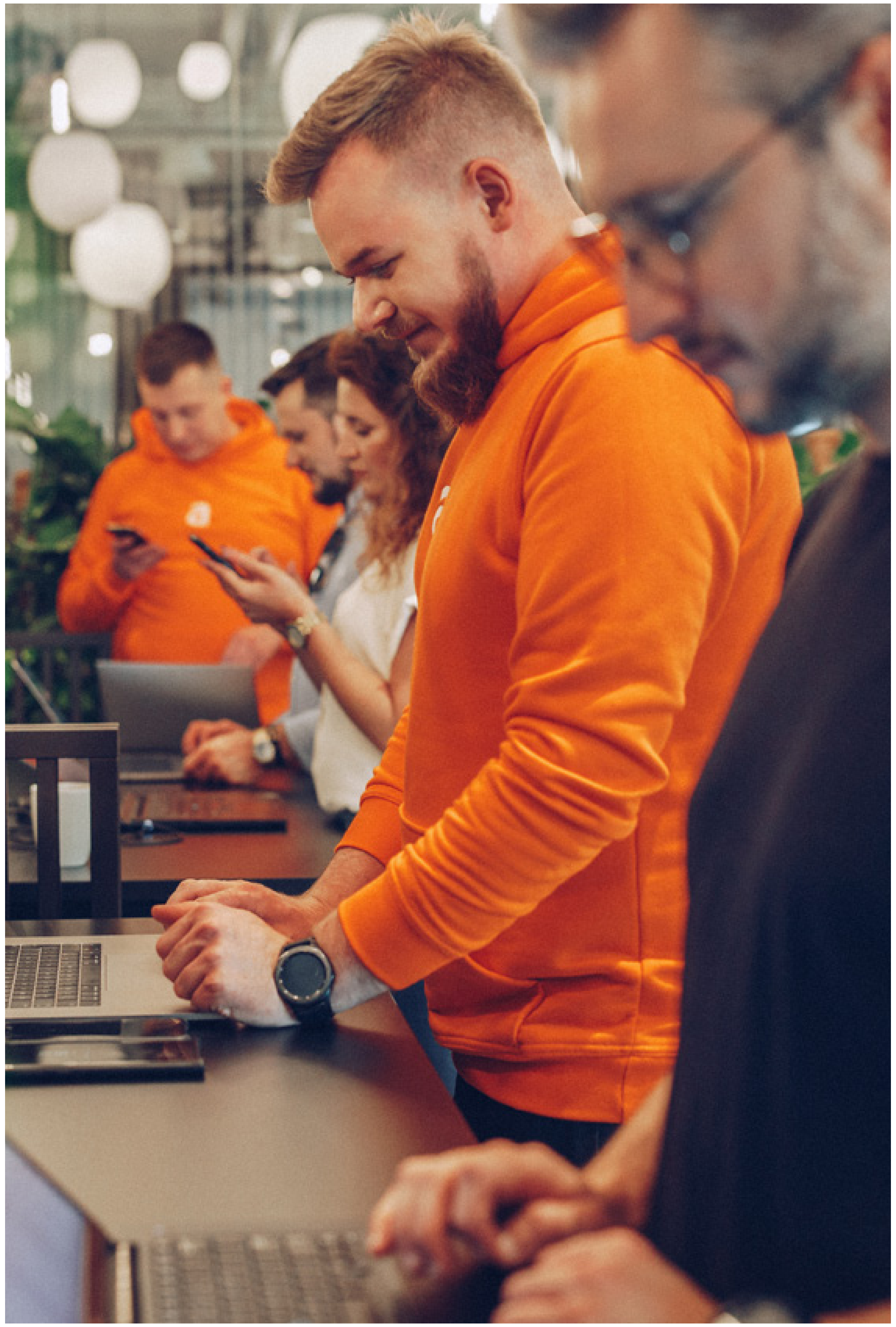
Represents Adjusted EBITDA divided by Revenue. Please refer to the calculation for the three and nine months ended 30 September 2021 and 2020 below.

PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Q3 2021	Q3 2020
Adjusted EBITDA	1,567.2	1,216.5	471.7	408.5
Revenue	3,752.2	2,698.8	1,233.9	928.7
Adjusted EBITDA/revenue (%)	**41.77%**	**45.08%**	**38.23%**	**43.99%**

Adjusted EBITDA/GMV (%)

Represents Adjusted EBITDA divided by GMV. Please refer to the calculation for the three and nine months ended 30 September 2021 and 2020 below.

PLN m (unaudited)	YTD Q3 2021	YTD Q3 2020	Q3 2021	Q3 2020
Adjusted EBITDA	1,567.2	1,216.5	471.7	408.5
GMV	29,933.2	24,259.7	9,897.1	8,253.1
Adjusted EBITDA/GMV (%)	**5.24%**	**5.01%**	**4.77%**	**4.95%**



III.

FINANCIAL STATEMENTS

Responsibility statement

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

RESPONSIBILITY STATEMENT

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

These Q3 2021 Interim Condensed Consolidated Financial Statements which have been prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and that the interim Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board and signed on its behalf by:

Darren Huston	François Nuyts
Director	Director

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of comprehensive income

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020	3 months ended 30.09.2021	3 months ended 30.09.2020
Revenue	8	**3,752,193**	**2,698,843**	**1,233,869**	**928,695**
Operating expenses		**(2,220,080)**	**(1,625,545)**	**(776,803)**	**(643,971)**
Payment charges		(105,902)	(110,415)	(31,616)	(36,250)
Cost of goods sold		(192,777)	(120,240)	(71,793)	(37,908)
Net costs of delivery		(816,902)	(420,273)	(278,163)	(174,079)
Marketing service expenses		(432,235)	(395,813)	(157,666)	(122,534)
Staff costs net		(402,117)	(356,889)	(134,383)	(153,953)
Staff costs gross		*(515,661)*	*(441,227)*	*(172,871)*	*(182,217)*
Capitalisation of development costs		*113,544*	*84,338*	*38,488*	*28,264*
IT service expenses		(71,212)	(42,245)	(26,785)	(15,015)
Other expenses net		(154,216)	(83,527)	(60,758)	(33,840)
Other expenses gross		*(202,819)*	*(105,266)*	*(80,467)*	*(42,124)*
Capitalisation of development costs		*48,603*	*21,739*	*19,709*	*8,284*
Net impairment losses on financial and contract assets		(44,719)	(35,316)	(15,639)	(9,565)
Transaction costs		—	(60,827)	—	(60,827)
Operating profit before amortisation and depreciation		**1,532,113**	**1,073,298**	**457,066**	**284,724**
Amortisation and Depreciation		**(380,978)**	**(345,166)**	**(133,917)**	**(116,961)**
Amortisation		(320,839)	(298,059)	(110,717)	(100,677)
Depreciation		(60,139)	(47,107)	(23,200)	(16,284)

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

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020	3 months ended 30.09.2021	3 months ended 30.09.2020
Operating profit		**1,151,135**	**728,132**	**323,149**	**167,763**
Net Financial costs	9	**(44,583)**	**(436,118)**	**57,563**	**(252,444)**
Financial income		118,886	13,295	109,510	456
Financial costs		(163,469)	(449,413)	(51,947)	(252,900)
Profit before Income tax		**1,106,552**	**292,014**	**380,712**	**(84,681)**
Income tax expenses	10	**(216,670)**	**(134,012)**	**(56,346)**	**(46,971)**
Net profit		**889,882**	**158,002**	**324,366**	**(131,652)**
Other comprehensive income/(loss) – Items that may be reclassified to profit or loss		**108,330**	**(85,809)**	**35,480**	**(19,901)**
Gain/(Loss) on cash flow hedging		60,764	(107,981)	20,718	(7,600)
Cash flow hedge – Reclassification from OCI to profit or loss		47,566	26,932	14,762	15,467
Deferred tax relating to these items		—	(7,351)	—	(29,510)
Exchange differences on translation of foreign operations		—	2,591	—	1,742
Total comprehensive income for the period		**998,212**	**72,193**	**359,846**	**(151,553)**

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020	3 months ended 30.09.2021	3 months ended 30.09.2020
Net profit/(Loss) for the period is attributable to:		**889,882**	**158,002**	**324,366**	**(131,652)**
Shareholders of the Parent Company		889,882	158,278	324,366	(130,632)
Non-controlling interests		—	(276)	—	(1,020)

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020	3 months ended 30.09.2021	3 months ended 30.09.2020
Total comprehensive income/(Loss) for the period is attributable to:		**998,212**	**72,193**	**359,846**	**(151,553)**
Shareholders of the Parent Company		998,212	72,469	359,846	(150,533)
Non-controlling interests		—	(276)	—	(1,020)

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020	3 months ended 30.09.2021	3 months ended 30.09.2020
Earnings per share for profit attributable to the ordinary equity holders of the company (in PLN)	11				
Basic		0.87	(0.84)	0.32	(0.53)
Diluted		0.87	(0.84)	0.32	(0.53)

all amounts expressed in PLN'000 unless indicated otherwise

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Interim Condensed Consolidated Statement of financial position

ASSETS

Non-current assets	Note	30.09.2021	31.12.2020
Goodwill		8,639,249	8,639,249
Other intangible assets		4,269,945	4,407,024
Property, plant and equipment	5	345,361	150,820
Other financial assets	5	60,299	—
Other receivables	5	24,002	—
Consumer Loans	13	19,322	4,728
Deferred tax assets		281	281
Investments		360	360
Total non-current assets		**13,358,819**	**13,202,462**

Current assets	Note	30.09.2021	31.12.2020
Inventory	5	89,361	24,619
Trade and other receivables	12	597,431	646,409
Prepayments	5	56,334	36,496
Consumer Loans	13	322,562	47,244
Other financial assets		4,048	4,788
Income tax receivables		—	802
Cash and cash equivalents	14	1,788,510	1,185,060
Total current assets		**2,858,246**	**1,945,418**
TOTAL ASSETS		**16,217,065**	**15,147,880**

EQUITY AND LIABILITIES

Equity	Note	30.09.2021	31.12.2020
Share capital		10,233	10,233
Capital reserve		7,091,294	7,073,667
Cash flow hedge reserve		12,846	(95,484)
Actuarial gain/(loss)		(938)	(938)
Other reserves	17	14,758	—
Treasury shares	5	(3,386)	—
Retained earnings		1,102,118	682,958
Net result		889,882	419,160
Equity allocated to shareholders of the Parent		**9,116,807**	**8,089,596**
Total equity		**9,116,807**	**8,089,596**

Non-current liabilities	Note	30.09.2021	31.12.2020
Borrowings	5	5,343,572	5,437,223
Lease liabilities	5	198,590	45,359
Other financial liabilities	5	—	97,298
Deferred tax liability		584,461	579,078
Liabilities to employees	5	6,745	5,370
Liabilities related to business combinations		3,893	3,893
Total non-current liabilities		**6,137,261**	**6,168,221**

Current liabilities	Note	30.09.2021	31.12.2020
Borrowings		462	577
Lease liabilities	5	37,735	27,907
Other financial liabilities	5	34,835	—
Income tax liability	5	103,808	155,022
Trade and other liabilities	15	696,044	557,629
Liabilities to employees	5	90,113	148,928
Total current liabilities		**962,997**	**890,063**
TOTAL EQUITY AND LIABILITIES		**16,217,065**	**15,147,880**

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

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of changes in equity

	Share Capital	Capital reserve	Exchange differences on translating foreign operations	Cash flow hedge reserve	Actuarial gain/(loss)	Other reserves	Treasury Shares	Retained earnings	Net result	Equity allocated to shareholders of the Parent	Non-controlling interests	Total
As at 01.01.2020	**434,246**	**5,141,141**	**568**	**(22,278)**	**—**	**(33,633)**	**—**	**758,784**	**391,392**	**6,670,220**	**13,422**	**6,683,642**
Profit for the period	—	—	—	—	—	—	—	—	158,602	158,602	(600)	158,002
Other comprehensive income	—	—	2,591	(88,400)	—	—	—	—	—	(85,809)	—	(85,809)
Total comprehensive income for the period	**—**	**—**	**2,591**	**(88,400)**	**—**	**—**	**—**	**—**	**158,602**	**72,793**	**(600)**	**72,193**
Transfer of profit from previous years	—	—	—	—	—	—	—	391,392	(391,392)	—	—	—
Share based compensation	—	—	—	—	—	52,191	—	—	—	52,191	—	52,191
Shares granted to employees	—	—	—	—	—	14,571	—	—	—	14,571	—	14,571
Change of the functional currency	34,297	405,743	—	—	—	—	—	(440,040)	—	—	—	—
Conversion and decrease of the share capital	(459,997)	459,997	—	—	—	—	—	—	—	—	—	—
Non-recourse loans	1,124	(20,077)	—	—	—	—	—	—	—	(18,953)	—	(18,953)
Written put option liability valuation	—	—	—	—	—	3,210	—	—	—	3,210	—	3,210
Purchase of non-controlling interest	—	—	—	—	—	40,000	—	(26,578)	(600)	12,822	(12,822)	—
Transactions with owners in their capacity as owners	**(424,576)**	**845,663**	**—**	**—**	**—**	**109,972**	**—**	**(75,226)**	**(391,992)**	**63,841**	**(12,822)**	**51,019**
As at 30.09.2020	**9,670**	**5,986,804**	**3,159**	**(110,678)**	**—**	**76,339**	**—**	**683,558**	**158,002**	**6,806,854**	**—**	**6,806,854**
As at 01.01.2021	**10,233**	**7,073,667**	**—**	**(95,484)**	**(938)**	**—**	**—**	**682,958**	**419,160**	**8,089,596**	**—**	**8,089,596**
Profit for the period	—	—	—	—	—	—	—	—	889,882	889,882	—	889,882
Other comprehensive income	—	—	—	108,330		—	—	—	—	108,330	—	108,330
Total comprehensive income for the period	**—**	**—**	**—**	**108,330**	**—**	**—**	**—**	**—**	**889,882**	**998,212**	**—**	**998,212**
Transfer of profit from previous years	—	—	—	—	—	—	—	419,160	(419,160)	—	—	—
Allegro Incentive Plan (see note 17)	—	—	—	—	—	14,758	—	—	—	14,758	—	14,758
Consolidation of EBT (see note 5)	—	17,627	—	—		—	(3,386)	—	—	14,241	—	14,241
Transactions with owners in their capacity as owners	**—**	**17,627**	**—**	**—**	**—**	**14,758**	**(3,386)**	**419,160**	**(419,160)**	**28,999**	**—**	**28,999**
As at 30.09.2021	**10,233**	**7,091,294**	**—**	**12,846**	**(938)**	**14,758**	**(3,386)**	**1,102,118**	**889,882**	**9,116,807**	**—**	**9,116,807**

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

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of cash flows

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020
Profit before income tax		**1,106,552**	**292,014**
Amortisation and depreciation		380,978	345,166
Net interest expense	9	48,121	439,738
Non-cash employee benefits expense – share based payments		14,758	66,762
Revolving facility availability fee	9	2,645	2,409
Net (gain)/loss exchange differences		1,382	2,004
Interest on leases	9	3,258	2,337
Valuation of financial assets	9	(11,200)	(9,515)
Net (gain)/loss on sale of non-current assets		232	—
Consolidation of EBT	5	14,241	—
(Increase)/Decrease in trade and other receivables and prepayments		28,219	(91,562)
(Increase)/Decrease in inventories		(64,742)	(6,330)
Increase/(Decrease) in trade and other liabilities		118,887	185,272
(Increase)/Decrease in consumer loans		(289,912)	(1,989)
Increase/(Decrease) in liabilities to employees		(57,440)	31,912
Cash flows from operating activities		**1,295,979**	**1,258,218**
Income tax paid		(262,679)	(93,202)
Net cash inflow/(outflow) from operating activities		**1,033,300**	**1,165,016**

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020
Cash flows from investing activities			
Payments for property, plant & equipment and intangibles	5	(256,659)	(165,857)
Loans granted		—	(4,720)
Repayment of loans granted		—	4,761
Acquisition of subsidiary (net of cash acquired)		—	(4,425)
Other		(280)	(105)
Net cash inflow/(outflow) from investing activities		**(256,939)**	**(170,346)**

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020
Cash flows from financing activities			
Borrowings repaid		—	(344,966)
Interest paid		(96,978)	(237,256)
Interest rate hedging instrument settlements		(47,566)	(26,931)
Payments for acquisition of non-controlling interest		—	(40,000)
Lease payments		(25,890)	(21,798)
Revolving facility availability fee payments		(2,030)	(2,409)
Other		(447)	
Net cash inflow/(outflow) from financing activities		**(172,911)**	**(673,360)**

	Note	9 months ended 30.09.2021	9 months ended 30.09.2020
Net increase/(decrease) in cash and cash equivalents		**603,450**	**321,310**
Cash and cash equivalents at the beginning of the financial period		1,185,060	403,877
Cash and cash equivalents at the end of the financial period		1,788,510	725,187

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

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NOTES TO
THE INTERIM
CONDENSED
CONSOLIDATED
FINANCIAL
STATEMENTS

1. General information

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

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

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

The Group's core activities comprise:

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

These Interim Condensed Consolidated Financial Statements were prepared for the three and nine month periods ended 30 September 2021, together with comparative amounts for the corresponding period of 2020.

These Interim Condensed Consolidated Financial Statements for the three and nine month periods ended 30 September 2021 and financial information as at 30 September 2021 have not been subject to review by the auditor. However, comparative information presented within these Interim Condensed Consolidated Financial Statements for the three and nine month periods ended 30 September 2020 and financial information as at 31 December 2020 was reviewed by the auditor during the prior year period.

2. Basis of preparation

These Interim Condensed Consolidated Financial Statements for the three and nine month periods ended 30 September 2021 have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting (as adopted by the European Union). The Interim Condensed Consolidated Financial Statements were prepared on the assumption that the Group would continue as a going concern for at least 12 months subsequent to 30 September 2021. In making this going concern assumption Management took into consideration the impact of the COVID-19 crisis on the Group's business. The operations have continued with minimal disruption since most staff continue home working mode since 12 March 2020. The Group has noted increased sales on its e-commerce marketplace whenever the Polish government has restricted offline retail activity as part of its lock-down measures to reduce the spread of COVID-19. Furthermore, the demand for the Group's marketplace services has remained above the historical trend in periods when these lock-down measures have been removed.

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

These Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and thus should be read in conjunction with the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2020. The accounting policies adopted are consistent with these Interim Condensed Consolidated Financial Statements, except for the estimation of income tax prepared under IAS 34 (see note 10) and the adoption of new and amended standards effective after 1 January 2021 as set out in note 3.

There were no other changes in accounting policies in the period covered by the Interim Condensed Consolidated Financial Statements of Allegro.eu S.A. Group ended 30 September 2021 in comparison to the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2020.

3. Summary of changes in significant accounting policies

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

In these Interim Condensed Consolidated Financial Statements amendments to the following standards that came into effect as of 1 January 2021 were applied. The amendments do not have a significant impact on these financial statements.

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

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

Amendments to IFRS 16 – issues on 31 August 2021 and effective for annual periods beginning 1 April 2021. The amendment provides the annual extension of the May 2020 amendment that grants lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

4. Information on material accounting estimates

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

CONTINGENT LIABILITIES

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

These explanatory proceedings are a preliminary step that does not necessarily lead to the initiation of formal proceedings against eBilet. If the OCCP President decides to pursue the matters covered by these explanatory proceedings, he must first open formal proceedings against eBilet. If the OCCP President decides that eBilet's behaviour infringed collective consumers' interests, he would then issue an infringement decision, with or without a fine, and may also order the effects of the infringement to be remedied. If a fine were to be imposed, then in accordance with the Competition Act, it could be as high as 10% of eBilet's turnover in the financial year preceding the infringement decision, for each infringement. If during the course of the investigation eBilet offers adequate commitments to rectify the alleged infringement and/or to remedy its effects, the case may end with a commitment arrangement with the OCCP President and with no fine imposed.

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

all amounts expressed in PLN'000 unless indicated otherwise

OCCP PRESIDENT RULING

On 9 February 2016, the OCCP 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. This decision became final and binding as a result of ruling of the Court of Appeal issued 2 June 2021. The OCCP President, however, has not imposed any fine on Allegro.pl for this infringement.

The Group believes that the likelihood and the potential financial consequences that might arise due to that ruling are deemed to be remote.

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

ESTIMATED IMPAIRMENT OF GOODWILL

The Group did not identify any circumstances, which might indicate that an impairment loss may have occurred and therefore no specific goodwill impairment tests were performed on the carrying values of the Group's assets as at 30 September 2021.

5.

Significant changes in the current reporting period

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

I. The Group adopted the Allegro Incentive Plan (the 'AIP') in late 2020. In April 2021, the first awards under the AIP were granted to Executive Directors, Key Managers and employees of the Group. The program rules and its impact on these Interim Condensed Consolidated Financial Statements are described in detail in note 17.

II. On 16 March 2021 the shareholders of the Group, i.e. Cidinan S.À R.L, Permira VI Investment Platform Limited, and Mepinan S.À R.L (together the "Main Shareholders") sold 76,595,000 of the Company's ordinary shares representing 7.5% of votes at the General Meeting of the Parent Company. At the balance sheet date the immediate owners of the Parent's shares were:

		30.09.2021		31.12.2020	
Name	Ultimate owner	Number of Shares	% of share capital	Number of Shares	% of share capital
Cidinan S.a r.l.	Cinven	286,778,572	28.0%	321,246,322	31.4%
Permira VI Investment Platform Limited	Permira	286,778,572	28.0%	321,246,322	31.4%
Mepinan S.à r.l.	Mid Europa Partners	63,728,574	6.3%	71,388,074	7.0%
Other Shareholders	n/a	385,970,096	37.7%	309,375,096	30.2%
Total		**1,023,255,814**	**100%**	**1,023,255,814**	**100%**

III. Decrease in liabilities to employees in the amount of PLN 57,440 results from the settlement of a long-term cash bonus scheme in the amount of PLN 23,567 which has been terminated and replaced by the Allegro Incentive Plan, and from annual bonus accruals for 2021 being made at a lower expected payout rate in comparison to 2020.

IV. The movement in other financial assets and liabilities results from the settlement of the interest rate hedging instruments falling due in the nine months ended 30 September 2021 in the amount of PLN 47,566 and a net increase in the value of the remaining instruments of PLN 75,194 as at the balance sheet date. At the same time the non-current portion of other financial liabilities decreased due to the reclassification of fixed interest rate swap contracts with the maturity date falling in the next twelve months that drove the increase of both: non-current assets as well as current-liabilities.

V. Although the Group does not have any department dedicated to research and development, such activities are performed throughout the organization. Research and development expenditure that meet the capitalization criteria are deducted from expenses and recognized as intangible assets. The amount of development costs, capitalized during the nine months period ended 30 September 2021 and 30 September 2020 amounted to PLN 162,147 and PLN 106,078 respectively.

VI. On 13 April 2021, upon the commencement of the lease of its new fulfillment center, the Group has recognized the right of use asset at PLN 47,718. This asset will be depreciated over a period of 10 years, being the length of the lease agreement. On 30 April 2021, the Group recognized corresponding right-of-use assets and lease liabilities related to leased computer servers at PLN 14,311, and PLN 2,405 on 28 August 2021. Additionally, on 1 June 2021 and 22 July 2021 the lease of new office space in Poznań was recognized at PLN 16,140 and 18,459, respectively. In September 2021 the Group recognized new office space leases in Warsaw at PLN 30,366 and prolonged its warehouse lease agreements in the total amount of PLN 10,923. Right-of-use assets are amortized over the lease contract, servers over a period of 4 years, the office space over an 8-9 year period, and warehouses over 3 years.

VII. The significant increase in the prepayments balance is driven mostly by: advance payments for the development of the fulfillment center, deliveries, acquisition of parcel machines and fit-out of new offices, which amounted to PLN 16,346 as of 30 September 2021. The increase also reflects the higher value of insurance expenses amounting to PLN 9,302, as well as prepaid software licenses and subscription expenses, of 25,917 PLN as of 30 September 2021, due to significant number of new employees joining the organization.

VIII. The increase in the consumer loans balance is driven by the significant growth of Allegro Pay consumer finance lending operations that was launched in the second half of 2020. The detailed information regarding the gross carrying amount and expected credit loss of consumer loans classified to each stage is presented in note 13.

IX. The movement in valuation of financial liabilities is driven by the improved leverage ratio of the Group, resulting in the lower margin and decrease in the carrying value of the existing borrowings valued at amortized cost.

X. As indicated in Note 6 "Group Structure", as at 30 September 2021 Adinan Super Topco Employee Benefit Trust (hereinafter referred as 'Employee Benefit Trust', 'EBT', 'Trust') has been consolidated in the Group Consolidated Financial Statements. EBT is a structured entity with predetermined activities and therefore while the Group does not hold any direct interest, based on contractual arrangements it effectively controls the relevant activities of EBT and therefore ETB is consolidated as at 30 September 2021. The Trust was established to administer its assets for the benefit of the Group's employees and acts as a facilitator of the Group's share based payment compensation programs and as a settlor of the Free Share Awards, granted at the moment of IPO. The share based payment expenses resulting from all the share based payment programs run by the Group has been recognised in the consolidated financial statements of the Group as further described in Note 17. As of the end of the current reporting period EBT was in possession of PLN 3,386 Treasury Shares, valued at cost. Those Treasury Shares are also intended to be used to settle the employee awards program currently run by the Group. The shares used by the Trust to settle the program were initially acquired from Allegro's Main Shareholders. Where the price paid by employees on acquisition of shares under the Management Investment Plan (the share based payment program existing before IPO) exceeded the cost, the profit received has been reflected in equity, as a part of capital reserve (profit on sale of treasury shares).

XI. The increase in the non-current other receivables is driven by the deposits paid by the Group in relation to leased offices and warehouses.

XII. The upward movement in the inventory balance results from the typical business cycle, as well as the growth of the Group's sales. The Group is progressively building up the amount of goods held for trading before the expected peak of the season, falling again ahead of the Christmas.

6. Group structure

As at 30 September 2021, the Allegro.eu Group comprised Allegro.eu S.A. ('Parent') as well as intermediate holding company Adinan Midco with their registered office in Luxembourg, Employee Benefit Trust located in Jersey and companies conducting operating activities in the territory of Poland – Allegro.pl, Ceneo.pl, Allegro Pay, eBilet Polska, Opennet.pl, Allegro Finance and Trade Analytics Instytut Badań Ecommerce. Each of the Polish Operating Companies and their subsidiaries have their registered offices located in Poland.

In addition. Allegro.pl is the sole owner of Allegro All For Planet Foundation, which is not consolidated due to its immateriality.

As at 30 September 2021 Employee Benefit Trust has been included in the Group Consolidated Financial Statements (further information is provided in Note 5).

On 1 July 2021, the Group completed a merger of Allegro Logistyka Sp. z o.o., with Opennet Sp. z o.o., a company acquired by the Group on 27 October 2020. Allegro Logistyka Sp. z o.o. remained in existence after the merger and operates under the name of Opennet.pl Sp. z o.o.

Key information regarding the members of the Group, shares held by the Group as at 30 September 2021 and 30 September 2020 and the periods subject to consolidation is presented below.

PERIOD COVERED BY CONSOLIDATION
01.01.2021 – 30.09.2021

- **Allegro.eu S.A.** Luxembourg
  - **Adinan Midco S.à r.l.** Luxembourg, **100%**
    - **Allegro.pl Sp. z o.o.** Poland, **100%**
      - **Opennet.pl Sp. z o.o.** Poland, **100%**
      - **eBilet Polska Sp. z o.o.** Poland, **100%**
      - **Allegro Finance Sp. z o.o.** Poland, **100%**
      - **Trade Analytics Instytut Badań Ecommerce Sp. z o.o. w likwidacji** Poland, **100%**
    - **Allegro Pay Sp. z o.o.** Poland, **100%**
    - **Ceneo.pl Sp. z o.o.** Poland, **100%**
  - **Adinan Super Topco Employee Benefit Trust **** Jersey, **n/a**

PERIOD COVERED BY CONSOLIDATION
01.01.2020 – 30.09.2020

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

* Period covered by consolidation 27.01.2020 – 31.12.2020
** Period covered by consolidation 01.09.2021 – 30.09.2021

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7. Segment information

7.1 DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES

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

- Allegro activity – segment which operates as a B2C, C2C and B2B e-commerce platform, comprising Allegro.pl (online marketplace), Allegro Pay (financial services) and Opennet.pl (delivery experience and logistics solutions) and,
- Ceneo.pl activity – segment which is a price comparison platform in Poland allowing users to compare consumer products from various Polish e-stores.

Other segment consists mainly the results of eBilet as well as costs of the holding companies.

Due to changes in the internal organization structure that took place in the third quarter of 2021, resulting in the merger of Allegro Logistyka Sp. z o.o. with Opennet Sp. z o.o., and reflecting the increasing role of Opennet Sp. z o.o. in developing logistics software for the Group as well as serving its third party customers, the Group amended the presentation of Opennet.pl results from the "Other" operating segment to the "Allegro" operating segment.

The reportable operating segments are identified at the Group level. The Parent, as a holding company is included in Other segment. Segment performance is assessed on the basis of revenue, operating profit before amortisation and depreciation ('EBITDA'), as defined in the note 7.2. The accounting policies adopted are uniform for all segments and consistent with those applied for the Group. Inter-segment transactions are eliminated upon consolidation.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Both operating segments have a dispersed customer base – no single customer generates more than 10% of segment revenue. The Group's operations are conducted in one geographical area, on the territory of the Republic of Poland.

all amounts expressed in PLN'000 unless indicated otherwise

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

9 months ended 30.09.2020	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	2,698,843	2,539,983	155,130	3,730	—
Inter-segment revenue	—	4,643	27,822	1,189	(33,654)
Revenue	**2,698,843**	**2,544,626**	**182,952**	**4,919**	**(33,654)**
Operating expenses	(1,625,545)	(1,473,634)	(96,976)	(88,589)	33,654
EBITDA	**1,073,298**	**1,070,992**	**85,976**	**(83,670)**	**—**
Amortisation and Depreciation	(345,166)				
Net financial costs	(436,118)				
Profit before income tax	**292,014**				
Tax expense	(134,012)				
Net profit	**158,002**				

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

3 months ended 30.09.2020	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	928,695	883,503	47,434	(2,242)	—
Inter-segment revenue	—	1,563	12,003	135	(13,701)
Revenue	**928,695**	**885,066**	**59,437**	**(2,107)**	**(13,701)**
Operating expenses	(643,971)	(553,470)	(34,205)	(69,996)	13,701
EBITDA	**284,724**	**331,596**	**25,232**	**(72,104)**	**—**
Amortisation and Depreciation	(116,961)				
Net financial result	(252,444)				
Profit/(Loss) before income tax	**(84,681)**				
Tax expense	(46,971)				
Net profit/(loss)	**(131,652)**				

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

all amounts expressed in PLN'000 unless indicated otherwise

7.2 ADJUSTED EBITDA (NON-GAAP MEASURE)

EBITDA, which is a measure of the operating segments' profit, is defined as the net profit increased by the income tax charge, net financial costs (i.e. the finance income and finance costs) and the depreciation/amortization.

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

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

	9 months ended 30.09.2021	9 months ended 30.09.2020	3 months ended 30.09.2021	3 months ended 30.09.2020
EBITDA	**1,532,113**	**1,073,298**	**457,066**	**284,724**
Monitoring costs [1]	—	2,827	—	1,086
Regulatory proceeding costs [2]	774	2,622	229	665
Group restructuring and development costs [3]	18,560	2,799	10,235	97
Donations to various public benefit organizations [4]	2,315	4,495	—	845
Bonus for employees and funds spent on protective equipment against COVID-19 [5]	953	2,903	358	380
Allegro Incentive Plan [6]	12,522	14,571	3,785	14,571
Management Investment Plan [7]	—	52,191	—	45,325
Transaction costs [8]	—	60,827	—	60,827
Adjusted EBITDA	**1,567,237**	**1,216,533**	**471,673**	**408,520**

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

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

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

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

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

[6] Represents the costs of the Allegro Incentive Plan, under which awards in the form of Performance Share Units ("PSU") and Restricted Stock Units ("RSU") are granted to Executive Directors, Key Managers and other employees. Costs recognized in the nine months period ended 30 September 2021 represent the accrued cost of share based compensation in relation to the PSU and RSU Plans. For 2020, the cost represents the part of a one-off grant to employees of shares awarded at the Group's IPO ("Free Share Awards") accrued between the date of announcement and 30 September 2020. The remainder of the total cost of PLN 25,428 was recognized between 1 October 2020 and the date of the IPO on 12 October 2020.

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

[8] Represents costs of advisory and consultancy incurred during the IPO process in 2020 (PLN 60,397) and the acquisition of a 20% minority interest in eBilet (PLN 430).

all amounts expressed in PLN'000 unless indicated otherwise

8. Revenues from contracts with customers

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

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

9 months ended 30.09.2020	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	2,214,526	—	3,926	(347)	2,218,105
Advertising revenue	191,284	30,597	—	(2,321)	219,560
Price comparison revenue	—	149,176	—	(22,364)	126,812
Retail revenue	118,191	—	—	—	118,191
Other revenue	20,625	3,179	993	(8,622)	16,175
Revenue	**2,544,626**	**182,952**	**4,919**	**(33,654)**	**2,698,843**

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

3 months ended 30.09.2020	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	773,736	—	(2,175)	(17)	771,544
Advertising revenue	68,425	10,827	—	(948)	78,304
Price comparison revenue	—	47,204	—	(9,770)	37,434
Retail revenue	35,568	—	—	—	35,568
Other revenue	7,337	1,406	68	(2,966)	5,845
Revenue	**885,066**	**59,437**	**(2,107)**	**(13,701)**	**928,695**

all amounts expressed in PLN'000 unless indicated otherwise

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

9 months ended 30.09.2021	Allegro	Ceneo	Other	Eliminations	Total
Timing of revenue recognition					
At a point in time	2,386,939	168,693	11,216	(82,505)	2,484,343
Over time	1,231,514	41,709	—	(5,373)	1,267,850
Revenue	**3,618,453**	**210,402**	**11,216**	**(87,878)**	**3,752,193**

9 months ended 30.09.2020	Allegro	Ceneo	Other	Eliminations	Total
Timing of revenue recognition					
At a point in time	1,658,032	150,530	4,919	(29,250)	1,784,231
Over time	886,594	32,422	—	(4,404)	914,612
Revenue	**2,544,626**	**182,952**	**4,919**	**(33,654)**	**2,698,843**

3 months ended 30.09.2021	Allegro	Ceneo	Other	Eliminations	Total
Timing of revenue recognition					
At a point in time	792,759	48,900	4,882	(32,681)	813,860
Over time	408,148	13,979	—	(2,118)	420,009
Revenue	**1,200,907**	**62,879**	**4,882**	**(34,799)**	**1,233,869**

3 months ended 30.09.2020	Allegro	Ceneo	Other	Eliminations	Total
Timing of revenue recognition					
At a point in time	573,289	47,998	(2,107)	(12,091)	607,089
Over time	311,777	11,439	—	(1,610)	321,606
Revenue	**885,066**	**59,437**	**(2,107)**	**(13,701)**	**928,695**

9. Financial income and financial costs

	9 months ended 30.09.2021	9 months ended 30.09.2020	3 months ended 30.09.2021	3 months ended 30.09.2020
Valuation of financial assets	11,200	9,515	3,092	—
Interest from deposits	833	2,342	406	193
Other financial income	226	1,438	84	263
Net exchange gains on foreign currency transactions	699	—	—	—
Remeasurement of the borrowings	105,928	—	105,928	—
Financial income	**118,886**	**13,295**	**109,510**	**456**
Deferred borrowing cost	—	(136,716)	—	(136,716)
Interest paid and payable for financial liabilities	(109,714)	(250,542)	(34,144)	(72,671)
Second Lien early repayment cost	—	(25,907)	—	(25,907)
Interest rate hedging instrument	(44,334)	(26,649)	(14,761)	(15,173)
Interest on leases	(3,258)	(2,337)	(1,416)	(710)
Revolving facility availability fee	(2,645)	(2,409)	(815)	(763)
Net exchange losses on foreign currency transactions	—	(4,085)	(164)	(651)
Other financial costs	(3,518)	(768)	(647)	(309)
Financial costs	**(163,469)**	**(449,413)**	**(51,947)**	**(252,900)**
Net financial costs	**(44,583)**	**(436,118)**	**57,563**	**(252,444)**

The decrease in interest expenses is driven by lower costs of the Group's indebtedness resulting from the refinancing transaction completed on 14 October 2020.

The savings were partially offset by higher costs to settle fixed interest rate swap contracts, reflecting the rapid decrease of WIBOR (Warsaw Interbank Offer Rate) reference rates following the outbreak of the Covid-19 pandemic in 2020.

10. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period ended 30 September 2021 is 19,6%, compared to 45,9% for the nine months ended 30 September 2020.

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

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

For the periods ended 30 September 2021 and 30 September 2020 the income tax expense was as follows:

	9 months ended 30.09.2021	9 months ended 30.09.2020	3 months ended 30.09.2021	3 months ended 30.09.2020
Current income tax on profits	(211,287)	(167,163)	(70,479)	(64,576)
(Increase)/Decrease in net deferred tax liability	(5,383)	33,151	14,133	17,605
Income tax expense	**(216,670)**	**(134,012)**	**(56,346)**	**(46,971)**

On 16 December 2020, the Group received formal notifications of tax audits of two of the Group's entities, initiated by the Małopolski Customs and Tax Office in Cracow, with respect to taxation of income declared in the period from 28 July 2016 to 31 December 2017 and for 2018. The tax audits continued throughout the first half of 2021 and are continuing as of the date of these financial statements.

The auditing tax office has not informed the Group of any findings as of the date of these financial statements. The deadline for completing the auditing activities was extended to 30 November 2021 but may be further prolonged by the tax office.

11. Earnings per share

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

Basic and Diluted Earnings per share for the 30 September 2021 and 30 September 2020 were:

	9 months ended 30.09.2021	9 months ended 30.09.2020
Net profit attributable to equity holders of the Parent Company	889,882,038	158,278,251
Preference annual interest	—	(754,495,305)
Profit/ (Loss) for ordinary shareholders	**889,882,038**	**(596,217,054)**
Average number of ordinary shares	1,023,690,231	712,881,785
Profit/ (Loss) per ordinary share (basic)	**0.87**	**(0.84)**
Effect of diluting the number of ordinary shares	195,261	—
Number of ordinary shares shown for the purpose of calculating diluted earnings per share	1,023,885,492	712,881,785
Profit/ (Loss) per ordinary share (diluted)	**0.87**	**(0.84)**

	3 months ended 30.09.2021	3 months ended 30.09.2020
Net profit attributable to equity holders of the Parent Company	324,365,730	(130,631,747)
Preference annual interest	—	(248,100,973)
Profit/ (Loss) for ordinary shareholders	**324,365,730**	**(378,732,720)**
Average number of ordinary shares	1,023,379,152	716,085,880
Profit/ (Loss) per ordinary share (basic)	**0.32**	**(0.53)**
Effect of diluting the number of ordinary shares	219,325	—
Number of ordinary shares shown for the purpose of calculating diluted earnings per share	1,023,598,477	716,085,880
Profit/ (Loss) per ordinary share (diluted)	**0.32**	**(0.53)**

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

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

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

The Company issued a further 23,255,814 ordinary shares at IPO to raise an additional PLN 1 billion of equity in a primary capital raising, bringing the total of ordinary shares issued by the Parent to 1,023,255,815 ordinary shares.

The average number of ordinary shares for the period ending 30 September 2021 for the purpose of calculating Earnings per Share additionally includes 589,956 fully vested but not delivered shares, granted to employees at the moment of the Group's IPO, as a Free Share Award. Those shares were released subsequent to period end to the recipient employees at the end of a lock up period that expired on 7 October 2021.

As a result of consolidation of the EBT (see Note 5), 1,399,853 ordinary shares in the possession of that entity have been classified as Treasury Shares and deducted from the average number of ordinary shares for the period ending 30 September 2021 for the purpose of calculating Earnings per Share.

On 7 October 2021, 588,325 Treasury Shares were distributed to the employees receiving a grant of ordinary shares on the occasion of the Group's IPO, leaving the Group with 811,528 Treasury Shares held by the EBT.

In the prior year period and until the IPO Conversion, ordinary shares for the purposes of calculating earnings per share comprised A1 and A2 shares. Between 2017 and the IPO, B and C shares were granted to the Group's Key Management and other managers with a determined vesting period, and were excluded from the earnings per share calculation. The Management participated indirectly through various classes of shares of Adiman SCSp and directly via type C and D shares issued by Allegro.eu.

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

The dilutive item presented in the table above refers to the RSU program described in note number 17. This variant of the AIP program has a dilutive impact on the EPS calculation as it results in the issue of ordinary shares for less than the average market price of ordinary shares during the period.

The PSU program described in note number 17 has a contingent dilutive effect on the EPS calculation for the nine months ended 30 September 2021, however it was not concluded to be dilutive, as the performance conditions have not yet been met.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12.

Trade and other receivables

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

	30.09.2021	31.12.2020
Trade receivables, gross	642,406	658,197
Impairment of trade receivables	(83,990)	(60,114)
Trade receivables, net	**558,416**	**598,083**
Other receivables	24,862	42,249
VAT receivables	14,153	6,077
Total	**597,431**	**646,409**

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

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

all amounts expressed in PLN'000 unless indicated otherwise

13. Consumer loans

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

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

The table below shows the gross carrying amount (equal to maximum exposure to credit risk) and expected credit losses in each stage as at 30 September 2021 and 31 December 2020.

As at 31.12.2020	Stage 1	Stage 2	Stage 3	TOTAL
Consumer loans, gross	53,073	28	1	53,102
Expected credit losses	(1,126)	(3)	(1)	(1,130)
Consumer loans as at 31.12.2020	**51,947**	**25**	**—**	**51,972**

As at 30.09.2021	Stage 1	Stage 2	Stage 3	TOTAL
Opening balance	53,073	28	1	53,102
New consumer loans originated	1,076,844	—	—	1,076,844
Transfer to stage 1	548	(534)	(14)	—
Transfer to stage 2	(3,943)	3,968	(25)	—
Transfer to stage 3	(5)	(1,244)	1,249	—
Consumer loans derecognized (repaid)	(781,682)	(893)	(63)	(782,638)
Consumer loans, gross	**344,835**	**1,325**	**1,148**	**347,308**
Opening balance	(1,126)	(3)	(1)	(1,130)
New consumer loans originated	(9,395)	—	—	(9,395)
Transfer to stage 1	(14)	14	—	—
Transfer to stage 2	50	(51)	1	—
Transfer to stage 3	—	65	(65)	—
Changes due to changes in credit risk	3,353	(1,076)	(1,076)	1,201
Consumer loans derecognized (repaid)	3,825	42	33	3,900
Expected credit losses	**(3,307)**	**(1,009)**	**(1,108)**	**(5,424)**
Consumer loans as at 30.09.2021	**341,528**	**316**	**40**	**341,884**

As at 30.09.2021	Stage 1	Stage 2	Stage 3	TOTAL
Consumer loans, gross	344,835	1,325	1,148	347,308
Expected credit losses	(3,307)	(1,009)	(1,108)	(5,424)
Consumer loans as at 30.09.2021	**341,528**	**316**	**40**	**341,884**

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

all amounts expressed in PLN'000 unless indicated otherwise

14. Cash and cash equivalents

At the balance sheet date cash and cash equivalents comprised:

	30.09.2021	31.12.2020
Cash at bank	245,890	643,238
Bank deposits	1,457,918	502,535
Cash equivalents	70,462	39,287
Restricted cash	14,240	—
Total	**1,788,510**	**1,185,060**

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

As at 30 September 2021 Employee Benefit Trust was holding PLN 14,240 cash that may only be utilized for the benefit of employees, including through the settlement of incentive programs and was not freely available to the Group. As at 31 December 2020 the Group had no restricted cash.

15. Trade and other liabilities

Trade and Other Liabilities at the balance sheet date comprised:

	30.09.2021	31.12.2020
Trade liabilities	456,111	342,861
Contract and refund liabilities	126,518	115,399
VAT liabilities	64,106	73,448
Social insurance and other tax liabilities	18,466	13,695
Other liabilities	30,843	12,226
Total	**696,044**	**557,629**

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

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16. Financial assets and financial liabilities

CLASSIFICATION AND MEASUREMENT

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

In 2020 and 2021 all financial assets and liabilities except for derivative instruments, were initially recognized at fair value including transaction costs and after the initial recognition at amortised cost. The Group applies hedge accounting, and derivatives are classified as cash flow hedges.

The Group holds the following financial instruments:

	Note	30.09.2021	31.12.2020
Financial assets at amortised cost		**2,718,080**	**1,882,513**
Consumer loans	13	341,884	51,972
Trade receivables and other receivables *	12	583,278	640,333
Cash and cash equivalents	14	1,788,510	1,185,060
Investments		360	360
Other financial assets		4,048	4,788
Hedging derivatives		**60,299**	**—**
Derivative financial instruments (cash flow hedge)	5	60,299	—

* excluding tax-related settlements

	Note	30.09.2021	31.12.2020
Liabilities at amortised cost		**6,119,337**	**5,920,493**
Trade and other liabilities **	15	535,085	405,534
Borrowings		5,344,034	5,437,800
Lease liabilities (outside IFRS9 scope)	5	236,325	73,266
Liabilities related to business combination		3,893	3,893
Hedging derivatives		**34,835**	**97,298**
Derivative financial instruments (cash flow hedge)	5	34,835	97,298

** excluding deferred income and tax-related settlements

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

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

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

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

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

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.

17. Other reserves

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

The Group has adopted the Allegro Incentive Plan (the 'AIP') in 2020. The AIP is a discretionary plan under which awards in the form of performance share units ('PSUs') and restricted stock units ('RSUs') may be granted to employees of the Group at the discretion of the Remuneration and Nomination Committee.

On 18 December 2020 Group Key Management (Board of Directors and Senior Key Managers) was informed about the detailed principles of the PSU program ('Performance Shares Units'). Under IFRS, this date is considered as a service commencement date, as from this date the Group Key Management may reasonably expect to benefit from the future award. The formal grant date occurred on 2 April 2021.

On 2 April 2021 ("Grant Date") the Remuneration Committee of the Board of Directors of Allegro.eu granted 320,870 units awarded under the Performance Share Unit (PSU) plan with an estimated total value at the grant date of PLN 18,474 and 717,027 shares awarded under Restricted Stock Unit (RSU) plan with an estimated total value at the grant date of PLN 34,870. These awards have been granted to Executive Directors, Key Managers and other employees.

The fair value per share to be used in recognizing the costs of share based compensation is PLN 56.06, being the closing price of Allegro.eu shares listed on Warsaw Stock Exchange on the Grant Date. The total estimated value of the program, at the grant date, was PLN 53,344.

The Group performs the periodic revaluation of the total cost of the AIP program to account for any changes in the assumptions made in the initial estimation. Those adjustments are mostly driven by fluctuation of the number of units granted under the AIP program, due to changes in employment. As of 30 September 2021 the total number of units awarded and still outstanding under the PSU and RSU plans was 276,534 and 634,609 respectively.

PERFORMANCE SHARE UNITS

Total share based compensation to be recognized in the future periods prior to vesting, based on the outstanding 276,534 PSUs has been estimated at PLN 10,867 as of 30 September 2021. This estimate is based on the fair value of the Group's shares at closing on the Grant Date of PLN 56.06 per share, an estimate of attrition rates and current estimates of probable achievement against agreed performance conditions that can result in between 0 and 2 ordinary shares being issued at vesting for each PSU granted.

Recognition of the estimated cost of the program reflects the PSU Plan's notional vesting profile of 25%, 25%, and 50% respectively on the first, second, and third anniversaries of the Grant Date. If a holder of the PSU units leaves before the end of the 36 month vesting period, they shall receive units earned in proportion to the service period performed relative to the vesting periods. Shares will only be delivered on the third anniversary of the Grant Date and each unit is capped to a maximum of one share per unit, even if the Group has over performed its PSU performance criteria.

Since the inception of the AIP program, two members of the Allegro.pl management board left the Group, resulting in the forfeit of their granted units and thereby contributing to the decline in the estimated total costs to be recognized in future periods in relation to the PSU variant of the AIP program.

In the nine months period ended 30 September 2021, PLN 6,108 of costs was recognized in relation to PSU Plan. Group Key Management was informed of the key terms of the PSU Plan on 18 December 2020, thereby setting the Service Commencement Date for purposes of share based compensation cost recognition under IFRS2 at a date earlier than the Grant Date as these managers were substantively aware of the value of benefits they might receive in future awards.

RESTRICTED STOCK UNITS

Total share based compensation to be recognized in the future periods prior to vesting, based on the outstanding 634,609 RSUs has been estimated at PLN 22,569 as of 30 September 2021. This estimate is based on the fair value of the Group's shares at closing on the Grant Date of PLN 56.06 per share, with one RSU unit being equivalent to one ordinary share, and an estimate of attrition rates.

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

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

In the nine months period ended 30 September 2021, PLN 8,649 was recognized under the RSU Plan. Employees entitled to receive the share-based compensation under RSU plan, were informed of the key terms of the RSU Plan on 2 April 2020, hence the Service Commencement Date is the same as actual grant date.

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18.

Related party transactions

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

The following transactions were concluded with related entities.

	9 months ended 30.09.2021				3 months ended 30.09.2021				As at 30.09.2021		
Related party	Revenues	Expenses	Financial income	Financial costs	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Associates:											
Polskie Badania Internetu sp. z o.o.	—	207	—	—	—	69	—	—	—	—	—
Fundacja Allegro All For Planet	38	900	—	—	13	250	—	—	—	—	—
Other:											
Alter Domus Luxembourg S.à r.l	—	328	—	—	—	—	—	—	—	983	—
Total	**38**	**1,435**	**—**	**—**	**13**	**319**	**—**	**—**	**—**	**983**	**—**

all amounts expressed in PLN'000 unless indicated otherwise

Related party transactions

	9 months ended 30.09.2020				3 months ended 30.09.2020				As at 31.12.2020		
Related party	Revenues	Expenses	Financial income	Financial costs	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Shareholder:											
Mepinan S.a r.l.	—	206	—	—	—	138	—	—	—	—	—
Cinven Partners LLP	—	710	—	—	—	297	—	—	—	—	—
Permira Advisers (London) Ltd	—	1,385	—	—	—	608	—	—	—	—	—
Management:											
Loans granted	—	—	341	—	—	—	173	—	—	—	
BlackPines Capital Partners Ltd	—	4,785	—	—	—	3,009	—	—	—		—
Associates:											
Polskie Badania Internetu sp. z o.o.	—	184	—	—	—	46	—	—	—	23	—
Fundacja Allegro All For Planet	23	—	—	—	11	—	—	—	7	—	—
Other:											
Alter Domus Luxembourg S.à r.l	—	—	—	—	—	—	—	—	—	1,094	—
Total	**23**	**7,270**	**341**	**—**	**11**	**4,098**	**173**	**—**	**7**	**1,117**	**—**

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19. Events occurring after the reporting period

ACQUISITION OF X-PRESS COURIERS SP. Z O.O. ("XPC") AND SKYNET CUSTOMS BROKERS SP. Z O.O. ("SCB")

On 8 October 2021 Allegro.pl sp. z o.o. purchased 100% of shares in X-press Couriers sp. z o.o. and 100% of shares in SkyNet Customs Brokers sp. z o.o. (together 'Targets') for cash consideration of PLN 26,865 and PLN 1,925, respectively.

The payment for XPC was divided into two tranches – PLN 25,865 was settled at the date of the transaction, with the remaining PLN 1,000 payable in October 2022. The payment for SCB was settled in full at the date of the transaction. Both transactions were financed from the Group's own funds.

X-press Couriers is a leading provider of intra-city SameDay and inter-city NextDay delivery services. XPC concentrates on rapidly expanding SameDay delivery and international segments with e-commerce shipments. SCB is a Customs Agency that provides services to XPC and other clients.

Provisional purchase price allocation of the acquirees' balance sheets have not been prepared as at the date of these financial statements. Estimates of Goodwill, purchased intangible assets and carrying values of the targets' assets and liabilities will be updated once the Group's provisional purchase price allocation analysis has been completed.

[PLN million]	X-press Couriers	SkyNet Customs Brokers
As at the acquisition date	**08.10.2021**	**08.10.2021**
Purchase consideration	26.9	1.9
Net assets	0.6	(0.9)
Goodwill	**27.5**	**1.0**
Net assets acquired		
Other intangible assets	0.4	0.1
Property, plant and equipment	0.3	0.0
Trade and other receivables	2.8	1.1
Cash acquired	0.3	0.2
Trade and other liabilities	(3.0)	(0.5)
Borrowings	(1.7)	—
Deferred tax assets	0.3	—
Net assets	**(0.6)**	**0.9**
Purchase consideration	26.9	1.9
Cash and cash equivalents acquired	(0.3)	(0.2)
Cash flow used in acquisition	**26.6**	**1.7**

RELEASE OF AIP FREE SHARES

On 6 October the Group fulfilled its obligations to satisfy the Free Share Awards by the transfer of 589,024 shares held by the Employee Benefit Trust. Those shares are subject to the one year lock up period that expires on the anniversary of the IPO date.

NEW INTEREST RATE SWAP CONTRACT ("IRS")

On 2 November 2021 the Group entered into an additional floating to fixed interest rate swap contract in respect of PLN 1,375,000 of the Group's borrowings. The hedge is effective from 31 December 2021 and terminates on 30 June 2024.

all amounts expressed in PLN'000 unless indicated otherwise

EXECUTION OF AGREEMENT TO ACQUIRE MALL GROUP A.S. AND WE|DO CZ S.R.O.

(amounts below are provided in PLN and EUR)

On 4 November 2021, Allegro.pl entered into legally binding commitment to acquire 100% of shares in Mall Group a.s. ('Mall Group') and 100% of shares in WE|DO CZ s.r.o. ('WE|DO') from selling shareholders PPF, EC Investments, and Rockaway Capital. The shares in Mall Group and We|Do will be acquired for a combined price of EUR 881 million, based on a firm valuation of EUR 925 million adjusted for debt and debt-like items of EUR 44 million. The final price might be increased by a price adjustment of up to EUR 50 million based on specific short-term financial objectives. Mutual breakup fees of EUR 50 million were agreed pursuant to the share purchase agreement.

The transaction is subject to the customary antitrust and regulatory approvals and is expected to close in H1 2022.

Mall Group has built some of the leading e-commerce businesses in the CEE region, combining a large customer base, strong traffic, highly popular consumer brands, and experienced cross-country teams.

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

The EUR 881 million price for the shares will be financed through a combination of stock and cash consideration comprising a ca. 53.7% cash consideration, financed with cash on hand and new debt, and a ca. 46.3% stock or cash consideration which the company may settle by issuing 33,649,039 new shares, representing 3.3% of Allegro.eu total issued capital, at an agreed price of PLN 55.98

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:

Darren Huston	François Nuyts
Director	Director