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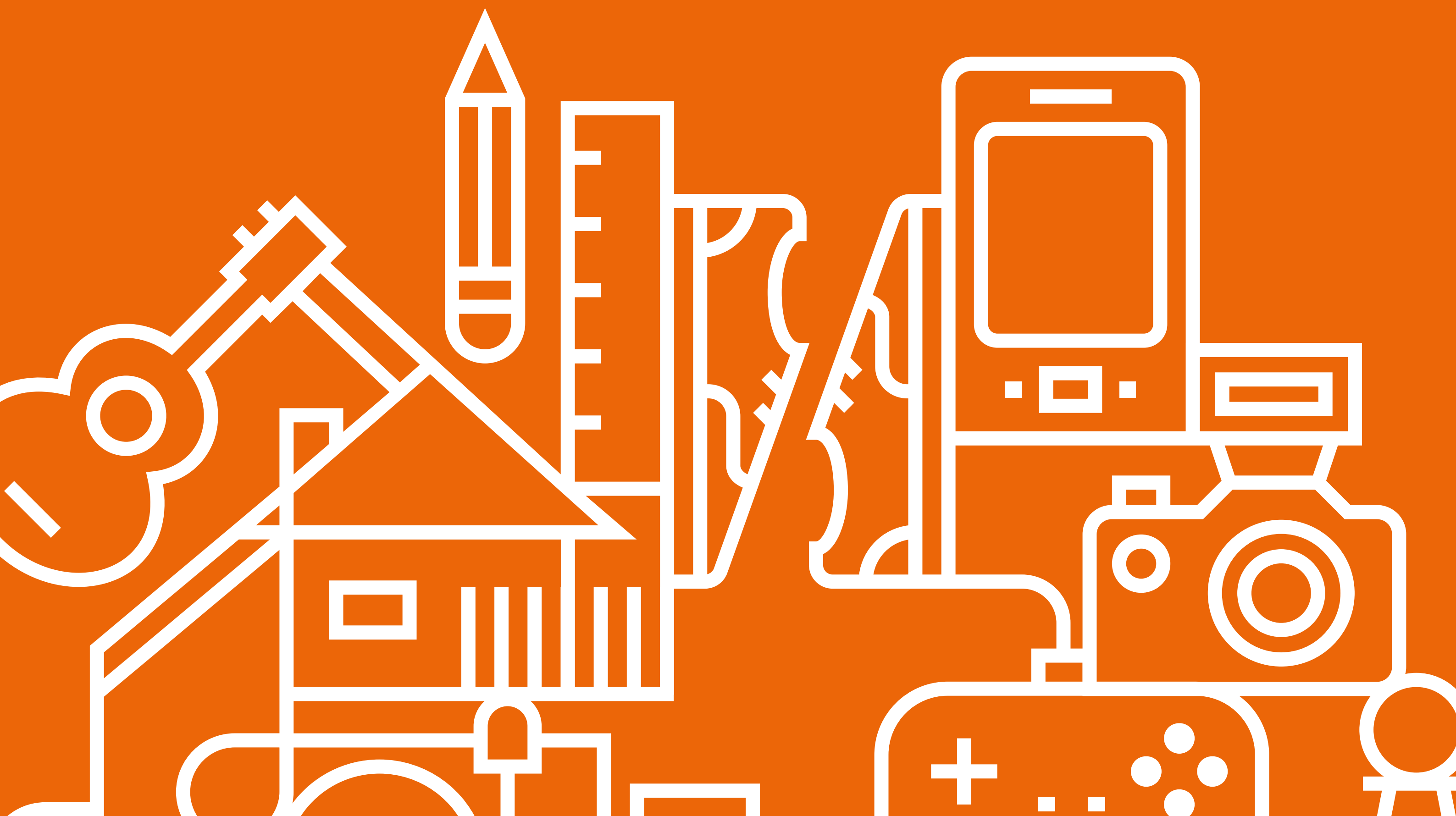
QUARTERLY REPORT
OF ALLEGRO.EU GROUP

for the three and nine month periods
ended 30 September 2020



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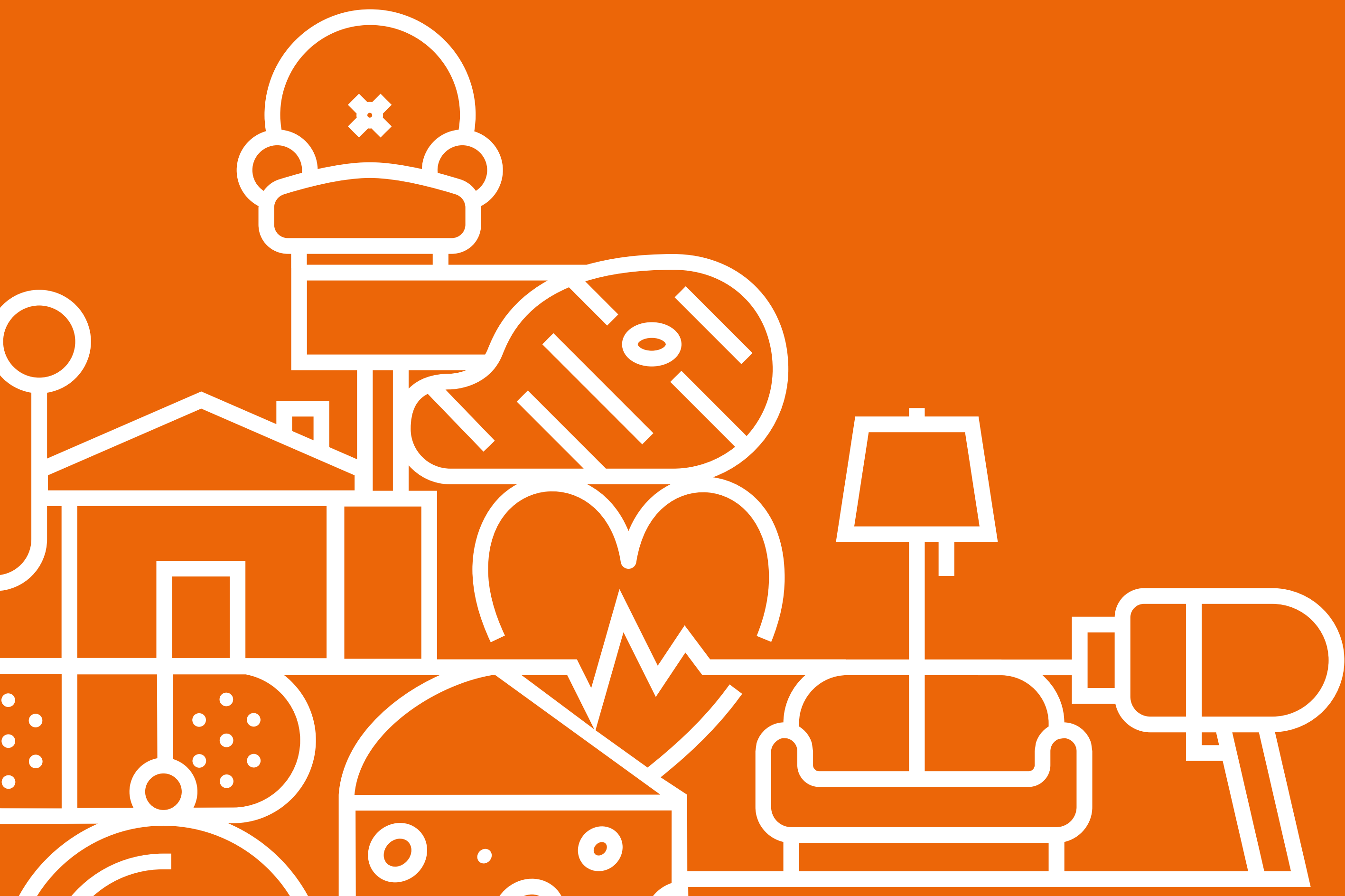

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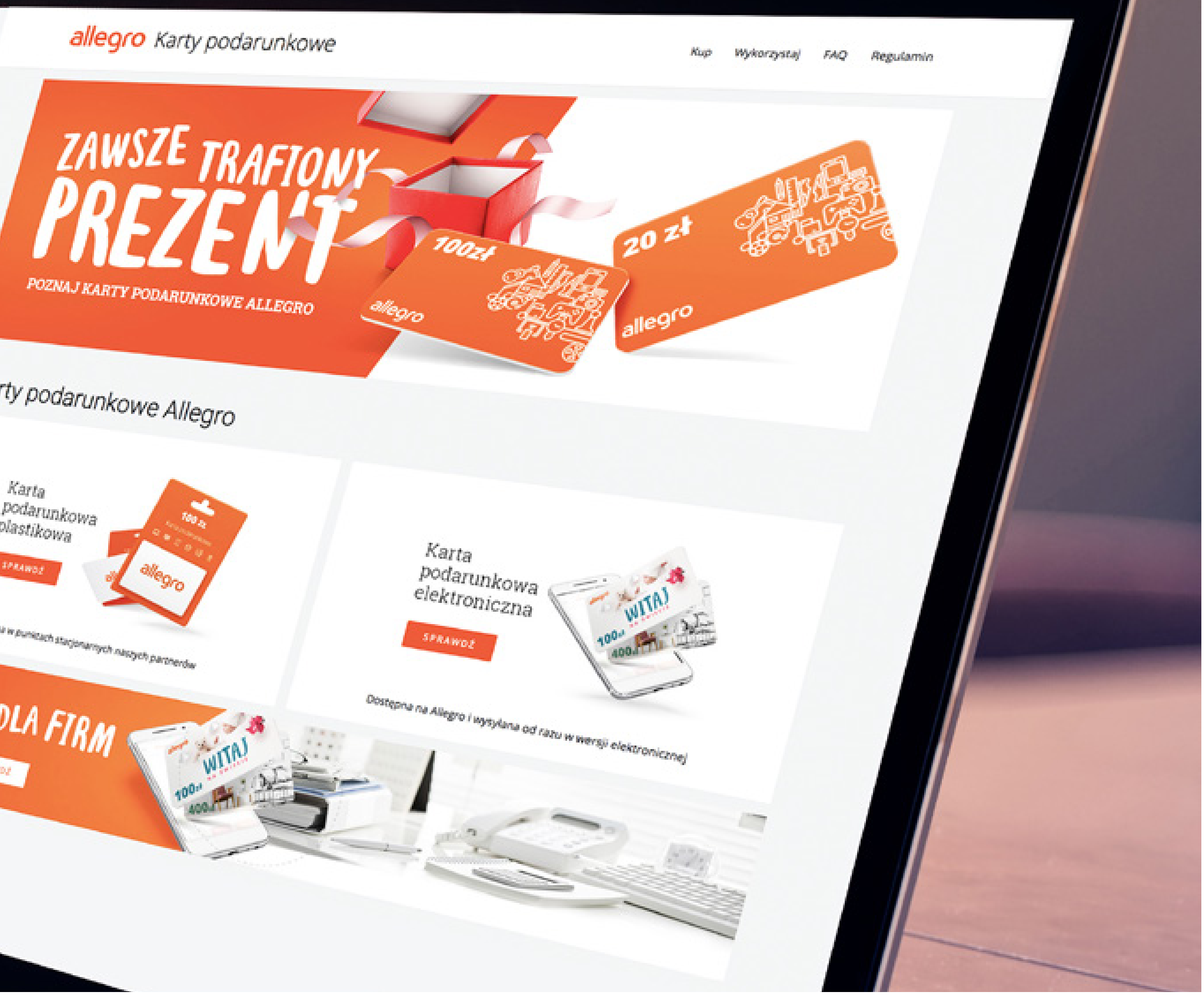
Allegro is the go-to commerce platform for Polish consumers and has delivered strong revenue growth, profitability and cash flow at scale.

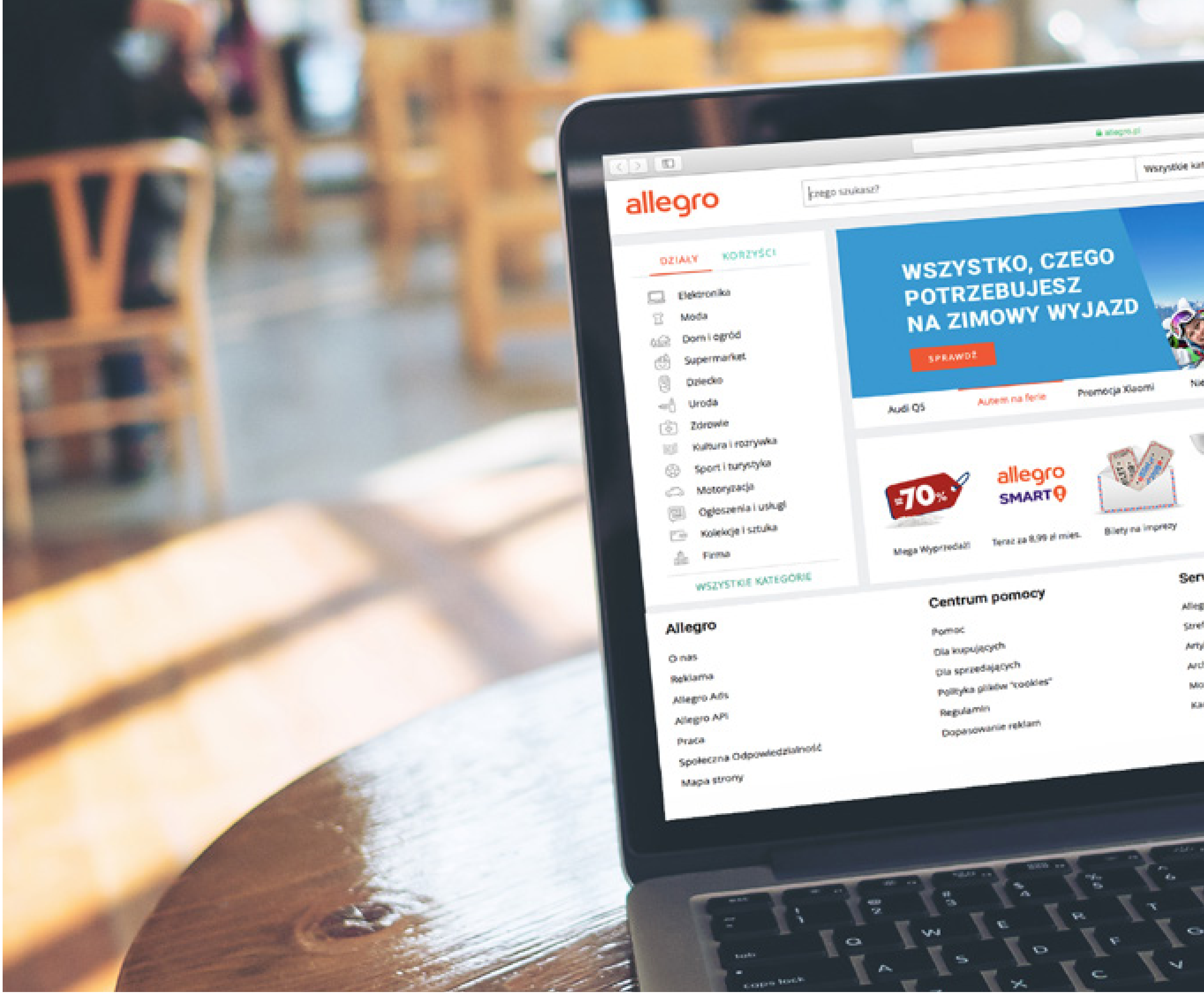


As the most recognized e-commerce brand and the largest non-food retailer by GMV in Poland, Allegro.pl is also one of the world's top ten e-commerce websites and among the top 100 websites in the world by visits per month.

The Allegro.pl marketplace platform facilitates the sale of new products primarily on behalf of merchants through a business-to-customer model and attracts visits from an average of 20 million internet users per month, which is equivalent to 63% of Polish residents ages 16 and above and 76% of all internet users in Poland.

Merchants on the Group's e-commerce marketplace sell across a variety of categories covering electronics, home and garden; sports and leisure; kids; automotive; fashion and shoes; health and beauty; books, media, collectibles and art; and supermarket.

Apart of Allegro.pl the Group operates other leading Polish websites: ceneo.pl – price comparison platform and eBilet.pl – online ticket sales. The Group targets the retail market in Poland, which had an estimated size of PLN 621 billion (USD 165 billion) in 2019 is forecasted to grow to PLN 724 billion (USD 193 billion) by 2024.



B2C e-commerce leader

GMV more than 12 times higher than closest online competitor in Poland in 2019

One of the **world's top ten ecommerce websites** (according to Similarweb)

Trusted E-shopping destination

Approx. **2x more** users start their product search on Allegro than on Google

Highly rated internet brand

Approx. **380m monthly visits** in 2020

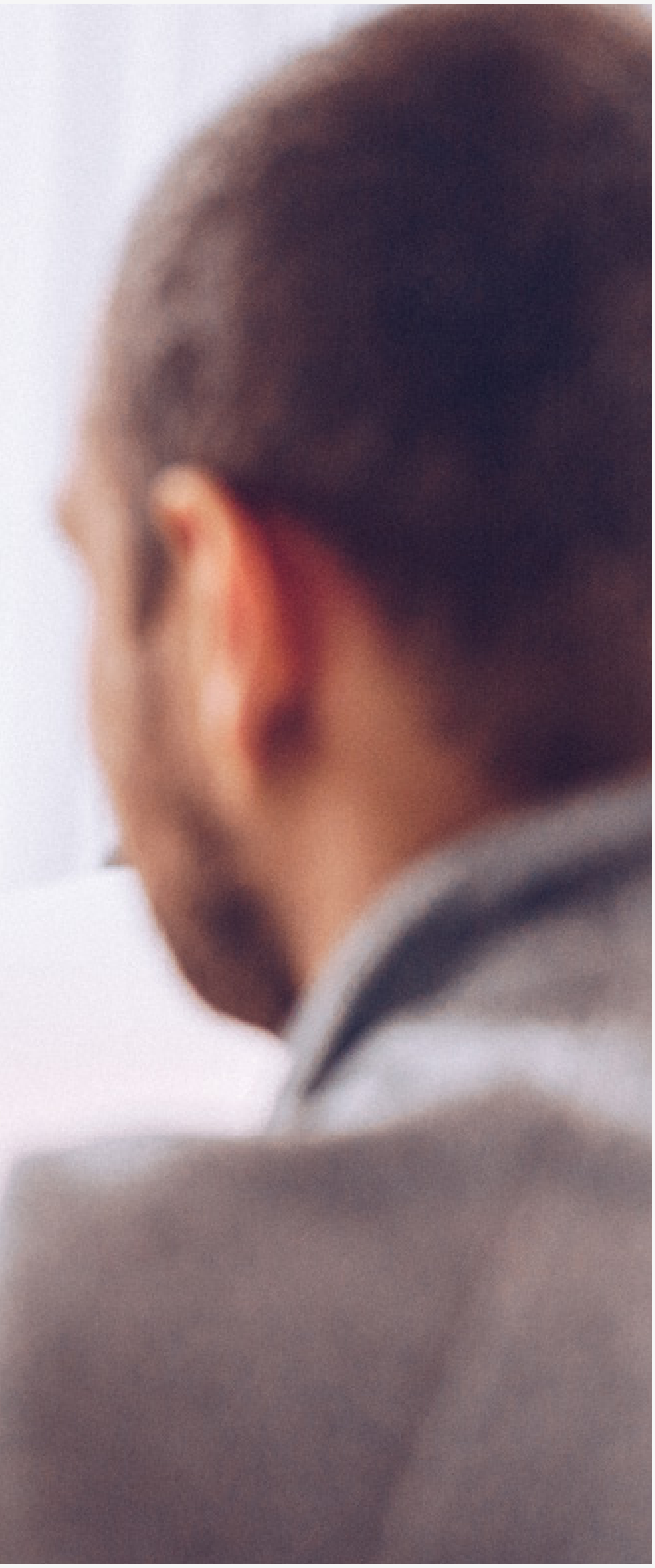
Largest Non-food retailer

Market share approx. 2x the size of the 2nd largest non-grocery retailer

Leading price-comparison site

600m visits in 2019 from an average of **21m monthly users**


allegro Tech
Allegro Tech
24h HACKATHON
12-13.04.2019



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GENERAL INFORMATION

1. Introduction

This is the Report of Allegro.eu S.A. (the "Company"), 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, 31.39% of the outstanding shares are controlled by shareholders Cidinan S.à r.l, representing the interests of Cinven & Co-Investors, 31.39% by Permira VI Investment Platform Limited, representing the interests of Permira & Co-Investors, and 6.98% by Mepinan S.à r.l., representing the interests of Mid Europa Partners Funds. The remaining 30.24% is owned by other shareholders. 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.

2. 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.

When relying on forward-looking statements, investors should, in particular, carefully consider the factors discussed in the "Management's Discussion and Analysis of Financial Condition and Result of Operations" and "Risk Factors" sections and elsewhere of the Company's Prospectus dated 22 September 2020, and other uncertainties and events, especially in light of the political, economic, social, and legal environment in which the Group operates.

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.

3. Presentation of financial information

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

HISTORICAL FINANCIAL INFORMATION

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

ALTERNATIVE PERFORMANCE MEASURES

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

ALLIGNMENT WITH LEGAL IN DESCRIPTIONS

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

"Adjusted EBITDA" means operating profit before depreciation and amortization further adjusted to exclude transaction costs, monitoring costs, market strategy preparation costs, employee restructuring costs, regulatory proceeding costs, group restructuring costs, donations to various public benefit organizations, certain bonuses for employees, the Management Incentive Plan, and funds spent on sanitary protection of employees, and the incentive programs for employees;

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

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

"Adjusted net profit" means net profit (loss) adjusted for the same one-off items as those described for Adjusted EBITDA above, net of the tax impact, and further adjusted for any one-off financial expenses, 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);

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

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

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

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

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

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

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

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

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

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

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

The definition of Adjusted EBITDA has been amended to reflect the nature of the one-off costs occurred since the last publication of the APM.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

1.

Selected consolidated financial and operational highlights

	YTD Q3 2020	YTD Q3 2019	Change %	Q3 2020	Q3 2019	Change %
Income Statement, PLN m (Unaudited)						
Net revenue	2,698.8	1,786.7	51.1%	928.7	620.2	49.7%
EBITDA	1,073.3	944.8	13.6%	284.7	319.8	(11.0)%
Adjusted EBITDA	1,216.5	953.8	27.5%	408.5	322.4	26.7%
EBIT	728.1	618.8	17.7%	167.8	210.6	(20.3)%
Profit/(Loss) before Income tax	292.0	346.7	(15.8)%	(84.7)	100.4	(184.4)%
Net Profit/(Loss)	158.0	269.1	(41.3)%	(131.7)	73.4	(279.4)%
Adjusted Net Profit	454.1	277.3	63.8%	147.4	75.7	94.6%

	YTD Q3 2020	YTD Q3 2019	Change %	Q3 2020	Q3 2019	Change %
KPIs (Unaudited)						
Active Buyers (millions)	12.6	11.1	12.9%	12.6	11.1	12.9%
GMV per Active Buyer (PLN)	2,463.8	1,915.6	28.6%	2,463.8	1,915.6	28.6%
GMV (PLN in millions)	24,259.7	15,912.9	52.5%	8,253.1	5,551.3	48.7%
Take Rate (%)	9.19%	9.32%	(1.3)%	9.40%	9.29%	1.1%

	YTD Q3 2020	YTD Q3 2019	Change %	Q3 2020	Q3 2019	Change %
Cash Flow, PLN m (Unaudited)						
Net cash inflow/(outflow) from operating activities	1,165.0	902.1	29.1%	497.5	290.8	71.1%
Net cash inflow/(outflow) from investing activities	(170.3)	(166.9)	(2.1)%	(46.0)	(35.5)	29.6%
Net cash inflow/(outflow) from financing activities	(673.4)	(1,321.3)	(49.0)%	(301.1)	(261.4)	15.2%
Net increase/(decrease) in cash and cash equivalents	321.3	(586.2)	(154.8)%	150.4	(6.1)	(2,547.8)%

	30.09.2020	31.12.2019	Change %
Balance Sheet, PLN m (Unaudited)			
Assets	14,516.1	14,278.0	1.7%
Equity	6,806.9	6,683.6	1.8%
Net Debt	5,515.3	6,018.6	(8.4)%

2. Review of Allegro.eu Group financial and operational performance in Q3 2020

KEY PERFORMANCE INDICATORS

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

KPIs, (Unaudited)	YTD Q3 2020	YTD Q3 2019	Change %	Q3 2020	Q3 2019	Change %
Active Buyers (millions)	12.6	11.1	12.9%	12.6	11.1	12.9%
GMV per Active Buyer (PLN)	2,463.8	1,915.6	28.6%	2,463.8	1,915.6	28.6%
GMV (PLN in millions)	24,259.7	15,912.9	52.5%	8,253.1	5,551.3	48.7%
Take Rate (%)	9.19%	9.32%	(1.3)%	9.40%	9.29%	1.1%
Adjusted EBITDA (PLN in millions)	1,216.5	953.8	27.5%	408.5	322.4	26.7%
Adjusted EBITDA/net revenue (%)	45.1%	53.4%	(15.6)%	44.0%	52.0%	(15.4)%
Adjusted EBITDA/GMV (%)	5.01%	5.99%	(16.3)%	4.95%	5.81%	(14.8)%

GMV AND ACTIVE BUYERS

In Q3 2020 GMV reached PLN 8,253.1 million, +48.7% YoY and down by 12.5% on Q2 2020. Following the end of most lockdown restrictions related to the Covid-19 pandemic in May 2020, the Group continued to see increased demand from buyers for its marketplace services. GMV per Active Buyer on a last twelve month basis grew by 7.4% in Q3 to PLN 2,464, versus Q2, bringing the increase over the past 12 months to 28.6%. Growth in Active Buyers also remained strong post lockdown with 0.3 million added in Q3 to reach 12.6 million LTM Active Buyers at 30 September 2020 and for a total YoY increase of 12.9%. The combination of growth in Active Buyers and GMV per Active Buyer produced a 45.3% increase in LTM GMV to PLN 30,968 million (Allegro only and excluding eBilet GMV).

The YoY GMV performance for Q3 was held back by 1.8 ppts of growth due to a decrease in ticket sales at eBilet due to lockdown restrictions on events attendance that continued throughout the third quarter, similarly reducing the demand for tickets.

GMV growth in Q3 2020 was strongly supported by growth in SMART! subscriptions, with many buyers who had benefited from a free SMART! subscriptions offered by the Group during the Q2 lockdown deciding to purchase a subscription during Q3. Buyers holding SMART! subscriptions tend to spend more than non-subscribers due to the benefit of free delivery. Nonetheless, the YoY increase in GMV per Active Buyer has been broad based, as the YoY growth was 5.5pp and 5.1pp stronger for SMART! and Non-SMART! Buyers respectively, in comparison to YoY growth as of Q1 2020.

ADJUSTED EBITDA

The Group's Adjusted EBITDA grew by 27.5% YoY for the nine months ended 30 September 2020 and by 26.7% for Q3 2020. Adjusted EBITDA growth in Q3 of 26.7% was close to the level of 28.0% recorded in the first half of 2020 as continued high demand following the end of the Q2 Covid-19 lockdown restricted the QoQ decrease in GMV by 12.5 % or PLN 1,184 million. Stabilization of take-rates following the introduction of price changes that had been delayed during the lockdown offset lower operating leverage on lower GMV and higher net costs of delivery from a larger base of SMART! customers to improve Adjusted EBITDA/GMV by 0.16 pp versus Q2 2020 and reach 4.95% in Q3. Almost all costs of Allegro.eu's IPO and refinancing were recognised in Q3 and were included in EBITDA adjustments.

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

Reconciliation of Adjusted EBITDA, PLN m (Unaudited)	YTD Q3 2020	YTD Q3 2019	Change %	Q3 2020	Q3 2019	Change %
EBITDA	**1,073.3**	**944.8**	**13.6%**	**284.7**	**319.8**	**(11,0)%**
Monitoring costs [1]	2.8	2.8	0.5%	1.1	1.0	8.3%
Regulatory proceeding costs [2]	2.6	1.0	174.7%	0.7	0.5	28.4%
Group restructuring costs [3]	2.8	0.6	343.7%	0.1	0.0	214.0%
Donations to various public benefit organisations [4]	4.5	—	n/a	0.8	—	n/a
Bonus for employees and funds spent on sanitary protection of employees [5]	2.9	—	n/a	0.4	—	n/a
Allegro Incentive Plan [6]	14.6	—	n/a	14.6	—	n/a
Management Incentive Plan [7]	52.2	3.2	1,513.1%	45.3	1.1	4,062.9%
Transaction costs [8]	60.8	1.4	4,348.3%	60.8	—	n/a
Adjusted EBITDA	**1,216.5**	**953.8**	**27.5%**	**408.5**	**322.4**	**26.7%**

[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.

[2] Represents legal costs mainly related to regulatory proceeding – the Polish competition authority, the OCCP, conducted an inspection at Allegro's offices in June 2017 related to antitrust proceedings against Allegro.pl concerning the alleged abuse of a dominant position by Allegro.pl on the Polish market for online B2C intermediary sales services and other proceedings.

[3] Represents legal and financial due diligence expenses with respect to not concluded acquisitions of target companies along with other legal expenses connected with group reorganisation.

[4] Represents donations made by the Group to support several public organizations during the COVID-19 pandemic.

[5] Represents expenses incurred by the Group to buy employees' sanitary protections 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 part of a one-off grant to employees of shares awarded at the Group's IPO accrued between the date of announcement and 30 September 2020. The remainder of the total cost of PLN 25.4 million was recognized between 1 October and the date of the IPO on 12 October.

[7] Cost of share based compensation related to incentive elements of The Management Incentive ("Investment Opportunities") in which management participated indirectly through investing in shares in the Adiman SCSP Trust and directly via type C and D shares issued by Allegro.eu. This Management Incentive Plan ("MIP") ceased to exist at its full settlement at the moment at the Group's IPO. The increase in share based compensation expense recognized in the third quarter of 2020 is the result of new investments in the MIP being made with the assistance of non-recourse loans.

[8] Represents costs of advisory and consultancy incurred during the process of preparation for the IPO in 2020 (PLN 60.4 million) and costs related to the acquisition of eBilet in 2019 (PLN 1.4 million) and the further acquisition of a 20% minority interest in the third quarter of 2020 (PLN 0.4 million).

ADJUSTED NET PROFIT

The Group's Adjusted Net Profit grew 65.3% year-over-year for the nine months ended 30 September 2020 and 98.2% for Q3 2020 as a result of the same factors driving Adjusted EBITDA growth discussed above. Almost all costs of Allegro.eu's IPO and refinancing were recognised in Q3.

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

PLN m, (Unaudited)	YTD Q3 2020	YTD Q3 2019	Q3 2020	Q3 2019
Net profit/(loss)	**158.0**	**269.1**	**(131.7)**	**73.4**
EBITDA adjustments	143.2	9.0	123.8	2.6
Net financial result adjustment, comprising of:	**158.6**	**—**	**158.6**	**—**
Early repayment fee (1)	25.9	—	25.9	—
Deferred amortised costs (2)	132.7	—	132.7	—
Tax impact of adjustments	(5.7)	(0.8)	(3.4)	(0.3)
Adjusted net profit	**454.1**	**277.3**	**147.4**	**75.7**

[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.

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RESULTS OF OPERATIONS

The following table presents the Group's summary consolidated statements of comprehensive income data for the nine months ended 30 September and for the Q3, 2019, and 2020.

Income Statement, PLN m (Unaudited)	YTD Q3 2020	YTD Q3 2019	Change %	Q3 2020	Q3 2019	Change %
Net revenue	**2,698.8**	**1,786.7**	**51.1%**	**928.7**	**620.2**	**49.7%**
Operating expenses	**(1,625.5)**	**(841.8)**	**93.1%**	**(644.0)**	**(300.4)**	**114.4%**
Payment charges	(110.4)	(99.1)	11.4%	(36.3)	(31.5)	15.0%
Cost of goods sold	(120.2)	(59.0)	103.7%	(37.9)	(22.4)	69.1%
Net costs of delivery	(420.3)	(171.1)	145.6%	(174.1)	(66.7)	160.8%
Marketing service expenses	(395.8)	(202.1)	95.8%	(122.5)	(75.5)	62.3%
Staff costs net	(356.9)	(212.9)	67.6%	(154.0)	(71.1)	116.6%
IT service expenses net	(42.2)	(27.5)	53.7%	(15.0)	(9.8)	52.5%
Other expenses net	(118.8)	(68.8)	72.9%	(43.4)	(23.3)	86.2%
Transaction costs	(60.8)	(1.4)	4,349.9%	(60.8)	–	n/a
Operating profit before amortisation and depreciation (EBITDA)	**1,073.3**	**944.8**	**13.6%**	**284.7**	**319.8**	**(11.0)%**
Amortisation and Depreciation	**(345.2)**	**(326.0)**	**5.9%**	**(117.0)**	**(109.2)**	**7.1%**
Amortisation	(298.1)	(284.7)	4.7%	(100.7)	(95.2)	5.8%
Depreciation	(47.1)	(41.3)	14.0%	(16.3)	(14.0)	16.3%
Operating profit	**728.1**	**618.8**	**17.7%**	**167.8**	**210.6**	**(20.3)%**
Net Financial result	**(436.1)**	**(272.1)**	**60.3%**	**(252.4)**	**(110.3)**	**129.0%**
Financial income	13.3	8.4	58.6%	0.5	1.2	(61.7)%
Financial costs	(449.4)	(280.5)	60.2%	(252.9)	(111.4)	126.9%
Profit/(Loss) before Income tax	**292.0**	**346.7**	**(15.8)%**	**(84.7)**	**100.4**	**(184.4)%**
Income tax expenses	(134.0)	(77.6)	72.8%	(47.0)	(27.0)	74.1%
Net Profit/(Loss)	**158.0**	**269.1**	**(41.3)%**	**(131.7)**	**73.4**	**(279.4)%**
Other comprehensive income/(loss)	(85.8)	5.4	(1,677.0)%	(19.9)	11.5	(272.6)%
Total comprehensive income/(loss) for the period	**72.2**	**274.6**	**(73.7)%**	**(151.6)**	**84.9**	**(278.4)%**

COMPARISON OF THE Q3 2019 AND Q3 2020

NET REVENUE

Net revenue increased by PLN 308.5 million, or 49.7%, from PLN 620.2 million for Q3 2019 to PLN 928.7 million for Q3 2020. This increase resulted primarily from increases in marketplace revenue, advertising revenue, and retail revenue.

The following table presents a breakdown of net revenue for the periods under review and related growth rates.

Income Statement, PLN m (Unaudited)	Q3 2020	Q3 2019	Change %
Marketplace revenue	771.5	513.6	50.2%
Advertising revenue	78.3	48.1	62.7%
Price comparison revenue	37.4	31.8	17.6%
Retail revenue	35.6	20.9	69.9%
Other revenue	5.8	5.7	3.3%
Net revenue	**928.7**	**620.2**	**49.7%**

MARKETPLACE REVENUE

Marketplace revenue increased by PLN 257.9 million, or 50.2%, from PLN 513.6 million for Q3 2019 to PLN 771.5 million for Q3 2020. This increase resulted primarily from 48.7% year-on-year GMV growth that was supported by a 10 basis point increase in the Group's Take Rate. After a lower rate in Q2, take rates stabilized due to the introduction of previously delayed pricing changes and an increased share of fixed and semi-fixed fees in total marketplace revenue. Increased Buyer Engagement sustained post Q2 Covid-19 lockdown and PPC spending maintained a high level of purchases on the Group's e-commerce marketplace throughout Q3. SMART! subscriptions and related buyer spending grew strongly during Q3 as buyers who received SMART! for free during lockdown converted to paid subscribers. As a result of these factors, the number of Active Buyers increased by 12.9% and GMV per Active Buyer increased by 28.6% compared to the twelve months ended 30 September 2019.

ADVERTISING REVENUE

Advertising revenue increased by PLN 30.2 million, or 62.7%, from PLN 48.1 million for Q3 2019 to PLN 78.3 million for Q3 2020. This increase resulted primarily from the strong performance of sponsored offer ads due to an acceleration in traffic growth on the Group's websites as well as a higher number of merchants purchasing sponsored Ads offers as Polish consumers shifted significantly to e-commerce as a result of the COVID-19. The increase was also the result of improved performance of digital advertising due to self-service scalability and higher sales to strategic clients.

PRICE COMPARISON REVENUE

Price comparison revenue increased by PLN 5.6 million, or 17.6%, from PLN 31.8 million for Q3 2019 to PLN 37.4 million for Q3 2020. This increase resulted primarily from higher revenue from cost-per-click fees, which were generated from a higher number of site visits resulting in increased clicks supported by a higher average cost per click.

RETAIL REVENUE

Retail revenue increased by PLN 14.6 million, or 69.9%, from PLN 20.9 million for Q3 2019 to PLN 35.6 million for Q3 2020. 1P retail sales represented 0.4% of total GMV in Q3 2019 and 0.5% of total GMV in Q3 2020. This increase in retail revenue resulted primarily from higher sales during the SMART! Week campaign and generally higher observed demand post Covid-19 lockdown.

OPERATING EXPENSES

Operating expenses increased by PLN 343.6 million, or 114.4%, from PLN 300.4 million for Q3 2019 to PLN 644.0 million for Q3 2020. This increase resulted primarily from increased net costs of delivery, marketing service expenses, staff costs and one off costs related to IPO and the Management Incentive Plan as explained below.

PAYMENT CHARGES

Payment charges increased by PLN 4.7 million, or 15.0%, from PLN 31.5 million for Q3 2019 to PLN 36.3 million for Q3 2020. This increase resulted from higher sales on the Group's e-commerce marketplace, substantially offset by lower rates from third-party providers due to discounts negotiated in the second quarter of 2019 that increased after reaching agreed volume thresholds.

COST OF GOODS SOLD

Cost of goods sold increased by PLN 15.5 million, or 69.1%, from PLN 22.4 million for Q3 2019 to PLN 37.9 million for Q3 2020. This increase resulted primarily from increased sales through the Group's 1P retail business operations with margins improved slightly by 0.5 percentage points as a result of an optimized algorithm helping to address correction of price defects more cost efficiently.

NET COSTS OF DELIVERY

Net costs of delivery increased by PLN 107.3 million, or 160.8%, from PLN 66.7 million for Q3 2019 to PLN 174.1 million for Q3 2020. This increase resulted primarily from an increased number of buyers on the Group's e-commerce marketplace who were members of the SMART! program, partly due to conversion of SMART! Stay at Home users to paying Smart! subscribers. Following the introduction of co-financing by sellers of SMART! courier deliveries and lower price per package, the Net cost of delivery per shipped package fell by 17.4% YoY in Q3 2020.

MARKETING SERVICE EXPENSES

Marketing service expenses increased by PLN 47.0 million, or 62.3%, from PLN 75.5 million for Q3 2019 to PLN 122.5 million for Q3 2020. This increase reflected a 73.9% increase of pay-per-click advertising, plus higher investment in Brand marketing supporting campaigns such as "Back to School", "Bestsellers" as well as higher costs of Buyer Protection Program. The cost of free delivery incurred providing SMART! services free of charge to non-SMART! subscribers during lockdown in Q2 2020 (PLN 81.2 million), which was recognized as marketing expense, was reduced to PLN 3.3 million during Q3 as such arrangements ran down to zero by July 2020.

STAFF COSTS

Staff costs increased by PLN 82.9 million, or 116.6%, from PLN 71.1 million for Q3 2019 to PLN 154.0 million for Q3 2020. This increase resulted partly from the recruitment of new employees as headcount at 30 September 2020 was 21.1% higher than at 30 September 2019, as well as an increase in base salaries and higher annual bonus provisions due to the Group's strong performance. However, the major part of the increase reflected share based compensations for managers who had invested in the Management Incentive Program that was settled at the IPO (PLN 45.3 million) and a further PLN 14.6 million related to shares granted to employees at the IPO. In total, IPO-related one-offs included in this expense line were PLN 62.3 million.

IT SERVICE EXPENSES

IT service expenses increased by PLN 5.2 million, or 52.5%, from PLN 9.8 million for Q3 2019 to PLN 15.0 million for Q3 2020. This increase resulted primarily from new licenses related to the introduction of new software solutions and increased IT costs due to higher technical platform costs, including external cloud usage, due to the growing storage requirements for the increasing number of active offers on the Group's e-commerce marketplace.

OTHER EXPENSES

Other expenses increased by PLN 20.1 million, or 86.2%, from PLN 23.3 million for Q3 2019 to PLN 43.4 million for Q3 2020. This increase resulted primarily from higher consultancy and contractor costs in connection with the development of new products and increased provisions for bad debts related to increased sales on the Group's e-commerce marketplace.

TRANSACTION COSTS

Transaction costs were PLN 60.8 million versus nil for Q3 2019 due to IPO-related one-off costs amounting to 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 decreased by PLN 35.1 million, or 11.0%, from PLN 319.8 million for Q3 2019 to PLN 284.7 million for Q3 2020 as a result of the factors described above. The decrease was driven mainly by IPO-related one-off costs which amounted to PLN 60.4 million in the period, Management Incentive Plan expenses of PLN 45.3 million, and PLN 14.6 million of share grants to employees in connection with the IPO.

AMORTIZATION

Amortization increased by PLN 5.5 million, or 5.8%, from PLN 95.2 million for Q3 2019 to PLN 100.7 million for Q3 2020. This increase resulted primarily from an increase in intangibles associated with capitalized development costs of projects that were completed and put into use in the twelve months since the end of the prior period, such as the first phases of projects aimed at improving delivery experience, productization and international sellers.

DEPRECIATION

Depreciation increased by PLN 2.3 million, or 16.3%, from PLN 14.0 million for Q3 2019 to PLN 16.3 million for Q3 2020. This increase resulted primarily from the depreciation of computers and office equipment related to purchases made in the prior year and accelerated purchases of servers and workstations that were made to ensure the Group's ability to support the marketplace ecosystem during the COVID-19 pandemic.

OPERATING PROFIT

Operating profit decreased by PLN 42.9 million, or 20.3%, from PLN 210.6 million for Q3 2019 to PLN 167.8 million for Q3 2020 as a result of the factors discussed above.

NET FINANCIAL RESULT

Net financial result increased by PLN 142.1 million, or 129.0%, from a cost of PLN 110.3 million for Q3 2019 to a cost of PLN 252.4 million for Q3 2020. This increase resulted primarily from recognition of a non-cash charge to financial expenses in the amount of PLN 136.7 million due to the Group's September decision to refinance its borrowings at IPO in October 2020, representing the unamortized value of origination costs and related expenses, incurred at inception of the Group's borrowings facilities in 2017 and as a result of their upsize in 2019, which will no longer be amortized over the full term of the original facilities. In addition, early repayment of the second lien facility triggered a liability to pay PLN 26.0 million in fees. The discounted amount of PLN 25.9 million was accrued in the third quarter of 2020. These expenses were offset by the lower interest expenses resulting from lower margins paid due to Group's constant deleverage.

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

Unaudited (PLN in millions)	**Q3 2020**	**Q3 2019**	**Change %**
Interest from deposits	0.2	0.7	(73.3)%
Other financial income	0.3	0.5	(43.7)%
Financial income	**0.5**	**1.2**	**(61.7)%**
Deferred borrowings cost	(136.7)	—	n/a
Interest paid and payable for financial liabilities	(87.8)	(107.2)	(18.0)%
Second Lien voluntary repayment cost	(25.9)	—	n/a
Interest on leases	(0.7)	(0.9)	(24.3)%
Revolving facility availability fee	(0.8)	(0.8)	(3.3)%
Net exchange losses on foreign currency transactions	(0.7)	(2.4)	(72.7)%
Other financial costs	(0.3)	(0.2)	81.8%
Financial costs	**(252.9)**	**(111.4)**	**126.9%**
Net financial result	**(252.4)**	**(110.3)**	**(129.0)%**

PROFIT BEFORE INCOME TAX

Profit before income tax decreased by PLN 185.1 million, or 184.4%, from PLN 100.4 million for Q3 2019 to negative PLN 84.7 million for Q3 2020 as a result of the factors discussed above.

INCOME TAX EXPENSES

Income tax expenses increased by PLN 20.0 million, or 74.1%, from PLN 27.0 million for Q3 2019 to PLN 47.0 million for Q3 2020. This increase resulted primarily from an increase in operating profit before one-off expenses which increased the taxable base. The Group's effective tax rate was 26.9% and 55.5% for the three months ended 30 September 2019 and 2020, respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The effective tax rate increased in the three months ended 30 September 2020 as a result of tax losses incurred by some Group's Luxembourg subsidiaries for which no deferred tax asset is recognized as either those entities likely will not generate taxable income in the foreseeable future or those losses will not be utilized due to pending mergers. These irrecoverable tax losses related to interest paid on debt held, interest rate swap contracts, certain IPO related costs and certain debt refinancing costs.

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

Unaudited (PLN in millions)	Q3 2020	Q3 2019	Change %
Current income tax on profits	(64.6)	(35.9)	79.8%
(Increase)/Decrease in net deferred tax liability	17.6	8.9	96.9%
Income tax expense	**(47.0)**	**(27.0)**	**74.1%**

NET PROFIT

Net profit decreased by PLN 205.1 million, or 279.4%, from PLN 73.4 million for Q3 2019 to negative PLN 131.7 million for Q3 2020 as a result of the factors discussed above.

ADJUSTED NET PROFIT

Adjusted Net profit increased by PLN 71.6 million, or 94.6%, from PLN 75.7 million for Q3 2019 to PLN 147.4 million for Q3 2020 when PLN 123.8 million of EBITDA Adjustments and PLN 158.6 million of one-off financial expenses related to the Group's refinancing are excluded.

OTHER COMPREHENSIVE INCOME

Other comprehensive income decreased by PLN 31.4 million, or 272.6%, from PLN 11.5 million for Q3 2019 to negative PLN 19.9 million for Q3 2020. This decrease resulted primarily from adverse changes in the valuation of financial liabilities relating to the Group's fixed interest rate swap contracts.

TOTAL COMPREHENSIVE INCOME

Total comprehensive income decreased by PLN 236.5 million, or 278.4%, from PLN 84.9 million for Q3 2019 to negative PLN 151.6 million for Q3 2020 as a result of the factors discussed above.

3.

Comparison of the Nine Months Ended 30 September 2019 and the Nine Months Ended 30 September 2020

NET REVENUE

Net revenue increased by PLN 912.2 million, or 51.1%, from PLN 1,786.7 million for the nine months ended 30 September 2019 to PLN 2,698.8 million for the nine months ended 30 September 2020. This increase resulted primarily from increases in marketplace revenue, advertising revenue and retail revenue.

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

Income Statement, PLN m (Unaudited)	YTD Q3 2020	YTD Q3 2019	Change %
Marketplace revenue	2,218.1	1,476.2	50.3%
Advertising revenue	219.6	135.7	61.8%
Price comparison revenue	126.8	98.0	29.3%
Retail revenue	118.2	58.2	103.2%
Other revenue	16.2	18.5	(12.6)%
Net revenue	**2,698.8**	**1,786.7**	**51.1%**

MARKETPLACE REVENUE

Marketplace revenue increased by PLN 741.9 million, or 50.3%, from PLN 1,476.2 million for the nine months ended 30 September 2019 to PLN 2,218.1 million for the nine months ended 30 September 2020. This increase resulted primarily from 52.5% period-over-period GMV growth that was partly offset by a 12 basis point reduction in the Group's Take Rate. Following a strong start of the year with growth in GMV in the mid-twenties similar to 2019, unusually high demand for e-commerce began in the middle of March as a result of the COVID-19 pandemic which saw the Polish government introduce lockdown measures including closure of all non-essential physical retail stores. This demand was further supported by the Group providing its SMART! subscription services for free for three monthly cycles starting from mid-March, resulting in more buyers receiving free delivery and responding by increasing their purchases on the Group's e-commerce marketplace. Once the government relaxed the lockdown the Group discontinued the free SMART! assistance. Demand remained strong post lockdown with growth rates remaining at elevated levels throughout the June-September period as buyers continued to rely on e-commerce more than previously. As a result of these factors, the number of Active Buyers increased by 12.9% and GMV per Active Buyer increased by 28.6% compared to the twelve months ended 30 September 2019. The reduction in the Group's Take Rate reflected the Group's decision to delay planned Take Rate increases for the period of the lockdown and was also due to markedly higher GMV, which resulted in fixed and semi-fixed fees forming a smaller part of total marketplace revenue relative to variable revenue streams from success fees, thereby driving down the average Take Rate per unit of GMV.

ADVERTISING REVENUE

Advertising revenue increased by PLN 83.9 million, or 61.8%, from PLN 135.7 million for the nine months ended 30 September 2019 to PLN 219.6 million for the nine months ended 30 September 2020. This increase resulted primarily from the strong performance of sponsored offer ads due to an acceleration in traffic growth on the Group's websites as well as a higher number of merchants purchasing the sponsored Ads service and a higher average cost-per-click as merchant marketing spend followed Polish consumers as they shifted significantly to e-commerce as a result of the COVID-19 pandemic in the second quarter and this continued even after the lockdown during the third quarter. The increase was also the result of improved performance of digital advertising due to self-service products and higher sales to strategic clients.

PRICE COMPARISON REVENUE

Price comparison revenue increased by PLN 28.8 million, or 29.3%, from PLN 98.0 million for the nine months ended 30 September 2019 to PLN 126.8 million for the nine months ended 30 September 2020. This increase resulted primarily from higher revenue from cost-per-click fees, which were generated from a higher number of site visits resulting in a higher number of clicks and a higher average cost per click. The COVID-19 pandemic was a significant factor in the acceleration of growth in visits during the second quarter of 2020.

RETAIL REVENUE

Retail revenue increased by PLN 60.0 million, or 103.2%, from PLN 58.2 million for the nine months ended 30 September 2019 to PLN 118.2 million for the nine months ended 30 September 2020. 1P retail sales represented 0.4% of total GMV in the nine months ended 30 September 2019 and 0.6% of total GMV in the nine months ended 30 September 2020. This increase in retail revenue resulted primarily from higher demand on selected categories, including supermarket, kids, health and beauty and electronics, all of which experienced additional demand during the COVID-19 lockdown and continued strong demand in the third quarter. Retail sales were increasingly focused on the elimination of price defects and growth was also supported by participation of 1P in the "SMART! week promotion" at the end of September that delivered significantly higher sales than in 2019.

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OPERATING EXPENSES

Operating expenses increased by PLN 783.7 million, or 93.1%, from PLN 841.8 million for the nine months ended 30 September 2019 to PLN 1,625.5 million for the nine months ended 30 September 2020. This increase resulted primarily from increased net costs of delivery, marketing service expenses, staff costs and one off costs related to IPO and Management Incentive Plan as explained in detail in the description of Q3 2020 above.

PAYMENT CHARGES

Payment charges increased by PLN 11.3 million, or 11.4%, from PLN 99.1 million for the nine months ended 30 September 2019 to PLN 110.4 million for the nine months ended 30 September 2020. This increase resulted from higher sales on the Group's e-commerce marketplace, substantially offset by lower rates from third-party providers due to discounts negotiated in the second quarter of 2019 that increased after reaching agreed volume thresholds.

COST OF GOODS SOLD

Cost of goods sold increased by PLN 61.2 million, or 103.7%, from PLN 59.0 million for the nine months ended 30 September 2019 to PLN 120.2 million for the nine months ended 30 September 2020. This increase resulted primarily from increased sales through the Group's 1P retail business with margins down slightly by 0.3 percentage points as the Group increased its concentration on selection of 1P retail inventory primarily to improve overall price competitiveness on the Group's e-commerce marketplace.

NET COSTS OF DELIVERY

Net costs of delivery increased by PLN 249.1 million, or 145.6%, from PLN 171.1 million for the nine months ended 30 September 2019 to PLN 420.3 million for the nine months ended 30 September 2020. This increase resulted primarily from an increased number of buyers on the Group's e-commerce marketplace who were members of the SMART! program and reduced SMART! subscription revenue following the Group providing three months of free SMART! subscriptions to existing SMART! buyers in response to the COVID-19 pandemic. Additional demand caused by the COVID-19 pandemic boosted the number of purchases per SMART! subscriber and further contributed to the acceleration in growth of net costs of delivery. Volume growth was partially offset by lower costs per shipped package due to the introduction of co-financing charges for SMART! merchants on courier services and a decrease in price per package.

MARKETING SERVICE EXPENSES

Marketing service expenses increased by PLN 193.7 million, or 95.8%, from PLN 202.1 million for the nine months ended 30 September 2019 to PLN 395.8 million for the nine months ended 30 September 2020. This increase resulted primarily from a 67.9% increase in spending on pay-per-click advertising, plus PLN 81.2 million related to net costs of delivery for free SMART! subscriptions provided by the Group to any buyer who wished to utilize SMART! services, including free delivery, during a three-month period at the height of the COVID-19 pandemic. As the Group made no direct incremental fees from either buyers or merchants from providing the SMART! services to these buyers, the net costs of delivery were classified as marketing expenses. No similar amounts were recorded in the nine months ended 30 September 2019.

STAFF COSTS

Staff costs increased by PLN 144.0 million, or 67.6%, from PLN 212.9 million for the nine months ended 30 September 2019 to PLN 356.9 million for the nine months ended 30 September 2020. This increase resulted partially from the recruitment of new employees as headcount as of 30 September 2020 was 21.1% higher than as of 30 September 2019, as well as an increase in base salaries, and high annual bonus provisions following the Group's strong performance. However, share based compensation relating to managers investing in the Management Incentive Plan, accrued grants of shares to the Group's employees due to the IPO, Covid-19 home office support for employees and bonus for IPO project added a further PLN 71.7 million to staff costs.

IT SERVICE EXPENSES

IT service expenses increased by PLN 14.8 million, or 53.7%, from PLN 27.5 million for the nine months ended 30 September 2019 to PLN 42.2 million for the nine months ended 30 September 2020. This increase resulted primarily from new licenses related to the introduction of new software solutions and increased IT costs due to higher technical platform costs, including external cloud usage, due to the growing storage requirements for the increasing number of active offers on the Group's e-commerce marketplace.

OTHER EXPENSES

Other expenses increased by PLN 50.1 million, or 72.9%, from PLN 68.8 million for the nine months ended 30 September 2019 to PLN 118.8 million for the nine months ended 30 September 2020. This increase resulted primarily from higher consultancy and contractor costs in connection with the development of new products, increased provisioning for bad debts related to increased sales on the Group's e-commerce marketplace as well as an additional provision for extensions in payment terms for SME merchants from 14 to 60 days in response to the COVID-19 pandemic. This payment extension lasted for four billing periods and ended in August 2020.

TRANSACTION COSTS

Transaction costs increased by PLN 59.5 million, from PLN 1.4 million for the nine months ended 30 September 2019 to PLN 60.8 million for the nine months ended 30 September 2020 due to IPO-related one-off costs of advice and professional services amounting to PLN 60.4 million and costs of acquiring the remaining 20% minority interest in 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 128.5 million, or 13.6%, from PLN 944.8 million for the nine months ended 30 September 2019 to PLN 1,073.3 million for the nine months ended 30 September 2020 as a result of the factors described above, including the negative impact of IPO-related one-off expenses.

AMORTIZATION

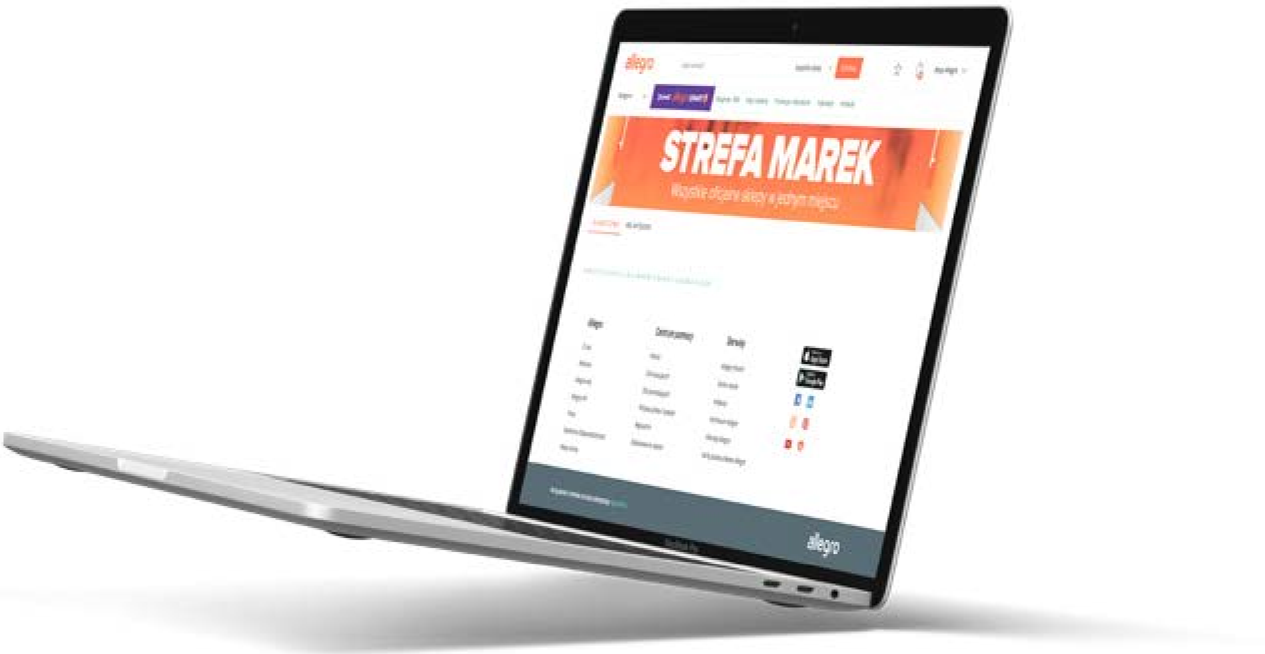
Amortization increased by PLN 13.4 million, or 4.7%, from PLN 284.7 million for the nine months ended 30 September 2019 to PLN 298.1 million for the nine months ended 30 September 2020. This increase resulted primarily from an increase in intangibles associated with capitalized development costs of projects that were completed and put into use in the twelve months since the end of the prior period, such as the first phases of projects aimed at improving delivery experience and productization.

DEPRECIATION

Depreciation increased by PLN 5.8 million, or 14.0%, from PLN 41.3 million for the nine months ended 30 September 2019 to PLN 47.1 million for the nine months ended 30 September 2020. This increase resulted primarily from the depreciation of computers and office equipment related to purchases made in the prior year and accelerated purchases of servers and workstations that were made to ensure the Group's ability to support the marketplace ecosystem during the COVID-19 pandemic.

OPERATING PROFIT

Operating profit increased by PLN 109.3 million, or 17.7%, from PLN 618.8 million for the nine months ended 30 September 2019 to PLN 728.1 million for the nine months ended 30 September 2020 as a result of the factors discussed above, including the negative impact of IPO-related one-off expenses.



NET FINANCIAL RESULT

Financial costs increased by PLN 168.9 million, or 60.2%, from a cost of PLN 280.5 million for the nine months ended 30 September 2019 to a cost of PLN 449.4 million for the nine months ended 30 September 2020. This increase resulted primarily from recognition of a non-cash charge to financial expenses in the amount of PLN 136.7 million due to the Group's September decision to refinance its borrowings at IPO in October 2020, representing the unamortized value of origination costs and related expenses, incurred at inception of the Group's borrowings facilities in 2017 and as a result of their upsize in 2019, which will no longer be amortized over the full term of the original facilities. In addition, early repayment of the second lien facility triggered a liability to pay PLN 26.0 million in fees. The discounted amount of PLN 25.9 million was accrued in the third quarter of 2020. These expenses were offset by the lower interest expenses resulting from lower margins paid due to Group's constant deleverage.

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

Unaudited (PLN in millions)	Q3 YTD 2020	Q3 YTD 2019	Change %
Interest from deposits	2.3	7.3	(67.8)%
Other financial income	1.4	1.1	28.3%
Valuation of financial assets	9.5	—	n/a
Financial income	**13.3**	**8.4**	**58.6%**
Deferred borrowings cost	(136.7)	—	n/a
Interest paid and payable for financial liabilities	(277.2)	(273.4)	1.4%
Cost of early debt repayment	(25.9)	—	n/a
Interest on leases	(2.3)	(3.0)	(21.3)%
Revolving facility availability fee	(2.4)	(2.3)	6.4%
Net exchange losses on foreign currency transactions	(4.1)	(1.0)	300.1%
Other financial costs	(0.8)	(0.8)	(2.0)%
Financial costs	**(449.4)**	**(280.5)**	**60.2%**
Net financial result	**(436.1)**	**(272.1)**	**60.3%**

PROFIT BEFORE INCOME TAX

Profit before income tax decreased by PLN 54.7 million, or 15.8.%, from PLN 346.7 million for the nine months ended 30 September 2019 to PLN 292.0 million for the nine months ended 30 September 2020 as a result of the factors described above.

INCOME TAX EXPENSES

Income tax expenses increased by PLN 56.4 million, or 72.8%, from PLN 77.6 million for the nine months ended 30 September 2019 to PLN 134.0 million for the nine months ended 30 September 2020. This increase resulted primarily from an increase in operating profit excluding non-recurring items mainly related to the Group's IPO which increased the taxable base. The Group's effective tax rate was 22.4% and 45.9% for the nine months ended 30 September 2019 and 2020, respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The effective tax rate increased in the nine months ended 30 September 2020 as a result of PLN 52.5 million of tax losses incurred by one of the Group's Luxembourg subsidiaries for which no deferred tax asset is recognized as this entity is not likely to generate taxable income in the foreseeable future.

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

Unaudited (PLN in millions)	Q3 YTD 2020	Q3 YTD 2019	Change %
Current income tax on profits	(167.2)	(99.3)	68.3%
(Increase)/Decrease in net deferred tax liability	33.2	21.7	52.5%
Income tax expense	**(134.0)**	**(77.6)**	**72.8%**

NET PROFIT

Net profit decreased by PLN 111.1 million, or 41.3%, from PLN 269.1 million for the nine months ended 30 September 2019 to PLN 158.0 million for the nine months ended 30 September 2020 as a result of the factors discussed above, including the impact of IPO-related one-off expenses and refinancing costs.

ADJUSTED NET PROFIT

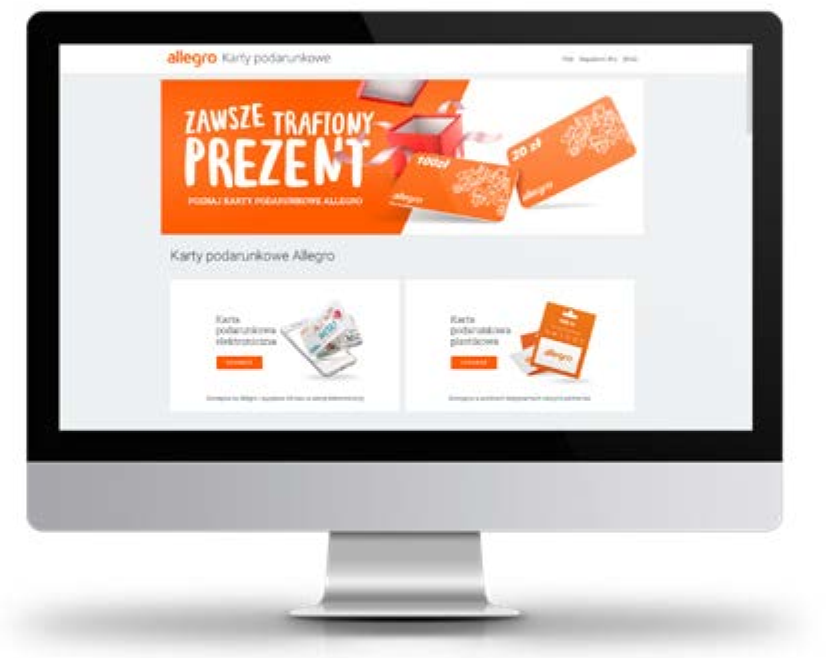
Adjusted net profit increased by PLN 176.8 million, or 63.8%, from PLN 277.3 million for the nine months ended 30 September 2019 to PLN 454.1 million for the nine months ended 30 September 2020 when PLN 143.2 million of EBITDA adjustments, PLN 158.6 million of one-off financial expenses related to the Group's refinancing, and PLN 5.7 million of tax effect on the above adjustments are excluded.

OTHER COMPREHENSIVE INCOME

Other comprehensive income decreased by PLN 91.3 million, or 1,677.1%, from PLN 5.4 million for the nine months ended 30 September 2019 to negative PLN 85.8 million for the nine months ended 30 September 2020. This decrease resulted primarily from adverse changes in the valuation of financial liabilities relating to the Group's fixed interest rate swap contracts. The COVID-19 pandemic resulted in a substantial fall in market interest rates and medium-term bond yields that increased the mark-to-market liability on the Group's hedged interest rate positions that were taken out to reduce exposure to interest rate volatility.

TOTAL COMPREHENSIVE INCOME

Total comprehensive income decreased by PLN 202.4 million, or 73.7%, from PLN 274.6 million for the nine months ended 30 September 2019 to PLN 72.2 million for the nine months ended 30 September 2020 as a result of the factors discussed above.



CASH FLOWS

The following table summarizes net cash flows from operating, investing and financing activities for the nine-month period ended 30 September 2020, for the nine-month period ended 30 September 2019 and three-month periods respectively.

Cash Flow, PLN m (Unaudited)	YTD Q3 2020	YTD Q3 2019	Change %	Q3 2020	Q3 2019	Change %
Net cash inflow/(outflow) from operating activities	**1,165.0**	**902.1**	**29.1%**	**497.5**	**290.8**	**71.1%**
Profit before tax	292.0	346.7	(15.8)%	(84.7)	100.4	(184.4)%
Income tax paid	(93.2)	(106.1)	(12.2)%	(30.8)	(34.8)	(11.6)%
Amortization and depreciation	345.2	326.0	5.9%	117.0	109.2	7.1%
Net interest expense	439.7	275.3	59.7%	250.8	109.3	129.5%
Changes in net working capital	117.3	51.2	129.2%	180.0	1.9	9,523.8%
Other operating cash flow items	64.0	8.9	616.8%	65.1	4.9	1,236.1%
Net cash inflow/(outflow) from investing activities	**(170.3)**	**(166.9)**	**2.1%**	**(46.0)**	**(35.5)**	**29.6%**
Capitalized development costs	(106.1)	(69.7)	52.3%	(36.5)	(22.6)	61.9%
Other capital expenditure	(59.8)	(34.4)	73.5%	(10.4)	(10.9)	(1.9)%
Acquisition of subsidiaries	(4.4)	(63.0)	(93.0)%	—	0.0	(100.0)%
Other investing cash flow	(0.1)	0.2	(132.9)%	0.9	(1.9)	(146.8)%
Net cash inflow/(outflow) from financing activities	**(673.4)**	**(1,321.3)**	**(49.0)%**	**(301.1)**	**(261.4)**	**15.2%**
Net increase/(decrease) in cash and cash equivalents	**321.3**	**(586.2)**	**(154.8)%**	**150.4**	**(6.1)**	**(2,547.8)%**

NET CASH FROM OPERATING ACTIVITIES

Net cash from operating activities increased by PLN 262.9 million or 29.1% YoY during the nine months ended 30 September 2020 and by PLN 206.7 million or 71.1% YoY for the Q3 2020. Apart from the results of factors presented above, the Group had a positive change in working capital of PLN 117.3 million compared to a PLN 51.2 million cash inflow in the nine months ended 30 September 2019. This is mainly the increase in the balance of liabilities resulting from the IPO costs.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was PLN 170.3 million during the nine months ended 30 September 2020 which represents a YoY increase of 2.1%, and PLN 46.0 million during Q3 2020 or 29.6% higher YoY. The Group's total capital expenditure increased by PLN 10.5 million, or 29.6%, from PLN 35.5 million for the quarter ended 30 September 2019 to PLN 46.0 million for the three months ended 30 September 2020. The increase has been primarily driven by increasing capitalized development costs relating to development of the Allegro platform and costs corresponding to an upward trend in the headcount for the technology team. The Group expects to increase capital investment in the near term in connection with, among other expenditures, investments related to Allegro Fulfillment.

NET CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities was PLN 673.4 million for the nine months ended 30 September 2020 primarily due to interest paid on existing financing in the amount of PLN 237.3 million and repayment of loans amounted to PLN 345.0 million. The significant outflow in the period ended 30 September 2019 was primarily connected with a share premium repayment of PLN 2,736.0 million to the Group's shareholders which was partially offset by a PLN 1,959.5 million inflow of cash in connection with the upsizing of the Group's senior term facilities.

INDEBTEDNESS

As of 30 September 2020, the Group's total borrowings (principal adjusted by amortised cost) were PLN 6,163.1 million. In addition, the Group had PLN 340.0 million committed under a revolving facility, which was undrawn as of 30 September 2020 (together "Original Facilities").

On 14 October 2020 the Group completed its refinancing transaction by drawing the full amount of borrowings under the New Senior Facility, receiving a net amount of PLN 5,440.0 million, and, together with the Company utilising its net proceeds from the initial public offering of the Company's shares of PLN 900.5 million, applied the available funds to the repayment and discharge in full of all indebtedness outstanding under Original Facilities in the amount of PLN 6,151.7 million. As a result of the Group completing the refinancing transaction, the balance of outstanding bank borrowings fell by PLN 651.7 million from PLN 6,151.7 million to PLN 5,500 million.

The refinancing will enable the Group to reduce net leverage to below 2.9x for the year ending 31 December 2020, a reduction from net leverage of 3.4x as of 30 September 2020, thereby enabling the Group to increase its operational flexibility and to substantially reduce the interest rate that it pays on its debt.

The following table sets out the components of the Group's net leverage and the proforma impact of the completion of the refinancing transaction and accounting for the net proceeds from the initial public offering of the Company's shares, which both took place in October, on the net leverage position as at 30 September 2020.

Unaudited (PLN in millions)	**June 2020**	**September 2020**	**September 2020 Proforma**
Adjusted EBITDA LTM	**1,514.7**	**1,600.8**	**1,600.8**
Borrowings at amortized cost	6,169.5	6,163.1	5,437.4
Lease liabilities	78.5	77.4	77.4
Cash and cash equivalents	(574.8)	(725.2)	(851.6)
NET DEBT	**5,673.2**	**5,515.3**	**4,663.2**
Leverage [1]	**3.7x**	**3.4x**	**2.9x**
Equity	6,923.9	6,806.9	7,779.2
Net debt to Equity	82%	81%	60%
i) LTM Interest, fees and swaps	382.7	366.8	—
ii) LTM debt repayments	329.3	345.0	—
iii) NTM post IPO interest, fees and swaps	—	—	192.4
LTM/NTM Debt Service total	**712.0**	**711.8**	**192.4**

[1] Defined as Net Debt
(Borrowings at amortized cost + Lease liabilities – Cash and cash equivalents) / Adjusted EBITDA LTM

4. Key factors that may influence the Group's results of operations and main market trends

The following factors have impacted the Group's results of operations for the periods presented in this Report and are likely to impact the Group's results of operations in the future.

- Primary GMV growth drivers: retail basics (a wide selection, low prices and fast, predictable delivery experience); platform enhancements and user experience improvements; secular market trends of rising Polish retail sales, rising disposable incomes of Polish consumers, and a gradual closing of e-commerce penetration gap between Poland and more mature e-commerce markets.

- Additional GMV growth drivers: marketplace fee arrangements, marketing activities, the SMART! buyer loyalty program roll-out, eBilet developments, the extent and sustainability of customer behavioral shifts resulting from the COVID-19 pandemic.

- Evolution of active buyers and GMV per active buyer

- Net revenue growth drivers, including evolution of take rates, 1P retail sales, advertising revenue trends, price comparison revenue trends

- Margin drivers: sales mix, targeted major investments including the SMART! loyalty program, Allegro Pay proprietary consumer finance services, Allegro Fulfillment services, marketing expenditures and other operating expenditures trends.

Due to the uncertainty about the future evolution of the key factors described above and the state of the Polish and global economy, the management discussion of any expectations and projections are subject to a high degree of uncertainty.

5.

Targets and expectations for the Group in FY 2020

The group provides the following update with regards to the targets and expectations discussed in the "Management's Discussion and Analysis of Financial Condition and Result of Operations" section of the Company's Prospectus dated 22 September 2020.

	2019 Actual	H1 2020 Actual	FY 2020 Prospectus	9M 2020 Actual	FY 2020 Updated
GMV	**25%**	**54%**	**Mid 40s %**	**52%**	**Low 50s %**
	YoY growth	YoY growth	YoY growth	YoY growth	YoY growth
Revenue	**31%**	**52%**	**Broadly in-line**	**51%**	**Unchanged**
	YoY growth	YoY growth	With H1 2020 growth	YoY growth	
Adjusted EBITDA	**20%**	**28%**	**H2 2020 more in-line**	**28%**	**Mid 20s %**
	YoY growth	YoY growth	With 2019 growth	YoY growth	YoY growth
Capex	**5.5%**	**6,7%**	**PLN230-270m**	**PLN 166m**	**Unchanged**

The gradual tapering of YoY GMV growth following the end of the Spring lockdown in May 2020 began to reverse in mid-October as increasing numbers of Covid-19 infections led to the Polish Government reintroducing some of the lockdown measures seen during the first wave in Q2 2020.

Lockdown measures taken so far have not reached the severity of those seen in Q2 2020 but Management now expects Q4 2020 growth in GMV to be ahead of Q3 2020 and for this to have a positive impact on margins due to operating leverage.

6. Shareholders of Allegro.eu

Based on the information provided in the prospectus to the IPO as of the date of this report, to the best of Management's knowledge, the Group'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.	321,246,322	31.39%	321,246,322	31.39%
Permira VI Investment Platform Limited	321,246,322	31.39%	321,246,322	31.39%
Mepinan S.à r.l.	71,388,074	6.98%	71,388,074	6.98%
Free Float	309,375,096	30.24%	309,375,096	30.24%
TOTAL:	**1,023,255,814**	**100.00%**	**1,023,255,814**	**100.00%**

Under the terms of their underwriting agreement, Cidinan S.à r.l., Permira VI Investment Platform Limited, and Mepinan S.à r.l. are subject to a 180 day lock-up period expiring on 11 April 2021 and Management's shareholdings (included in Free Float) received at IPO as settlement of investments made in the Management Incentive Plan are subject to a 360 day lockup period expiring on 7 October 2021.

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 2020 Q3 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:

Francois Nuyts	Jonathan Eastick
Director	Director

Report on Review of Interim Condensed Consolidated Financial Statements

Report on Review of Interim Condensed Consolidated Financial Statements

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

We have reviewed the accompanying interim condensed consolidated financial statements of Allegro.eu S.A. (the "Company") and its subsidiaries (the "Group") as at 30 September 2020, which comprise the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine - month period then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Responsibility of the "Réviseur d'entreprises agréé"

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

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

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

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

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

Conclusion

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 25 November 2020

Electronically signed by:
Véronique Lefebvre

Véronique Lefebvre

allegro

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 30.09.2020	9 months ended 30.09.2019	3 months ended 30.09.2020	3 months ended 30.09.2019
Revenue	**9**	**2,698,843**	**1,786,659**	**928,695**	**620,187**
Operating expenses		**(1,625,545)**	**(841,826)**	**(643,971)**	**(300,400)**
Payment charges		(110,415)	(99,075)	(36,250)	(31,509)
Cost of goods sold		(120,240)	(59,016)	(37,908)	(22,414)
Net costs of delivery		(420,273)	(171,145)	(174,079)	(66,738)
Marketing service expenses		(395,813)	(202,106)	(122,534)	(75,509)
Staff costs		(356,889)	(212,880)	(153,953)	(71,066)
Staff costs gross		(441,227)	(271,436)	(182,217)	(89,878)
Capitalisation of development costs	5	84,338	58,556	28,264	18,812
IT service expenses		(42,245)	(27,486)	(15,015)	(9,849)
IT service expenses gross		(42,245)	(27,564)	(15,015)	(9,849)
Capitalisation of development costs	5	—	78	—	—
Other expenses		(118,843)	(68,751)	(43,405)	(23,315)
Other expenses gross		(140,584)	(79,778)	(51,689)	(27,076)
Capitalisation of development costs	5	21,739	11,027	8,284	3,761
Transaction costs	23	(60,827)	(1,367)	(60,827)	—
Operating profit before amortisation and depreciation		**1,073,298**	**944,833**	**284,724**	**319,787**
Amortisation and Depreciation		**(345,166)**	**(326,027)**	**(116,961)**	**(109,163)**
Amortisation		(298,059)	(284,696)	(100,677)	(95,166)
Depreciation		(47,107)	(41,331)	(16,284)	(13,997)

	Note	9 months ended 30.09.2020	9 months ended 30.09.2019	3 months ended 30.09.2020	3 months ended 30.09.2019
Operating profit		**728,132**	**618,806**	**167,763**	**210,624**
Net Financial result	**10**	**(436,118)**	**(272,099)**	**(252,444)**	**(110,250)**
Financial income		13,295	8,384	456	1,189
Financial costs		(449,413)	(280,483)	(252,900)	(111,439)
Profit/(Loss) before Income tax		**292,014**	**346,707**	**(84,681)**	**100,374**
Income tax expenses	**11**	**(134,012)**	**(77,574)**	**(46,971)**	**(26,975)**
Net profit/(loss)		**158,002**	**269,133**	**(131,652)**	**73,399**
Other comprehensive income/(loss) – Items that may be reclassified to profit or loss		**(85,809)**	**5,441**	**(19,901)**	**11,529**
Gain/(Loss) on cash flow hedging		(107,981)	(8,822)	(7,600)	6,501
Cash flow hedge – Reclassification from OCI to profit or loss		26,932	11,099	15,467	3,722
Deferred tax relating to these items		(7,351)	1,881	(29,510)	239
Exchange differences on translation of foreign operations		2,591	1,283	1,742	1,067
Total comprehensive income/(loss) for the period		**72,193**	**274,574**	**(151,553)**	**84,928**

	Note	9 months ended 30.09.2020	9 months ended 30.09.2019	3 months ended 30.09.2020	3 months ended 30.09.2019
Net profit/(loss) for the period is attributable to:		**158,002**	**269,133**	**(131,652)**	**73,399**
Shareholders of the Parent Company		158,278	268,484	(130,632)	73,034
Non-controlling interests		(276)	649	(1,020)	365
Total comprehensive income/(loss) for the period is attributable to:		**72,193**	**274,574**	**(151,553)**	**84,928**
Shareholders of the Parent Company'		72,469	273,925	(150,533)	84,563
Non-controlling interests		(276)	649	(1,020)	365
Earnings per share for profit attributable to the ordinary equity holders of the company (in PLN)	**12**				
Basic		(0.84)	(0.74)	(0.53)	(0.21)
Diluted		(0.84)	(0.74)	(0.53)	(0.21)

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of financial position

ASSETS

Non-current assets	Note	30.09.2020	31.12.2019
Goodwill		8,631,342	8,631,342
Other intangible assets		4,454,995	4,627,122
Property, plant and equipment		150,291	147,709
Loans granted		—	9,324
Deferred tax assets	17	286	9,712
Investments		360	360
Total non-current assets		**13,237,274**	**13,425,569**

Current assets	Note	30.09.2020	31.12.2019
Inventory		26,381	20,051
Trade and other receivables	13	451,745	396,802
Prepayments		66,058	26,910
Loans granted		5,322	—
Loans receivables		1,989	—
Other financial assets		—	4,804
Income tax receivables		2,181	—
Cash and cash equivalents	14	725,187	403,877
Total current assets		**1,278,863**	**852,444**
TOTAL ASSETS		**14,516,137**	**14,278,013**

EQUITY AND LIABILITIES

Equity	Note	30.09.2020	31.12.2019
Share capital	21	9,670	434,246
Capital reserve		5,986,804	5,141,141
Exchange differences on translating foreign operations		3,159	568
Cash flow hedge reserve		(110,678)	(22,278)
Other reserves		76,339	(33,633)
Retained earnings		683,558	758,784
Net result		158,002	391,392
Equity allocated to shareholders of the Parent		**6,806,854**	**6,670,220**
Non-controlling interests	**5**	**—**	**13,422**
TOTAL EQUITY		**6,806,854**	**6,683,642**

Non-current liabilities	Note	30.09.2020	31.12.2019
Borrowings	15	5,792,902	6,001,174
Lease liabilities		49,666	59,764
Written put option liability	5	—	21,002
Other financial liabilities	16	110,678	36,893
Deferred tax liability	17	608,282	643,508
Liabilities to employees	18	28,343	22,562
Total non-current liabilities		**6,589,871**	**6,784,903**

Current liabilities	Note	30.09.2020	31.12.2019
Borrowings	15	370,152	335,741
Lease liabilities		27,783	25,774
Written put option liability	5	—	22,208
Other financial liabilities	16	—	2,032
Income tax liability		90,346	14,938
Trade and other liabilities	19	543,361	349,161
Liabilities to employees	18	87,770	59,614
Total current liabilities		**1,119,412**	**809,468**
TOTAL EQUITY AND LIABILITIES		**14,516,137**	**14,278,013**

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	Other reserves	Retained earnings	Net result	Non-controlling interests	Total
As at 01.01.2019	**830,015**	**7,421,901**	**378**	**(18,854)**	**5,256**	**546,093**	**271,904**	**—**	**9,056,693**
Profit for the period	—	—	—	—	—	—	269,132	645	269,777
Other comprehensive income	—	—	1,283	(6,861)	—	—	—	—	(5,578)
Total comprehensive income/(loss) for the period	**—**	**—**	**1,283**	**(6,861)**	**—**	**—**	**269,132**	**645**	**264,199**
Transfer of profit from previous years	—	—		—	—	271,904	(271,904)	—	—
Business combination	—	—	—	—	—	—	—	11,739	11,739
Redemption of share capital and share premium	(395,820)	(2,280,918)	—	—	—	(59,213)	—	—	(2,735,951)
Share based compensation	—	—	—	—	3,235	—	—	—	3,235
Non-recourse loans	57	510	—	—	—	—	—	—	567
Written put option liability valuation	—	—	—	—	(30,859)	—	—	—	(30,859)
Transactions with owners	**(395,763)**	**(2,280,408)**	**—**	**—**	**(27,624)**	**212,691**	**(271,904)**	**11,739**	**(2,751,269)**
As at 30.09.2019	**434,252**	**5,141,493**	**1,661**	**(25,715)**	**(22,368)**	**758,784**	**269,132**	**12,384**	**6,569,623**
As at 01.01.2020	**434,246**	**5,141,141**	**568**	**(22,278)**	**(33,633)**	**758,784**	**391,392**	**13,422**	**6,683,642**
Profit for the period	—	—	—	—	—	—	158,602	(600)	158,002
Other comprehensive income	—	—	2,591	(88,400)	—	—	—	—	(85,809)
Total comprehensive income/(loss) for the period	**—**	**—**	**2,591**	**(88,400)**	**—**	**—**	**158,602**	**(600)**	**72,193**
Transfer of profit from previous years	—	—	—	—	—	391,392	(391,392)		—
Change of the functional currency (see note 5)	34,297	405,743	—	—	—	(440,040)	—	—	—
Conversion and decrease of the share capital (see note 21)	(459,997)	459,997	—	—	—	—	—	—	—
Shares based compensation (see note 8)	—	—	—	—	52,191	—	—	—	52,191
Shares granted to employees (see note 8)	—	—	—	—	14,571	—	—	—	14,571
Non-recourse loans (see note 21)	1,124	(20,077)	—	—	—	—	—	—	(18,953)
Written put option liability valuation	—	—	—	—	3,210	—	—	—	3,210
Purchase of non-controlling interest (see note 5)	—	—	—	—	40,000	(26,578)	(600)	(12,822)	—
Transactions with owners	**(424,576)**	**845,663**	**—**	**—**	**109,972**	**(75,226)**	**(391,992)**	**(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**

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of cash flows

	Note	9 months ended 30.09.2020	9 months ended 30.09.2019
Profit before income tax		**292,014**	**346,707**
Amortisation and depreciation		345,166	326,027
Net interest expense	10	439,738	275,279
Non-cash employee benefits expense – share-based payments		66,762	3,236
Revolving facility availability fee	10	2,409	2,264
Net (gain)/loss exchange differences		2,004	1,245
Interest on lease liability	10	2,337	2,969
Valuation of financial assets – net	10	(9,515)	—
Net (gain)/loss on sale of non-current assets		—	(787)
(Increase)/Decrease in trade and other receivables		(91,562)	21,599
(Increase)/Decrease in loan receivables		(1,989)	—
(Increase)/Decrease in inventories		(6,330)	(12,743)
Increase/(Decrease) in trade and other liabilities		185,272	14,634
Increase/(Decrease) in liabilities to employees		31,912	27,736
Cash provided by operating activities		**1,258,218**	**1,008,166**
Income tax paid		(93,202)	(106,099)
Net cash inflow/(outflow) from operating activities		**1,165,016**	**902,067**

	Note	9 months ended 30.09.2020	9 months ended 30.09.2019
Cash flows from investing activities			
Payments for property, plant & equipment and intangibles		(165,857)	(104,118)
Loans granted		(4,720)	(438)
Repayment of loans granted		4,761	796
Acquisition of subsidiary (net of cash acquired)		(4,425)	(62,976)
Other		(105)	(164)
Net cash inflow/(outflow) from investing activities		**(170,346)**	**(166,900)**

all amounts expressed in PLN'000 unless indicated otherwise

	Note	9 months ended 30.09.2020	9 months ended 30.09.2019
Cash flows from financing activities			
Repayment of share premium		—	(2,735,951)
Borrowings received		—	1,959,516
Borrowings repaid		(344,966)	(215,803)
Interest paid		(237,256)	(280,800)
Payments for acquisition of non-controlling interest		(40,000)	—
Lease payments		(21,798)	(18,468)
Revolving facility availability fee payments		(2,409)	(2,225)
Interest rate hedging instrument settlements		(26,931)	(11,098)
Payments from other financial activities		—	(16,520)
Net cash inflow/(outflow) from financing activities		**(673,360)**	**(1,321,349)**

	Note	9 months ended 30.09.2020	9 months ended 30.09.2019
Net increase/(decrease) in cash and cash equivalents		**321,310**	**(586,182)**
Cash and cash equivalents at the beginning of the financial period		403,877	794,027
Cash and cash equivalents at the end of the financial period		725,187	207,845

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'), previously Adinan Super Topco S.à r.l., and its subsidiaries. Allegro.eu and the other members of the Group were established for an unspecified period.

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.

incorporated under the laws	The Grand Duchy of Luxembourg
registered office	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

The Group operates in Poland through Allegro.pl sp. z o.o., Ceneo.pl sp. z o.o. and eBilet Polska sp. z o.o. The Group's core activities comprise:

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

These Interim Condensed Consolidated Financial Statements were prepared for the three and nine month periods ended 30 September 2020 together with comparative amounts for the corresponding periods of 2019 which have not been subject to any auditor's review.

2. Basis of preparation

This Interim Condensed Consolidated Financial Report for the three and nine month reporting periods ended 30 September 2020 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 2020. In making this going concern assumption Management took into consideration the impact of the Covid-19 crisis on the Group's business, noting that operations have continued with minimal disruption since most staff moved to home working mode on 12 March 2020, that the Group's sales increased following the imposition of Covid-19 related lock-down measures by the Polish government and that trading has continued to be stronger than this historical trend since the relaxation of lock-down measures.

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 (previously Adinan Super Topco S.à r.l.) Group for the years ended 31 December 2019, 31 December 2018 and 31 December 2017. The accounting policies adopted are consistent with these Consolidated Financial Statements, except for the estimation of income tax prepared under IAS 34 (see note 11) and the adoption of new and amended standards effective after 1 January 2020 as set out in note 7.

There were no other changes in accounting policies in the period covered by the Interim Condensed Consolidated Financial Statements of Allegro.eu S.A. ended 30 September 2020 in comparison to the Consolidated Financial Statements of Allegro.eu (previously Adinan Super Topco S.à r.l.) Group for the years ended 31 December 2019, 31 December 2018 and 31 December 2017.

3. Group structure

As at 30 September 2020, the Allegro.eu Group comprised Allegro.eu S.A. as well as intermediate holding companies Adinan Topco S.à r.l., Adinan Holdco S.à r.l., Adinan Bondco S.à r.l., Adinan Seniorco S.à r.l. and Adinan Midco S.à r.l. with their registered office in Luxembourg and companies conducting operating activities in the territory of Poland – Allegro.pl Sp. z o.o., Ceneo.pl Sp. z o.o, Trade Analytics Sp. z o.o. Instytut Badań Ecommerce Sp. z o.o., eBilet Polska Sp. z o.o., Allegro Finance Sp. z o.o. and Allegro Pay Sp. z o.o. (formerly: FinAi S.A.), together with their non-operating subsidiary company Allegro Logistyka Sp. z o.o (the 'Polish Operating Companies').

Each of the Polish Operating Companies and their subsidiaries have their registered offices located in Poland. In addition, Allegro.pl owns the Allegro All For Planet Foundation, which is not consolidated due to its immateriality.

Key information regarding the members of the Group, shares held by the Group as at 30 September 2020 and 31 December 2019 is presented below.

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

AS AT 30.09.2019

- **Allegro.eu S.A. (previously Adinan Super Topco S.à r.l.)** Luxembourg
  - **Adinan Topco S.à r.l.** Luxembourg, **100%**
    - **Adinan Holdco S.à r.l.** Luxembourg, **100%**
      - **Adinan Bondco S.à r.l.** Luxembourg, **100%**
        - **Adinan Seniorco S.à r.l.** Luxembourg, **100%**
          - **Adinan Midco S.à r.l.** Luxembourg, **100%**
            - **Allegro.pl Sp. z o.o.** Poland, **100%**
              - **Allegro Logistyka Sp. z o.o.** Poland, **100%**
              - **eBilet Polska Sp. z o.o.** Poland, **80%**
              - **Allegro Finance Sp. z o.o.** Poland, **99,98%**
              - **Trade Analytics Instytut Badań Ecommerce Sp. z o.o.** Poland, **50%**
                - **Allegro Finance Sp. z o.o.** Poland, **0,02%**
            - **Ceneo.pl Sp. z o.o.** Poland, **100%**
              - **Trade Analytics Instytut Badań Ecommerce Sp. z o.o.** Poland, **50%**

4. Business combinations

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

ACQUISITION OF EBILET POLSKA SP. Z O.O.

On 19 April 2019 Allego.pl sp. z o.o. purchased 135,520 shares in eBilet Polska sp. z o.o. ('eBilet') composing 80% of the shares outstanding from an unrelated party – Bola Investments Limited for a final cash consideration of PLN 95,894 thousand. On 25 September 2020 Allegro.pl purchased 33,880 shares in eBilet composing the remaining 20% of shares for cash consideration of PLN 40,000 thousand and as at 30 September 2020, Allegro.pl owns 100% of eBilet's shares. Both transactions were financed from the Group's own funds.

eBilet is one of the largest Polish online ticket distributors. Its activity includes sales of tickets for cultural, sport and other entertainment events, mostly through its online channel. The purchase opens a new market for the Allegro.eu Group, previously not available on Allegro and Ceneo platforms.

Based on the Group's purchase price allocation, Goodwill on the acquisition of PLN 48,937 thousand, is attributable mostly to synergies from cooperation with Allegro. All synergies are expected to occur in eBilet.

Costs related to the purchase transaction in the amount of PLN 1,367 thousand, were recognized in the consolidated statement of profit or loss and other comprehensive income as Transaction Costs for the period ended 30 September 2019. For the period ended 30 September 2020 the Group recognized PLN 430 thousand such costs.

The Group measured the non-controlling interests at the proportionate share in net identifiable assets of the acquired company.

The effect of accounting for the acquisition is presented below:

[PLN thousand]	**eBilet**
As at the acquisition date	**19.04.2019**
Purchase consideration paid – cash	95,894
Non-controlling interest – measured at proportional share in the net assets	11,739
Net assets	(58,696)
Goodwill	**48,937**

[PLN thousand]	eBilet
Net assets acquired	
Trademarks	5,234
Customer Relationships	22,497
Domains	5,092
Software	18,687
Other intangibles	4,688
Property, plant and equipment	672
Accounts receivable and other receivables	2,183
Cash acquired	32,916
Accounts payable and other liabilities	(23,989)
Income tax provision	(11)
Provision for deferred tax	(9,273)
Net assets	**58,696**

[PLN thousand]	eBilet
Purchase consideration	95,894
Cash and cash equivalents acquired	(32,916)
Cash flow used in acquisition	**62,978**

Goodwill is tested for impairment annually or more frequently, if there is objective evidence of impairment. Customer relationships, trademarks, domains and software are amortized over its estimated useful economic life.

The revenue and net profit of eBilet since May 2019 included in the consolidated statement of comprehensive income until 30 September 2019 amount to PLN 9,083 thousand, and PLN 3,246 thousand respectively. The revenue and net profit of the Group for the reporting period ended 30 September 2019 period would be PLN 1,792,747 thousand, and PLN 270,914 thousand, respectively if the acquisition of eBilet had been as of the beginning of the annual reporting period.

eBilet has been assigned to segment 'Other' as it is not material under IFRS 8.

5. Significant changes in the current reporting period

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

THE ACQUISITION OF ALLEGRO PAY SP. Z O. O. (PREVIOUSLY: FINAI S.A.) IN JANUARY 2020

On 27 January 2020 Allegro.pl Sp. z o.o. acquired 100% of shares in FinAi S.A. (currently Allegro Pay Sp. z o.o.). The price amounted to PLN 7,000 for 100% of the company's shares and the cash payment was divided into two tranches – PLN 2,000 was settled in 2019 and the remaining PLN 5,000 in January 2020. Together with legal entity, the Group acquired the following assets: cash balance in the amount of PLN 798, intangible assets of PLN 5,719, trade and other receivables amounted to PLN 487 as well as trade liabilities in the amount of PLN 568 and liabilities to employees of PLN 304. The company was a financial intermediary start-up which ceased to trade in September 2019. Together with Allegro Pay, Allegro.pl acquired existing software applicable to credit analysis of the Allegro platform Buyers and performance of AML (Anti Money Laundering), KYC (Know Your Client) checks and a team of FinTech experts. Allegro.pl expects such competencies and capabilities to be important enablers to further development of financial services penetration on the marketplace platform in the future.

As Allegro.pl acquired means of production as opposed to a functioning business, the transaction is treated as a purchase of assets. No goodwill or gain on a bargain purchase were recognized.

On 27 May 2020 Adinan Midco purchased 100% shares in FinAi S.A. (31 July change of name to Allegro Pay) from its subsidiary Allegro.pl.

ALLEGRO PAY – CONSUMER FINANCE

During the first half of 2020 the Group developed its own proprietary consumer finance lending solutions for buyers to use when making purchases on the Group's e-commerce marketplace. The FinTech experts, developer teams and software acquired with the acquisition of the FinAi business by the Group in January 2020, together with the Group's existing technology resources, have developed integrated solutions that are expected to provide an improved user experience. Using the sub-brand Allegro Pay, the new proprietary lending solutions moved into user testing during the third quarter of 2020 and the Group expects to complete commercial tests during the fourth quarter of 2020.

THE COVID-19 PANDEMIC

The existence of coronavirus (Covid-19) was confirmed in early 2020 and has spread across Poland and most of the world, causing disruptions to businesses and economic activity. The pandemic had a positive impact on revenues generated by companies operating in the online marketplace industry and a negative impact on online ticket distribution. The Group introduced several assistance programs for its Sellers and Buyers. The Group assessed the impact of Covid-19 on the Group's operations and on the results presented in these Interim Condensed Consolidated Financial Statements. The Group performed an analysis in terms of expected credit losses and Goodwill impairment (see note 6).

DEVELOPMENT COSTS

Although the Group does not have any department dedicated to research and development, such activities are performed throughout the organization. Development expenditure that meet the capitalization criteria are deducted from expenses and recognized as intangible assets. The Group develops its platform and introduces new projects in order to satisfy the needs of its Buyers and Sellers.

THE ACQUISITION OF THE REMAINING 20% OF SHARES IN EBILET POLSKA SP. Z O.O.

On 25 September 2020 Allegro.pl purchased the remaining 20% of eBilet's shares for cash consideration of PLN 40,000. The transaction was fully paid from Allegro.pl's own funds and there was no outstanding balance as at 30 September 2020. The written put option liability and Non-controlling interest were derecognized through Retained Earnings.

CONVERSION OF SHARES

(amounts stated in PLN, not thousand PLN)

On 29 September 2020 the extraordinary shareholders meeting of the Parent resolved to change the functional currency from euro (EUR) to Polish złoty (PLN). The Group operates mainly in Poland and Polish złoty is the currency in which the Group usually generates and spends cash. Additionally on 12 October 2020 the Group debuted on the Warsaw Stock Exchange.

The share capital of the Parent was converted from euro (EUR) to Polish złoty (PLN) and as a result the share capital equaled PLN 469,996 thousand. The foreign exchange differences were recognised in retained earnings.

The meeting of shareholders further resolved to convert its existing classes of shares into one new class of Ordinary Shares. The new nominal value per Ordinary Share was established at the level of one Polish grosz, PLN 0.01 and 1 billion of new ordinary shares were issued.

As a result of the conversion, the issued capital was decreased to PLN 10,000 thousand without cancellation of shares and without the distribution of the reduction proceeds, which were allocated to Capital Reserve (see note 21).

CHANGE IN THE COMPOSITION OF THE MANAGEMENT BOARD

On 1 September 2020 the shareholders meeting of the Parent appointed each of the following persons as Board Members: Francois Nuyts, Jonathan Eastick, David Barker, Paweł Padusiński, Richard Sanders, Carla Smits-Nusteling and Nancy Cruickshank, with immediate effect. The composition of the board of directors of the Parent as of 30 September 2020 was as follows:

- Danielle Arendt-Michels
- David Barker
- Nancy Cruickshank
- Gilles Willy Duroy
- Jonathan Eastick
  (Group Chief Financial Officer)
- Darren Huston
  (Chairman of the Board)
- Gautier Laurent
- Severine Michel
- Francois Nuyts
  (Group Chief Executive Officer)
- Paweł Padusińki
- Cedric Pedoni
- Richard Sanders
- Carla Smits-Nusteling

The composition of the Management Board changed on 12 October 2020, as described in note 23 “Events after the reporting period” and at the date of the Interim Condensed Consolidated Financial Statements, the Management Board comprised:

- David Barker
- Nancy Cruickshank
- Jonathan Eastick
  (Group Chief Financial Officer)
- Darren Huston
  (Chairman of the Board)
- Francois Nuyts
  (Group Chief Executive Officer)
- Paweł Padusińki
- Richard Sanders
- Carla Smits-Nusteling

INITIAL PUBLIC OFFERING

During the second and third quarter of 2020, the Group prepared for the Initial Public Offering ('IPO') of Allegro.eu's ordinary shares on the Warsaw Stock Exchange (see note 23).

The financial results of the Group were affected by PLN 74,968 of costs related to the IPO. Those costs included costs related to the execution of the offering and the Allegro Incentive Plan.

There were no changes in accounting policies in the period covered by Interim Condensed Consolidated Financial Statements of the Group for the three and nine month periods ended 30 September 2020 in comparison to the Consolidated Financial Statements of Allegro.eu (previously Adinan Super Topco S.à r.l.) Group for the years ended 31 December 2019, 31 December 2018 and 31 December 2017, except for new standards described in note 7.

6. 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. Estimations and judgements are being constantly verified and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ESTIMATED IMPAIRMENT OF GOODWILL

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgments made by Management in applying the Group's accounting policies were the same as those described in the 2019 Consolidated Financial Statements of Allegro.eu S.A. The Management noted that the recoverable amount on the cash-generating unit of eBilet could be affected by the business disruption caused by Covid 19. A goodwill impairment test was performed and the value in use was recalculated using adjusted assumptions of severe disruptions to mass events throughout 2020 and 2021, and a strong recovery thereafter. The Management concluded there is no impairment risk unless severe Covid-19 disruptions of events continue into 2022 and the medium term.

The critical assumptions made when calculating recoverable amount were as follows:

eBilet	30.09.2020	31.12.2019
Compound annual growth rate of revenues during the forecast period	21.49%	20.03%
Average annual rise/(fall) in EBITDA margin	(0.23) ppt	(2.10) ppt
Marginal growth rate outside the forecast period	2.50%	2.50%
Discount rate (pre-tax)	11.00%	10.30%

Future net cash flow of the cash-generating units are based on the critical assumptions presented above, each of which involve a degree of uncertainty.

all amounts expressed in PLN'000 unless indicated otherwise

Sensitivity analysis of the aforesaid assumptions shows that the Group would recognize impairment if any of the key assumptions is changed as follows:

eBilet	30.09.2020	31.12.2019
Decrease of the revenue CAGR by:	6.28 ppt	8.30 ppt
Decline in annual EBITDA margin by:	3.84 ppt	7.62 ppt
Decrease of the marginal growth rate by:	8.66 ppt	36.50 ppt
Growth in the discount pre-tax rate by:	5.42 ppt	14.30 ppt

In Management's assessment, they are not aware of any reasonably likely assumptions that might result in business performance outcomes similar or worse than those shown in these sensitivities for the eBilet CGU as of 30 September 2020 and therefore result in a material impairment.

OTHER

On 15 September 2020, the Group received a formal notification that, pursuant to the Competition Act, the President of Office of Competition and Consumer Protection ('OCCP') commenced proceedings against Allegro.pl on 9 September 2020 to investigate whether clauses allowing Allegro to change its terms and conditions (one in the general terms and conditions and one in the SMART! terms and conditions) constitute abusive clauses in standard agreements with consumers. On 15 September 2020, Alegro.pl also received a request for information within these proceedings. Allegro.pl is expecting further requests for information from the OCCP President in the future.

If the OCCP President recognizes either of these clauses as abusive, it may issue a decision prohibiting the use of such a clause in a standard agreement, with or without a fine. It might also request the Group to remedy the effects of the infringement. If a fine is to be imposed, then in accordance with the Competition Act, it may be up to 10% of the turnover of Allegro.pl in the financial year preceding the decision for each of the clauses recognized as abusive. If during the investigation Allegro.pl offers adequate commitments to put the alleged infringement to an end, in particular to amend the clauses questioned by the OCCP President, and/or to remedy the effects of the infringement, the case might end with a commitment decision with no fine.

On September 3, 2020, the UOKiK President stated in a press release that he initiated explanatory proceedings into Allegro.pl's rules of cooperation with sellers in order to determine whether Allegro.pl gains unjustified advantages at the expense of its clients. These explanatory proceedings are a preliminary step that does not have to lead to the initiation of formal proceedings against Allegro.pl.

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

There were no changes in opened antitrust proceedings the case against Allegro.pl with the Office of Competition and Consumer Protection ('OCCP') comparing to the situation described in the 3-year financial statements.

7. Summary of changes in significant accounting policies

New and amended standards and interpretations adopted by the Group.

In these Interim Condensed Consolidated Financial Statements amendments to the following standards that came into effect as of 1 January 2020 were applied. The amendments do not have a significant impact on these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards issued by IASB on 29 March 2018. Due to the fact that Conceptual Framework was revised, the IASB updated references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The amendments are effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 3 "Business Combinations" – Definition of a Business issued by IASB on 22 October 2018. Amendments were introduced to improve the definition of a business. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

The amendments are effective for annual periods beginning on or after 1 January 2020.

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies", Changes in Accounting Estimates and Errors" – Definition of Material issued by IASB on 31 October 2018. The change applies to periods beginning after January 1, 2019. The amendments clarify the definition of material and how it should be applied by including in the definition guidance.

The amendments are effective for annual periods beginning on or after 1 January 2020.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

8. Segment information

8.1 DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES

The 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.pl activity – segment which operates as a C2C and B2C e-commerce platform (Allegro.pl) providing marketplace services via internet in Poland, 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 of eBilet results, which was consolidated starting from May 2019, as well as minor costs of holding companies, and Allegro Pay.

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') and adjusted EBITDA. The accounting policies adopted are uniform for all segments and consistent with those applied for the Group. Inter-segment transactions are eliminated upon consolidation.

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

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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)
Net 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 result	(436,118)				
Profit/(Loss) before income tax	**292,014**				
Tax expense	(134,012)				
Net profit/(loss)	**158,002**				

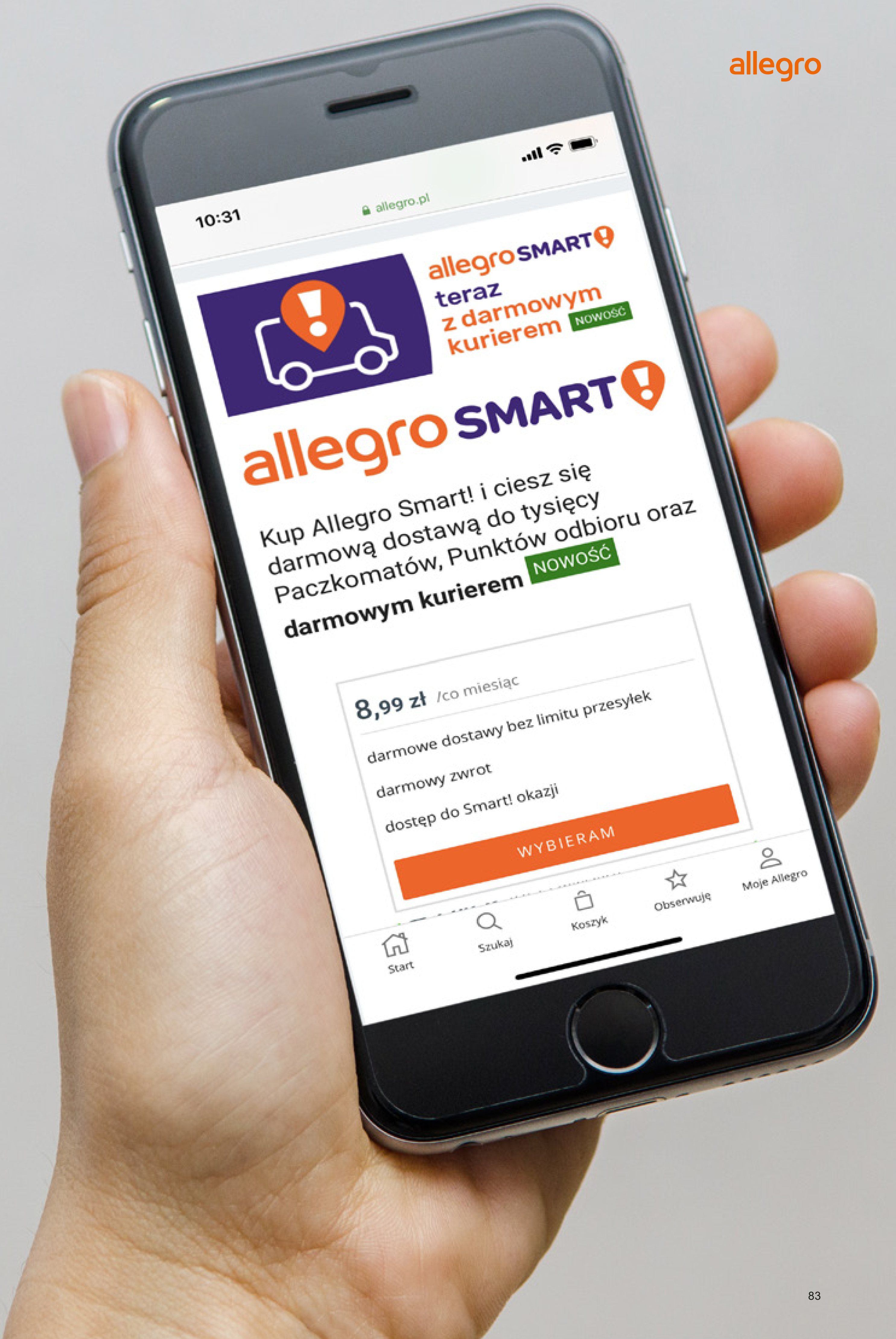
9 months ended 30.09.2019	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	1,786,659	1,652,755	123,115	10,789	—
Inter-segment revenue	—	4,198	20,160	859	(25,217)
Net revenue	**1,786,659**	**1,656,953**	**143,275**	**11,648**	**(25,217)**
Operating expenses	(841,826)	(786,544)	(70,040)	(10,459)	25,217
EBITDA	**944,833**	**870,409**	**73,235**	**1,189**	**—**
Amortisation and Depreciation	(326,027)				
Net financial result	(272,099)				
Profit/(Loss) before income tax	**346,707**				
Tax expense	(77,574)				
Net profit/(loss)	**269,133**				

all amounts expressed in PLN'000 unless indicated otherwise

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)
Net 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)**				

3 months ended 30.09.2019	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	620,187	573,675	41,258	5,254	—
Inter-segment revenue	—	1,398	6,327	340	(8,065)
Net revenue	**620,187**	**575,073**	**47,585**	**5,594**	**(8,065)**
Operating expenses	(300,400)	(282,033)	(24,259)	(2,173)	8,065
EBITDA	**319,787**	**293,040**	**23,326**	**3,421**	**—**
Amortisation and Depreciation	(109,163)				
Net financial result	(110,250)				
Profit/(Loss) before income tax	**100,374**				
Tax expense	(26,975)				
Net profit/(loss)	**73,399**				

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



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Kup Allegro Smart! i ciesz się darmową dostawą do tysięcy Paczkomatów, Punktów odbioru oraz
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darmowe dostawy bez limitu przesyłek
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Start
Szukaj
Koszyk
Obserwuję
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8.2 ADJUSTED EBITDA (NON-GAAP MEASURE)

EBITDA is the most relevant measure of profit and it corresponds to net profit before net financial result, taxes and amortisation and depreciation expense. Adjusted EBITDA excludes the effects of significant items of income and expenditure that may have an impact on the quality of earnings.

The Group decided to exclude from adjusted EBITDA monitoring costs, regulatory proceeding costs, Group restructuring costs, donations to various public benefit organizations, certain employee incentives and bonuses, as well as transaction costs including mostly IPO costs, because these expenses are not related to core operations of the Group.

	9 months ended 30.09.2020	9 months ended 30.09.2019	3 months ended 30.09.2020	3 months ended 30.09.2019
EBITDA	**1,073,298**	**944,833**	**284,724**	**319,787**
Monitoring costs [1]	2,827	2,813	1,086	1,003
Regulatory proceeding costs [2]	2,622	955	665	518
Group restructuring costs [3]	2,799	631	97	31
Donations to various public benefit organizations [4]	4,495	—	845	—
Bonus for employees and funds spent on sanitary protection of employees [5]	2,903	—	380	—
Allegro Incentive Plan [6]	14,571	—	14,571	—
Management Incentive Plan [7]	52,191	3,235	45,325	1,089
Transaction costs [8]	60,827	1,367	60,827	—
Adjusted EBITDA	**1,216,533**	**953,835**	**408,519**	**322,427**

[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.

[2] Represents legal costs mainly related to regulatory proceeding – the Polish competition authority, the OCCP, conducted an inspection at Allegro's offices in June 2017 related to antitrust proceedings against Allegro.pl concerning the alleged abuse of a dominant position by Allegro.pl on the Polish market for online B2C intermediary sales services and other proceedings.

[3] Represents legal and financial due diligence expenses with respect to not concluded acquisitions of target companies along with other legal expenses connected with group reorganisation.

[4] Represents donations made by the Group to support several public organizations during the COVID-19 pandemic.

[5] Represents expenses incurred by the Group to buy employees' sanitary protections 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 part of a one-off grant to employees of shares awarded at the Group's IPO 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 and the date of the IPO on 12 October.

[7] Cost of share based compensation related to incentive elements of The Management Incentive ("Investment Opportunities") in which management participated indirectly through investing in shares in the Adiman SCSP Trust and directly via type C and D shares issued by Allegro.eu. This Management Incentive Plan ("MIP") ceased to exist at its full settlement at the moment at the Group's IPO. The increase in share based compensation expense recognized in the third quarter of 2020 is the result of new investments in the MIP being made with the assistance of non-recourse loans.

[8] Represents costs of advisory and consultancy incurred during the process of preparation for the IPO in 2020 (PLN 60,397) and costs related to the original acquisition of eBilet in 2019 (PLN 1,367) and the further acquisition of a 20% minority interest in the third quarter of 2020 (PLN 430).

all amounts expressed in PLN'000 unless indicated otherwise

9. Revenues from contracts with customers

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

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**

9 months ended 30.09.2019	**Allegro**	**Ceneo**	**Other**	**Eliminations**	**Total**
Marketplace revenue	1,467,149	—	9,083	—	1,476,232
Advertising revenue	109,259	29,363	—	(2,923)	135,699
Price comparison revenue	—	111,087	—	(13,041)	98,046
Retail revenue	58,169	—	—	—	58,169
Other revenue	22,376	2,825	2,565	(9,253)	18,513
Revenue	**1,656,953**	**143,275**	**11,648**	**(25,217)**	**1,786,659**

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**

3 months ended 30.09.2019	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	508,332	—	5,293	—	513,625
Advertising revenue	38,813	10,355	—	(1,036)	48,132
Price comparison revenue	—	36,467	—	(4,632)	31,835
Retail revenue	20,936	—	—	—	20,936
Other revenue	6,992	763	301	(2,397)	5,659
Revenue	**575,073**	**47,585**	**5,594**	**(8,065)**	**620,187**

all amounts expressed in PLN'000 unless indicated otherwise

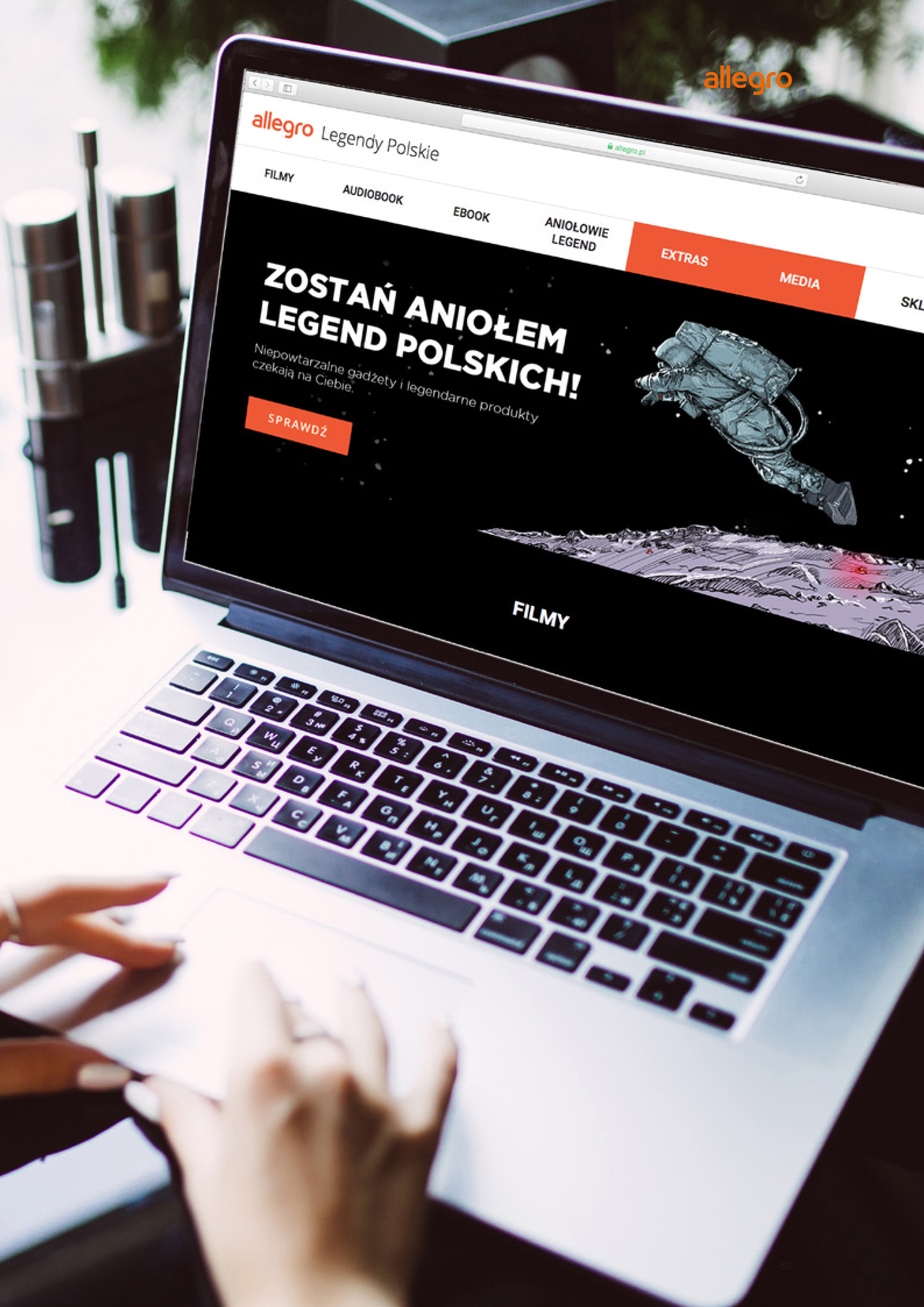
The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major operating segments.

9 months ended 30.09.2020	Allegro	Ceneo	Other	Eliminations	Total
Timing of revenue recognition:					
At a point in time	1,658,032	150,530	4,919	(33,654)	1,779,827
Over time	886,594	32,422	—	—	919,016
Revenue	**2,544,626**	**182,952**	**4,919**	**(33,654)**	**2,698,843**

9 months ended 30.09.2019	Allegro	Ceneo	Other	Eliminations	Total
Timing of revenue recognition:					
At a point in time	1,004,907	112,095	11,648	(25,217)	1,103,433
Over time	652,046	31,180	—	—	683,226
Revenue	**1,656,953**	**143,275**	**11,648**	**(25,217)**	**1,786,659**

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)	(13,701)	605,479
Over time	311,777	11,439	—	—	323,216
Revenue	**885,066**	**59,437**	**(2,107)**	**(13,701)**	**928,695**

3 months ended 30.09.2019	Allegro	Ceneo	Other	Eliminations	Total
Timing of revenue recognition:					
At a point in time	351,278	36,568	5,594	(8,065)	385,375
Over time	223,795	11,017	—	—	234,812
Revenue	**575,073**	**47,585**	**5,594**	**(8,065)**	**620,187**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10. Financial income and financial costs

	9 months ended 30.09.2020	9 months ended 30.09.2019	3 months ended 30.09.2020	3 months ended 30.09.2019
Interest from deposits	2,342	7,263	193	722
Other financial income	1,438	1,121	263	467
Valuation of financial assets	9,515	—	—	—
Financial income	**13,295**	**8,384**	**456**	**1,189**
Deferred borrowing cost	(136,716)	—	(136,716)	—
Interest paid and payable for financial liabilities	(277,191)	(273,445)	(87,844)	(107,161)
Second Lien early repayment cost	(25,907)	—	(25,907)	—
Interest on leases	(2,337)	(2,969)	(710)	(938)
Revolving facility availability fee	(2,409)	(2,264)	(763)	(789)
Net exchange losses on foreign currency transactions	(4,085)	(1,021)	(651)	(2,381)
Other financial costs	(768)	(784)	(309)	(170)
Financial costs	**(449,413)**	**(280,483)**	**(252,900)**	**(111,439)**
Net financial costs	**(436,118)**	**(272,099)**	**(252,444)**	**(110,250)**

As a result of the Board of Director's decision, taken on 28 September 2020, 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 136,716 and an equivalent amount of deferred borrowings cost was recognized as a non-cash financial expense. The repayment of the Second Lien Facility before the termination due date triggered an additional PLN 25,907 of early repayment charges to be accrued at the balance sheet date.

all amounts expressed in PLN'000 unless indicated otherwise

11. Income tax expense

	9 months ended 30.09.2020	9 months ended 30.09.2019	3 months ended 30.09.2020	3 months ended 30.09.2019
Current income tax on profits	(167,163)	(99,316)	(64,576)	(35,914)
(Increase)/Decrease in net deferred tax liability	33,151	21,742	17,605	8,939
Income tax expense	**(134,012)**	**(77,574)**	**(46,971)**	**(26,975)**

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 2020 is 45.9%, compared to 22.4% for the nine months ended 30 September 2019 (see note 17.3).

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

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

12.
Earnings per share

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

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 preferential cumulative dividend, by the weighted average number of ordinary A1 and A2 shares. The average number of ordinary shares was calculated including the conversion effect using multipliers for A1 and A2 shares. B1, B2, C1 and C2 shares were granted to the key Management and selected other managers with the determined vesting period and were excluded from the earnings per share calculation. B and C series shares are considered to have potential dilutive effect on the EPS calculation, however are not considered dilutive due to the fact that an exit event is considered as a contingently issuable feature. As the vesting conditions are not met at closing dates no dilutive effect is triggered by B and C shares.

The holders of Preference Shares were entitled to receive a preferential cumulative dividend and therefore the net profit attributable to the owners of the Group was adjusted by the dividends due to Preference Shares. The accrued value of the preference shares was fully settled with new Ordinary Shares as a result of the share conversion, described in detail in note 21, made in connection with the completion of the Group's IPO described in note 23.

On the basis of the market value of 1,000,000,000 new Ordinary Shares, valued at the IPO price of 43 zloty per share, multipliers were calculated to convert each class of shares into equivalent new Ordinary Shares. The market value of the 1,000,000,000 new Ordinary Shares was first attributed to the Preference Shares at original cost plus accrued interest with the residual value allocated to the classes of the ordinary shares. The resulting attributed values of each class of share was then used to calculate the allocation of new Ordinary Shares to each class.

all amounts expressed in PLN'000 unless indicated otherwise

	9 months ended 30.09.2020	9 months ended 30.09.2019
Net profit attributable to equity holders of the Parent Company	158,278,251	268,484,297
Preference annual interest	(754,495,305)	(794,755,045)
Profit/(Loss) for ordinary shareholders	**(596,217,054)**	**(526,270,748)**
Average number of ordinary shares	712,881,785	711,253,184
Profit/(Loss) per ordinary share (basic)	**(0.84)**	**(0.74)**
Profit/(Loss) per ordinary share (diluted)	**(0.84)**	**(0.74)**

	3 months ended 30.09.2020	3 months ended 30.09.2019
Net profit attributable to equity holders of the Parent Company	(130,631,747)	73,034,265
Preference annual interest	(248,100,973)	(223,377,497)
Profit/(Loss) for ordinary shareholders	**(378,732,720)**	**(150,343,232)**
Average number of ordinary shares	716,085,880	711,253,184
Profit/(Loss) per ordinary share (basic)	**(0.53)**	**(0.21)**
Profit/(Loss) per ordinary share (diluted)	**(0.53)**	**(0.21)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

all amounts expressed in PLN'000 unless indicated otherwise

13. Trade and other receivables

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

	30.09.2020	31.12.2019
Trade receivables, gross	493,934	421,568
Impairment of trade receivables	(63,648)	(40,486)
Trade receivables, net	**430,286**	**381,082**
Other receivables	21,459	15,720
Total	**451,745**	**396,802**

The Group's receivables comprise amounts due from companies and individuals and their concentration level is low. The Group does not have significant trade receivables in foreign currencies. The Group's receivables were pledged as security in accordance with the Borrowing Agreements acceded to by the Group's companies.

14. Cash and cash equivalents

At the balance sheet date cash and cash equivalents comprised:

	30.09.2020	31.12.2019
Bank deposits	420,748	64,004
Cash at bank	266,877	315,655
Cash equivalents	37,553	24,209
Cash in hand	9	9
TOTAL	**725,187**	**403,877**

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

As at 30 September 2020 and 31 December 2019 the Group had no restricted cash.

all amounts expressed in PLN'000 unless indicated otherwise

15. Borrowings

At the balance sheet date borrowings comprised:

	30.09.2020	31.12.2019
Loans	5,792,902	6,001,174
Long term borrowings	**5,792,902**	**6,001,174**
Loans:	370,152	335,741
Interest	—	—
Principal	370,152	335,741
Short term borrowings	**370,152**	**335,741**
TOTAL BORROWINGS	**6,163,054**	**6,336,915**

16.

Other financial liabilities

At the balance sheet date other financial liabilities comprised:

	30.09.2020	31.12.2019
Other financial liabilities	110,678	36,893
Long term	**110,678**	**36,893**
Other financial liabilities	—	2,032
Short term	**—**	**2,032**
TOTAL OTHER FINANCIAL LIABILITIES	**110,678**	**38,925**

Borrowings with floating interest rates expose the Group to the risk of changes in cash flows. The Group dynamically assesses its exposure to interest rate change risk. That risk is partially mitigated by cash deposits bearing floating interest and by interest rate swap contracts ('IRS').

On 26 and 29 June 2020 the Group entered into floating to fixed interest rate hedges on a nominal value of 2 billion PLN for interest payments due between 30 June 2022 and 30 June 2024. Those transactions have the effect of extending cash flow hedging coverage of floating rate interest risk on borrowings by two years to 30 June 2024.

In light of refinancing described in Note 23, management considered whether existing hedge accounting should be continued. Because the new loans fall within the definition of the designated hedged item and share similar characteristics to the previous loans, the original hedge accounting continues to exist after the refinancing transaction.

In measuring the fair value of interest rate swaps, the Group uses the present value of future cash flow based on observable income curves. At 30 September 2020, the Warsaw Interbank Offer Rate 3 Months (Wibor 3M) had decreased by 149 bps in comparison with 31 December 2019, resulting in interest rate swap liabilities increasing significantly.

all amounts expressed in PLN'000 unless indicated otherwise

17. Deferred tax

17.1 DEFERRED TAX ASSETS

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

	30.09.2020	31.12.2019
Accrued expenses	40,842	28,445
Liabilities to employees	21,348	14,818
Cash flow hedges	—	9,708
Impairment of trade receivables	9,835	6,500
Other items	10,174	9,242
Total deferred tax assets	**82,199**	**68,713**
Deferred tax assets pursuant to set-off rules	(81,913)	(59,001)
Net deferred tax assets	**286**	**9,712**

	Accrued expenses	Liabilities to employees	Other	Offsetting	Total
As at 31.12.2019	**28,445**	**14,818**	**25,450**	**(59,001)**	**9,712**
(Charged)/credited to profit or loss	12,397	6,530	1,910	(22,912)	(2,075)
(Charged)/credited to OCI	—	—	(7,351)	—	(7,351)
As at 30.09.2020	**40,842**	**21,348**	**20,009**	**(81,913)**	**286**

17.2 DEFERRED TAX LIABILITIES

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

	30.09.2020	31.12.2019
Intangible assets	670,847	687,760
Loan valuation	5,752	4,767
Property, plant and equipment	4,343	3,736
Other items	9,253	6,246
Total deferred tax liabilities	**690,195**	**702,509**
Deferred tax liabilities pursuant to set-off rules	(81,913)	(59,001)
Net deferred tax liabilities	**608,282**	**643,508**

	Recognition of intangible assets	Other	Offsetting	Total
As at 31.12.2019	**687,760**	**14,749**	**(59,001)**	**643,508**
Charged/(credited) to profit or loss	(16,913)	4,599	(22,912)	(35,226)
As at 30.09.2020	**670,847**	**19,348**	**(81,913)**	**608,282**

17.3 DEFERRED INCOME TAX

The deferred income tax calculation is based on the Group's best estimates. The Group intends to continue to analyse the Group's deferred income tax at each future balance sheet date.

Unrecognized tax losses of PLN 60,149 were incurred by Adinan Seniorco in 2019 and PLN 55,067 in 2020. The subsidiary is not likely to generate taxable income in the foreseen future.

As a result of tax losses incurred by some Group's Luxembourg subsidiaries for which no deferred tax asset is recognized as either those entities likely will not generate taxable income in the foreseeable future or those losses will not be utilized due to pending mergers. These irrecoverable tax losses related to interest paid on debt held, interest rate swap contracts, certain IPO related costs and certain debt refinancing costs.

all amounts expressed in PLN'000 unless indicated otherwise

18. Liabilities to employees

MOVEMENTS IN LIABILITIES TO EMPLOYEES

	31.12.2019	Charged	Reversed	Utilised	30.09.2020
Employee incentive program (LTI)	19,111	5,781	—	—	24,892
Provision for pensions and disability pensions	3,451	—	—	—	3,451
Long-term liabilities to employees	**22,562**	**5,781**	**—**	**—**	**28,343**
Bonus provision	47,628	70,736	(2,515)	(46,497)	69,352
Unused holiday provision	11,428	99,309	—	(93,123)	17,614
Provision for pensions and disability pensions	31	—	—	—	31
Other	527	813	—	(567)	773
Short-term liabilities to employees	**59,614**	**170,858**	**(2,515)**	**(140,187)**	**87,770**
TOTAL	**82,176**	**176,639**	**(2,515)**	**(140,187)**	**116,113**

19.

Trade and other liabilities

Trade and other liabilities at the balance sheet date comprised:

	30.09.2020	31.12.2019
Trade liabilities	366,525	207,147
Contract and refund liabilities	105,202	70,422
VAT liabilities	52,705	52,259
Social insurance and other tax liabilities	12,517	9,768
Other liabilities	6,412	9,565
TOTAL	**543,361**	**349,161**

all amounts expressed in PLN'000 unless indicated otherwise

20. Financial assets and financial liabilities

CLASSIFICATION AND MEASUREMENT

In accordance with IFRS 9 the Group classifies financial assets and financial liabilities as: measured at fair value and measured at amortized cost.

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

The Group holds the following financial instruments:

	Notes	30.09.2020	31.12.2019
Financial assets at amortised cost		**1,184,243**	**810,003**
Loans granted		5,322	9,324
Loans receivables		1,989	—
Trade receivables and other receivables*	13	451,745	396,802
Cash and cash equivalents	14	725,187	403,877

* excluding tax-related settlements

	Notes	30.09.2020	31.12.2019
Liabilities at amortised cost		**6,535,991**	**6,596,837**
Trade and other liabilities*	19	372,937	216,712
Borrowings	15	6,163,054	6,336,915
Written put option liability		—	43,210
Financial liabilities at fair value through OCI		**110,678**	**38,925**
Derivative financial instruments (cash flow hedge)	16	110,678	38,925

* excluding tax-related settlements and contract liabilities

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

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

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

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

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

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

21.

Note to the statement of changes in equity

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

As at 31 December 2019, the Group's share capital was PLN 434,245,523 divided into 10,295,789,705 shares with a par value of PLN 0.0422 each. The capital was originally issued in EUR with a par value of 10 eurocents.

On 29 September 2020 an extraordinary shareholders meeting of the Parent resolved to redenominate the currency of the share capital of the Parent from euro (EUR) to Polish złoty (PLN) and as the result the share capital was PLN 468,412 thousand.

The meeting of shareholders resolved to create a single new class of shares ('Ordinary Shares') and to convert all the current existing shares into the Ordinary Shares thus resulting in one billion Ordinary Shares (1,000,000,000). The new nominal value per Ordinary Share was established at the level of one polish grosz, PLN 0.01.

As the result of this conversion the issued capital was decreased to PLN 10,000,000 without cancellation of shares and without distribution of the reduction proceeds of PLN, which were transferred to Capital Reserve.

As described in the Consolidated Financial Statements of Allegro.eu (previously Adinan Super Topco S.à r.l.) Group for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 (note 37), in accordance with IFRS 2, non-recourse loans provided to Management to purchase the Parent's shares are not recognized as loans but rather deducted from Equity. As the result of this reduction, the share capital as at 30 September 2020 and 31 December 2019 was decreased by PLN 330.300 and PLN 1,454,720 respectively.

Type	Before conversion	Multiplier	After conversion ORDINARY SHARES
Subscriber Ordinary Shares	5,000,000	0.0001	605
A1 Shares	434,804,791	0.8179	355,624,294
A2 Shares	434,804,789	0.8179	355,628,890
B1 Shares	23,514,029	0.9922	23,330,750
B2 Shares	23,514,024	0.9922	23,330,996
C1 Shares	5	56,894	284,468
C2 Shares	23,923,440	0.8150	19,496,576
D3 Preference Shares	4,692,359,731	0.0310	145,647,454
D4 Preference Shares	4,692,359,729	0.0163	76,655,967
Total shares	**10,330,280,538**		**1,000,000,000**
Share price	0.042		0.010
Share value	435,700,243		10,000,000
Non-recourse loans	(1,454,720)		(330,300)
Share capital	**434,245,522**		**9,669,700**

The multiplier used to convert each class of shares into equivalent Ordinary Shares was calculated based on the IPO price per new Ordinary Share established at PLN 43 per share on 28 September 2020 following the close of book building.

The market value of the 1,000,000,000 Ordinary Shares was first attributed to the Preference Shares at original cost plus accrued interest with the residual value allocated to the classes of the ordinary shares. The resulting attributed values of each class of share was then used to calculate the allocation of new Ordinary Shares to each class.

all amounts expressed in PLN'000 unless indicated otherwise

At the balance sheet date the immediate owners of the Parent's shares were:

	30.09.2020		31.12.2019	
Type	**Number of shares**	**% of share capital**	**Number of shares**	**% of share capital**
Adagio Co-Invest L.P.	—	—	1,424,085,071	14%
Adiman SCSp	36,997,145	4%	78,899,820	1%
Cidinan S.a r.l.	417,848,014	43%	4,591,979,323	45%
Darren Huston	1,421,685	0%	12,491,387	0%
Mepinan S.a r.l. (previously: Adinan (MEF IV) Limited)	92,855,119	10%	1,020,439,854	10%
Permira VI Investment Platform Limited	417,848,014	43%	3,167,894,250	30%
TOTAL	**966,969,977**	**100%**	**10,295,789,705**	**100%**


12:26
90%
Moje Allegro
ZAKUPY
SPRZEDAŻ
USTAWIENIA
Moje zakupy
Licytacje
Niewygrane licytacje
Monety i kupony
Allegro Smart!
Jesteś SMART
Strefa Mechanika
Strefa Rodzica
WYLOGUJ SIĘ
Strona główna
Szukaj
Koszyk
Obserwowane
23
Moje Allegro

all amounts expressed in PLN'000 unless indicated otherwise

22.
Related party transactions

Transactions with related parties referred to settlements of consulting and management services and loans granted. All transactions were entered into on an arm's length basis. Transactions with Black Pines Capital Partners relate to the services provided by the Chairman of the Group.

The Group made the following related party transactions in the period ended 30 September 2020 and 30 September 2019:

	9 months ended 30.09.2020				3 months ended 30.09.2020				As at 30.09.2020		
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	—	—	—	—	—
Adiman SCSp	—	—	—	—	—	—	—	—	80	—	—
Cinven Partners LLP	—	710	—	—	—	297	—	—	—	—	—
Permira Advisers (London) Ltd	—	1,385	—	—	—	608	—	—	—	—	—
Management:											
Loans granted	—	—	341	—	—	—	173	—	—	—	5,322
BlackPines Capital Partners Ltd	—	4,785	—	—	—	3,009	—	—	—	—	—
Affiliates:											
Polskie Badania Internetu sp. z o.o.	—	184	—	—	—	46	—	—	—	23	—
Fundacja Allegro All For Planet	23	—	—	—	11	—	—		—	—	—
TOTAL	**23**	**7,270**	**341**	**—**	**11**	**4,098**	**173**	**—**	**80**	**23**	**5,322**

all amounts expressed in PLN'000 unless indicated otherwise

Related party transactions, cont.

	9 months ended 30.09.2019				3 months ended 30.09.2019				As at 30.09.2019		
Related party	Revenues	Expenses	Financial income	Financial costs	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Shareholder:											
Adinan (MEF IV) Limited	—	234	—	—	—	96	—	—	—	—	—
Adiman SCSp	—	—	—	—	—	—	—	—	75	—	—
Cinven Partners LLP	—	1,647	—	—	—	301	—	—	—	—	—
Permira Advisers (London) Ltd	—	778	—	—	—	324	—		—	—	—
Management:											
Loans granted	—	—	411	—	—	—	276	—	—	—	8,360
BlackPines Capital Partners Ltd	—	3,064	—	—	—	1,333	—	—	—	—	—
Affiliates:											
Polskie Badania Internetu sp. z o.o.	—	514	—	238	—	376	—	—	—	23	—
Fundacja Allegro All For Planet	14	1,383	—	—	—	306	—	—	—	—	—
TOTAL	**14**	**7,620**	**411**	**238**	**—**	**2,736**	**276**	**—**	**75**	**23**	**8,360**

23. Events occurring after the reporting period

INITIAL PUBLIC OFFERING

(numbers in PLN not thousand PLN)

On 12 October 2020 ('Listing Date'), the Parent's shares debuted on the Warsaw Stock Exchange. The Initial Public Offering comprised 213,549,039 shares with the offer price PLN 43 per share, giving the initial market capitalization of PLN 44 billion. In addition, Cidinan S.à r.l, Permira VI Investment Platform Limited and Mepinan S.à r.l. (together, the 'Majority Selling Shareholders') have granted to Morgan Stanley & Co. International plc as Stabilization Manager an over-allotment option to purchase up to 15% of the total number of Sale Shares. The over-allotment option was exercised in full, covering 32,032,356 shares of the Parent.

As a result, the total number of shares sold in the IPO, including the Over-allotment Option, amounts to 245,581,395 shares, which represents approx. 24% of the Parent's issued share capital.

The Group recognised PLN 60,397 thousand of costs related to preparations of the IPO in the nine month period ended 30 September 2020 and a further PLN 14,571 thousand related to share based compensations granted to employees under the Allegro Incentive Plan at the IPO.

During October a further PLN 10,857 thousand related to the shares granted to employees at the IPO was recognised as share based compensations under the Allegro Incentive Plan and brokerage fees of PLN 27,674 thousand incurred on the Primary Share issuance of 23,255,814 Ordinary Shares were recorded to Capital Reserve.

Following the IPO, all loans granted to managers under the Management Incentive Plan, both recourse and non-recourse, were repaid. The Management Incentive Plan was settled in full by the allocations of Ordinary Shares to Management and the plan ceased to operate from the date of the IPO.

Interests in shares held immediately after the Listing Date was as follows:

Type	at the IPO date, before the exercise of the Over-Allotment Option		at the date of these financial statements, after exercise of the Over-Allotment Option	
	Number of Shares	% of share capital	Number of Shares	% of share capital
Cidinan S.à r.l.	347 519 226	34%	321 246 322	31%
Permira VI Investment Platform Limited	347 519 226	34%	321 246 322	31%
Mepinan S.à r.l.	77 226 499	8%	71 388 074	7%
Adiman S.C.Sp.	44 154 577	4%	—	0%
Free float	206 836 286	20%	309 375 096	31%
TOTAL	**1 023 255 814**	**100%**	**1 023 255 814**	**100%**

ISSUANCE OF NEW SHARES

(numbers in PLN not thousand PLN)

Pursuant to the Group's IPO, on 2 October 2020 the General Meeting of Shareholders resolved to approve a share capital increase within the framework of the Authorized Share Capital, by issuing of 23,255,814 new ordinary shares with a nominal value of PLN 0.01 each to be sold at the IPO subscription price of PLN 43 per share for a total value of PLN 1,000,000,000.

The share capital of the Group increased from PLN 10,000,000 to PLN 10,232,558 and PLN 972,325,809 was allocated to capital reserve, when the Parent received net proceeds, after the deduction of brokerage fees, following completion of the Group's IPO on 12 October 2020.

REFINANCING TRANSACTION

(numbers in PLN not thousand PLN)

On 28 September the Board of Directors resolved to refinance the Group's existing borrowing facilities. On 29 September 2020 the Group entered into a new loan agreement ('New Facilities Agreement') providing commitments for a PLN 5,500 million, senior secured term loan facility (the 'New Senior Facility') and PLN 500 million (equivalent) multi-currency revolving credit facility ('New RCF' and together with the New Senior Facility, the 'New Facilities').

On 14 October 2020 the Group completed its refinancing transaction by drawing the full amount of borrowings under the New Facilities Agreement, receiving a net amount of PLN 5,440 million after deduction of PLN 60 million arrangement fees and expenses and, together with Allegro.eu utilizing its net proceeds from the initial public offering of the Company's shares, applied the available funds to the repayment and discharge in full of all indebtedness outstanding under the existing borrowing facilities in the amount of PLN 6,152 million.

The maturity date for the New Senior Facility and for the New RCF is October 2025. There are no repayments due on the New Senior Facility before the final due date on 14 October 2025. As a result of the Refinancing Transaction, the balance of outstanding bank borrowings fell by PLN 652 million from PLN 6,152 million to PLN 5,500 million (in nominal amounts).

The New Facilities Agreement will initially bear interest at a rate per annum equal to WIBOR (or EURIBOR or LIBOR, as applicable at the Credit Facility Borrower's option) (in each case subject to a zero floor) and an initial margin of 2.25% per annum, in relation to New Senior Facility and of 1.80% per annum, in relation to the New RCF.

CHANGES IN THE MANAGEMENT BOARD OF ALLEGRO.EU

On 12 October 2020, upon the completion of the IPO and the transition of the Group to becoming a public company, the following persons resigned as planned from the Company's Board of Directors: Danielle Arendt-Michels, Gautier Laurent, Séverine Michel, Cédric Pedoni and Gilles Willy Duroy.

ACQUISITION OF OPENNET SP. Z O.O.

On 27 October 2020 Allegro Logistyka sp. z o.o. purchased 100% shares in Opennet sp. z o.o. for a cash consideration of PLN 12,286. The payment was divided into two tranches – PLN 8,393 was settled at the date of the transaction, the remaining PLN 3,893 is being payable until December 2022. The transaction was financed from the Group's own funds. Opennet is a leading provider of technology solutions for logistics. Together with Opennet, Allegro Logistyka acquired the team of qualified developers.

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

[PLN million]	Opennet
As at the acquisition date	**27.10.2020**
Purchase consideration	12.3
Net assets	(1.7)
Goodwill	**10.6**
Net assets acquired	
Intangibles	0.1
Accounts receivable and other receivables	1.0
Cash acquired	0.9
Accounts payable and other liabilities	(0.3)
Net assets	**1.7**
Purchase consideration	12.3
Cash and cash equivalents acquired	(0.9)
Cash flow used in acquisition	**11.4**

APPROVED BY THE BOARD
AND SIGNED ON ITS BEHALF BY:

Francois Nuyts	Jonathan Eastick
Director	Director