

Adevinta



# Q3 2021 Interim Report

November 25, 2021



# Adevinta Highlights

## Highlights of Q3 2021

### Capital Markets Day preview

- Portfolio strategy:
  - Investment focus on 5 Core Markets: Germany, France, Spain, Benelux and Italy
  - Divestment of Australia and South Africa
  - Supportive of growth in JVs (OLX Brasil, Austria, Ireland)
  - Other markets under strategic review
- Synergy target confirmed: €130m considering planned divestitures<sup>1</sup>
- Core Markets mid-to-long term targets:
  - Approximately 15% average annual revenue growth
  - 40-45% EBITDA margin

### Strong performance year-to-date with consolidated revenues up 12% and EBITDA up 19%

#### Q3 revenue growth strength in Core Markets

- Total consolidated revenue excluding disposals up 6% yoy at €386m
- Strength in Core Markets classifieds (+8% yoy) despite supply pressure in Motors
- Display advertising revenues down 3% yoy
- Expected revenue growth acceleration in Q4, excluding mobile.de
- OLX Brasil revenue up 116% yoy in local currency (+31% organic)

### Accelerated investment in marketing and P&T to deliver mid-to-long-term growth targets

- Top-line growth offset by investment, resulting in 33% EBITDA margin
- Anticipated increase in marketing investment (back to pre-covid levels) and product development to drive growth acceleration in line with CMD targets
- Capacity build-up to prepare for TSA exits and ahead of synergy realisation

### Core Markets revenue growth expected to be low double digit in 2022 due to temporary supply shortage in Motors

### Transaction between eBay and Permira completed

### Rolv Erik Ryssdal, CEO

*"Following the completion of the eBay Classifieds Group acquisition, we have refreshed our strategy and reviewed our portfolio of brands to focus and propel Adevinta for the long term. Going forward, we will concentrate our investment capacity on five core markets: Germany, France, Spain, Benelux and Italy, where we remain very excited about the significant growth opportunities and our unique positions to capture them.*

*We expect Core Markets to generate an average revenue growth per annum of approximately 15% in the mid-to-long term, driving EBITDA margins between 40% and 45%.*

*In line with Adevinta's active portfolio management strategy, we have decided to divest Australia and South Africa commencing in early 2022.*

*Our revenues continued to grow in the third quarter, with Core Markets up 6% year-on-year. The slower pace compared to the first half of the year reflects the combination of the post pandemic recovery seen in Q3 2020 and the lower activity levels this summer following the lifting of restrictions in most markets, as well as the current global slowdown we observe in the Motors market.*

*We expect revenue growth to accelerate in Q4, excluding mobile.de.*

*As we maintain our leading positions, we will continue to mitigate the effect of the temporary supply shortage in the Motors vertical, with successful price increases associated with new and improved products, and we expect to benefit from recovery when the situation normalises. However, in 2022 this will impact our financial performance. We will also continue to invest in marketing and product and technology in key geographies after several quarters of cost saving initiatives in the covid context, to drive long-term growth. We look forward to outlining the opportunities and our plans to capture those at our CMD on 30 November".*

<sup>1</sup> Run-rate EBITDA impact in year 3. Synergy number of €130m should be read in the context of reduced perimeter following the decision to divest some geographies and put several others under strategic view in order to simplify and focus our investments, reducing the addressable cost base for synergies

# Key figures

The segments disclosed in this section represent the revised reporting structure of Adevinta, following the acquisition of eBay Classifieds Group and, are therefore, those that will be presented in the consolidated annual financial statements for the year ended 31 December 2021.

Adevinta has identified France, Mobile.de, European Markets, International Markets and Headquarters and Others as the operating segments, mirroring the internal reporting structure. This reflects the review, management and assessment of the groups operating results by Group Management following the acquisition of eBay Classifieds Group.

Additionally, the segment information only presents a consolidated view and does not include Joint Ventures that are not 100% consolidated (namely OLX Brasil and Willhaben). Results from Joint Ventures are presented in the line "Share of profit (loss) of joint ventures and associates" in the profit and loss statement.

The information disclosed on a "combined" basis in this section reflects the results of Adevinta group as if the eBay Classifieds Group (acquired on 25 June 2021) has been part of the group during the full periods presented. These numbers are presented to facilitate comparability and are unaudited.

Quarterly restated figures from Q1 2019 to Q3 2021 (on a "combined" basis, adjusted for comparability) are available under the following link: [www.adevinta.com/investors/financial-results-publications](http://www.adevinta.com/investors/financial-results-publications)

Alternative performance measures (APM) used in this report are described and presented in the *Definitions and Reconciliations* section at the end of the report.

| Combined <sup>1</sup><br>Third quarter |       |       | € million                      | Combined <sup>1</sup><br>Year to date |       |      | IFRS<br>Year to date |       |
|--|-------|-------|--------------------------------|---------------------------------------|-------|------|----------------------|-------|
| yoy%                                   | 2020  | 2021  |                                | 2021                                  | 2020  | yoy% | 2021                 | 2020  |
| 4%                                     | 371   | 386   | Operating revenues             | 1,176                                 | 1,046 | 12%  | 761                  | 491   |
| -7%                                    | 136   | 127   | EBITDA                         | 395                                   | 331   | 19%  | 232                  | 133   |
|  | 36.7% | 32.8% | EBITDA margin                  | 33.6%                                 | 31.7% |      | 30.5%                | 27.1% |
| <b>Operating revenues per segment</b>  |       |       |                                |                                       |       |      |                      |       |
| 6%                                     | 100   | 106   | France                         | 335                                   | 284   | 18%  | 335                  | 284   |
| -3%                                    | 73    | 71    | Mobile.de                      | 214                                   | 206   | 4%   | 71                   | -     |
| 11%                                    | 143   | 158   | European Markets               | 476                                   | 413   | 15%  | 298                  | 183   |
| -4%                                    | 49    | 47    | International Markets          | 146                                   | 125   | 16%  | 51                   | 6     |
| -100%                                  | 5     | -     | Disposals                      | 3                                     | 15    | -79% | 3                    | 15    |
| -36%                                   | 1     | 1     | Other and Headquarters         | 6                                     | 6     | 6%   | 6                    | 6     |
| >100%                                  | (1)   | 2     | Eliminations                   | (3)                                   | (2)   | -45% | (3)                  | (2)   |
| <b>EBITDA per segment</b>              |       |       |                                |                                       |       |      |                      |       |
| 3%                                     | 50    | 52    | France                         | 161                                   | 138   | 17%  | 161                  | 138   |
| -9%                                    | 46    | 41    | Mobile.de                      | 126                                   | 121   | 5%   | 41                   | -     |
| -4%                                    | 67    | 65    | European Markets               | 196                                   | 172   | 13%  | 100                  | 52    |
| -22%                                   | 14    | 11    | International Markets          | 41                                    | 26    | 57%  | 10                   | (1)   |
| 100%                                   | (3)   | (0)   | Disposals                      | (5)                                   | (9)   | 40%  | (5)                  | (9)   |
| -9%                                    | (39)  | (43)  | Other and Headquarters         | (123)                                 | (117) | -5%  | (75)                 | (47)  |
| <b>Non-consolidated JVs</b>            |       |       |                                |                                       |       |      |                      |       |
| 79%                                    | 12    | 22    | Proportionate share of revenue | 60                                    | 36    | 64%  | 60                   | 36    |
| 59%                                    | 3     | 5     | Proportionate share of EBITDA  | 8                                     | 9     | -11% | 8                    | 9     |

<sup>1</sup> Combined: these figures reflect the results of Adevinta group as if the eBay Classifieds Group (acquired on 25 June 2021) has been part of the group during the full periods presented. These numbers are presented to facilitate comparability and are unaudited.

## Operating revenues by category

| yoy% | Combined <sup>1</sup><br>Third quarter |      | € million                 | Combined <sup>1</sup><br>Year to date |              |            | IFRS<br>Year to date |            |
|------|--|------|---------------------------|---------------------------------------|--------------|------------|----------------------|------------|
|      | 2020                                   | 2021 |                           | 2021                                  | 2020         | yoy%       | 2021                 | 2020       |
| -3%  | 90                                     | 88   | Advertising revenues      | 281                                   | 257          | 9%         | 148                  | 82         |
| 6%   | 276                                    | 293  | Classifieds revenues      | 881                                   | 775          | 14%        | 604                  | 401        |
| 36%  | 7                                      | 9    | - of which transactional  | 33                                    | 16           | >100 %     | 30                   | 14         |
| 21%  | 5                                      | 6    | Other operating revenues  | 15                                    | 14           | 1%         | 9                    | 7          |
| 4%   | 371                                    | 386  | <b>Operating revenues</b> | <b>1,176</b>                          | <b>1,046</b> | <b>12%</b> | <b>761</b>           | <b>491</b> |

<sup>1</sup> Combined: these figures reflect the results of Adevinta group as if the eBay Classifieds Group (acquired on 25 June 2021) has been part of the group during the full periods presented. These numbers are presented to facilitate comparability and are unaudited.

Revenues on a combined basis were up 6% excluding disposals in the third quarter compared to the same period last year, demonstrating the resilience of our marketplaces. Despite the temporary supply pressure in our motors vertical, all our Motors properties maintained their leading positions and we successfully implemented price increases associated with product improvement and high added-value for car dealers. Online classifieds revenues improved by 6% year-on-year (of which 1% is attributable to transactional services). Display advertising revenues decreased by 3% year-on-year.

Gross operating profit (EBITDA) decreased by 7% compared to the third quarter of 2020. Revenue growth was offset by an anticipated increase in marketing investment, notably in Spain and Italy, and in personnel costs due to the ramp-up in product and technology resources to fuel product development and new business models.



# Segment information

## France

| yoy% | Combined <sup>1</sup><br>Third quarter |       | € million          | Combined <sup>1</sup><br>Year to date |       |      | IFRS<br>Year to date |       |
|------|--|-------|--------------------|---------------------------------------|-------|------|----------------------|-------|
|      | 2020                                   | 2021  |                    | 2021                                  | 2020  | yoy% | 2021                 | 2020  |
| 6%   | 100                                    | 106   | Operating revenues | 335                                   | 284   | 18%  | 335                  | 284   |
| -9%  | (50)                                   | (54)  | Operating expenses | (174)                                 | (146) | -19% | (174)                | (146) |
| 3%   | 50                                     | 52    | EBITDA             | 161                                   | 138   | 17%  | 161                  | 138   |
|      | 50.2%                                  | 48.8% | EBITDA margin      | 48.1%                                 | 48.7% |      | 48.1%                | 48.7% |

<sup>1</sup> Combined: these figures reflect the results of Adevinta group as if the eBay Classifieds Group (acquired on 25 June 2021) has been part of the group during the full periods presented. These numbers are presented to facilitate comparability and are unaudited.

Reported revenues in France grew by 6% in the third quarter (or +7% excluding the impact of change in accounting policy) despite a challenging period impacted by a cyber attack on l'Argus. Compared to the third quarter of 2019, underlying growth was 16%<sup>2</sup>. Total classifieds revenues grew 10% compared to last year (of which 2% was attributable to transactional services) and 27%<sup>3</sup> compared to the third quarter of 2019. Motor and real estate verticals were the main contributors of the growth primarily driven by positive ARPU development. Advertising revenue lagged previous year, impacted by the drop in programmatic revenue caused by decreasing demand related to reopening of economies in the summer months.

EBITDA margin improved compared to the previous quarter but worsened compared to previous year mainly due to the increasing share of transactional services (contributing to gross profits, albeit at lower relative margin) as well as the expected increase in personnel costs due to the ramp-up in product and technology resources for further product development.

Traffic was stable compared to last year but 21% above 2019. During July, performance was soft while gradually converging with 2020 numbers in August and returning to positive growth in September. We saw good content growth, with a very good quarter for Jobs and Professional Equipment while Consumer Goods, Motors and Real Estate were subdued but improved throughout the quarter. Number of P2P transaction payments continued with a good traction supported by back to school promotion and significant product development.

We further developed products in our core verticals: in Real Estate we launched virtual visits and pricing by region and in Motor we deployed access to l'Argus vehicle technical information on apps. In transactional we launched Face to Face (F2F) payment solutions in all categories and improved professional seller offers.

## Mobile.de

| yoy% | Combined <sup>1</sup><br>Third quarter |       | € million          | Combined <sup>1</sup><br>Year to date |       |      | IFRS<br>Year to date |      |
|------|--|-------|--------------------|---------------------------------------|-------|------|----------------------|------|
|      | 2020                                   | 2021  |                    | 2021                                  | 2020  | yoy% | 2021                 | 2020 |
| -3%  | 73                                     | 71    | Operating revenues | 214                                   | 206   | 4%   | 71                   | -    |
| -8%  | (28)                                   | (30)  | Operating expenses | (88)                                  | (85)  | -3%  | (30)                 | -    |
| -9%  | 46                                     | 41    | EBITDA             | 126                                   | 121   | 5%   | 41                   | -    |
|      | 62.3%                                  | 58.0% | EBITDA margin      | 59.1%                                 | 58.7% |      | 58.0%                |      |

<sup>1</sup> Combined: these figures reflect the results of Adevinta group as if the eBay Classifieds Group (acquired on 25 June 2021) has been part of the group during the full periods presented. These numbers are presented to facilitate comparability and are unaudited.

Revenues in mobile.de declined by -3% in the third quarter, and were up 1% compared to the third quarter of 2019. The main driver of this year-on-year decline is a reduction in listings (-17% year-on-year). The level of available inventory in the market is low, driven by low new car production due to the semiconductor shortage with a consequential impact on dealer inventory.

<sup>2</sup> Excluding the impact of change in accounting policy and the contribution from l'Argus

<sup>3</sup> Excluding contribution from l'Argus and of which 11% was attributable to transactional services

The successful listing price increase across dealers in August whilst maintaining our leading market position mitigated partly the volume impact. C2C revenue also declined compared to the third quarter of 2020 due to the supply issues.

Low car production and turnover level also had knock on effects on Advertising spend of OEMs. Hence, Advertising revenue was also impacted by these market headwinds, declining by -12% year-on-year. The transactional businesses (financing and C2B - both strategically important) showed a strong performance despite the high baseline in 2020, inflated by a catch-up after a lock-down situation in the second quarter.

EBITDA dropped by -9% in the third quarter due to an increase in Marketing spend (+39% year-on-year) in comparison with the strongly reduced level of 2020, however still lagging 2019 spend levels (14% lower). After a period of significant marketing reduction as a reaction to the COVID pandemic and its consequential impact on mobile.de's revenue development, this was needed to maintain and strengthen the mobile.de brand in an increasingly competitive market. To a lesser extent, a growth in personnel expenses to accelerate product development up of 3% year-on-year also contributed to higher operating costs.

Traffic was slightly lower than the third quarter of 2020 (-5.5%), but higher than in the same period of 2019 (+1%). Previous year's third quarter was particularly strong due to a catch up in traffic after the previous quarter which had been negatively impacted by the first COVID lock-downs. Despite slightly lower levels than previous year, traffic could be converted more successfully, resulting in a 4% growth in leads, alongside sustained market share. Financing and C2B transactions showed a solid growth of 3% compared to Q2 2021.

## European Markets

European Markets comprises primarily eBay Kleinanzeigen in Germany, Marktplaats, 2ememain and 2dehands in Benelux, InfoJobs, Coches, Motos, Fotocasa, Habitacalia and Milanuncios in Spain, Subito, Infojobs and Kijiji in Italy; Daft, Done Deal and Adverts in Ireland; Hasznaltauto, Jofogas and Autonavigator in Hungary, Kufar in Belarus and Willhaben in Austria.

The segment information only presents a consolidated view and does not include Joint Ventures that are not 100% consolidated. Therefore, Willhaben financial results are not included in the numbers presented in the section. Results from Willhaben are presented in the line "Share of profit (loss) of joint ventures and associates" of the profit and loss statement.

| Combined <sup>1</sup><br>Third quarter |       |       | € million          | Combined <sup>1</sup><br>Year to date |       |      | IFRS<br>Year to date |       |
|--|-------|-------|--------------------|---------------------------------------|-------|------|----------------------|-------|
| yoy%                                   | 2020  | 2021  |                    | 2021                                  | 2020  | yoy% | 2021                 | 2020  |
| 11%                                    | 143   | 158   | Operating revenues | 476                                   | 413   | 15%  | 298                  | 183   |
| -24%                                   | (75)  | (94)  | Operating expenses | (280)                                 | (240) | -17% | (197)                | (131) |
| -4%                                    | 67    | 65    | EBITDA             | 196                                   | 172   | 13%  | 100                  | 52    |
|  | 47.2% | 40.7% | EBITDA margin      | 41.1%                                 | 41.8% |      | 33.7%                | 28.2% |

<sup>1</sup> Combined: these figures reflect the results of Adevinta group as if the eBay Classifieds Group (acquired on 25 June 2021) has been part of the group during the full periods presented. These numbers are presented to facilitate comparability and are unaudited.

The European markets segment saw revenue growth of 11% compared to the third quarter of 2020, mainly driven by eBay Kleinanzeigen and Spain. Italy and Ireland also contributed significantly with double digit growth. Classified revenues (including transactional revenue) were up by 13% and display advertising revenue grew 7% year-on-year.

EBITDA reduced by -4% compared to the third quarter of 2020 landing at 65 million euros as a result of the increased marketing spending in Spain, Italy and eBay Kleinanzeigen. EBITDA margin contracted 6.5 percentage points year-on-year accordingly.

**eBay Kleinanzeigen** revenue grew 19% compared to the third quarter of 2020 to 48 million euros (and 32% compared to Q3 2019), driven by steady performance in both advertising and online classifieds, especially in Consumer Goods where we see positive listings trends and a growing contribution from Small and Medium Businesses (SMBs).

While traffic was down year-on-year, new listings remained flat. Compared to Q3 2019, traffic was up 18%. We reached the 21,000 milestone of SMB subscribers in September, up 37% year-on-year, and the number of transactions increased double digit compared to the previous quarter.

In **Spain**, operational revenue grew 14% compared to the third quarter of 2020 (excluding changes in accounting policy), driven by strong performance in classified revenues, up 15% year-on-year. In Motors, we continued to see double digit revenue growth fueled by a higher dealer penetration through Milanuncios, this despite the motor market softness given the semiconductor shortage. The job vertical performed well with revenue exceeding 2019 levels towards the end of the quarter, due to strong performance of the Small Medium Businesses channels. In real estate, revenues recovered

significantly also driven by increased penetration and the launch of the new premium package. Display advertising revenues grew 5% year-on-year driven by direct sales in the main verticals. In Jobs we saw a recovery in all business indicators (Top of Minds, active ads).

**Marktplaats** revenues declined 2% compared to the third quarter of 2020. Motors remain challenging with the muted supply. General classifieds continued to show steady growth, benefiting from transaction services revenues which were up 36% year-on-year. Advertising revenues were down 4% year-on-year as a result of lower traffic year-on-year in the post lockdown context.

In the quarter we launched the intuitive search for Motors to further enhance the verticalized experience in the category.

**In Italy** the business extended gains in market share and we observed steady recovery in Jobs. Transactional services saw the number of transactions almost tripled when compared to the end of Q2, demonstrating increased traction of our payment & delivery solution.

**In Ireland**, the real estate brand Daft continued to grow in revenue driven by successful upselling in professional clients (professional revenues up 61% year-on-year, both developers and brokers) and we saw further growth in the motor brand DoneDeal driven by an expansion of the customer base.

**In Willhaben (not included in segment information)** we confirmed the positive trend in Jobs with 56% revenue growth year-on-year and the transactional payment and delivery service continued to scale with revenues up 18 times year-on-year. We also observed a positive effect of the new pricing in motors with large dealers migrating to the premium offering, with revenue in professional clients growing 17% year-on-year for Motors.

## International Markets

International Markets comprises Kijiji in Canada, Autotrader, Gumtree and Carsguide in Australia, Segundamano and Vivanuncios in Mexico, Gumtree in South Africa, and OLX and Infojobs Brazil in Brazil.

The segment information only presents a consolidated view and does not include Joint Ventures that are not 100% consolidated. Therefore, OLX financial results are not included in the numbers presented in the section. Results from OLX are presented in the line "Share of profit (loss) of joint ventures and associates" of the profit and loss statement.

| Combined <sup>1</sup><br>Third quarter |       |       | € million          | Combined <sup>1</sup><br>Year to date |       |      | IFRS<br>Year to date |        |
|--|-------|-------|--------------------|---------------------------------------|-------|------|----------------------|--------|
| yoy%                                   | 2020  | 2021  |                    | 2021                                  | 2020  | yoy% | 2021                 | 2020   |
| -4%                                    | 49    | 47    | Operating revenues | 146                                   | 125   | 16%  | 51                   | 6      |
| -4%                                    | (35)  | (36)  | Operating expenses | (105)                                 | (99)  | -6%  | (41)                 | (7)    |
| -22%                                   | 14    | 11    | EBITDA             | 41                                    | 26    | 57%  | 10                   | (1)    |
|  | 29.4% | 23.8% | EBITDA margin      | 28.1%                                 | 20.8% |      | 19.6%                | -21.8% |

<sup>1</sup> Combined: these figures reflect the results of Adevinta group as if the eBay Classifieds Group (acquired on 25 June 2021) has been part of the group during the full periods presented. These numbers are presented to facilitate comparability and are unaudited.

The international markets segment saw negative revenue growth of 4% compared to the third quarter of 2020, driven entirely by advertising revenue contraction of 13% year-on-year, mainly in Canada and Australia. Classified revenues were up 2% compared to the third quarter of 2020 led by Australia.

EBITDA reduced by 22% compared to the third quarter of 2020, landing at 11 million euros as a result of the decrease in advertising revenues and increased marketing spending in Australia and Mexico. EBITDA margin softened to 23.8% accordingly.

**Canada** revenues declined 6% compared to the third quarter of 2020 to 28 million euros, and 10% at constant exchange rate, due to soft advertising performance on the back of deteriorating traffic. In online classifieds, motor inventory shortages resulted in lower net Motors dealer acquisitions and feature package cancellations or downgrades, while we saw continued strength in Real Estate account growth.

**In Australia**, strength in online classifieds was driven by continued upselling of Motors dealers to our Autotrader group joint proposition. Advertising was challenged by soft traffic development (exacerbated by lockdowns & mobility restrictions) and soft Automotive display advertising impacted by the global inventory shortage.

**In Mexico**, we saw solid Real Estate traffic development and growth in Real Estate agent accounts.

**In South Africa**, we launched ID verification - a key product enhancement to improve Trust.

**OLX Brasil (not included in segment information)** increased revenue by 116% year-on-year in local currency, including the contribution from Grupo ZAP. On a comparable basis, revenue grew 31% compared to the third quarter of 2020 driven by Motors, due to both higher penetration and price optimizations, and great development of the cross-selling strategy in Real Estate.

EBITDA increased by 4m€ compared to the same period last year, including the contribution of Grupo ZAP (up by 101% year-on-year in local currency), fueled by revenue growth, with an EBITDA margin landing at 23.4% while we continued to invest in product and tech resources and in marketing.

In the quarter ZAP launched “price certification”, this product certifies that the property sale price is below market value. We also rebranded the transactional service - Pay&Ship and added additional filters to improve user experience.

## **Other and Headquarters**

*Other and Headquarters costs comprise Adevinta’s shareholder and central functions including central product and technology development.*

The Other and Headquarters EBITDA deteriorated by 3 million euros year-on-year to (43) million euros in the third quarter of 2021 mainly due to higher personnel-related costs as a consequence of the run rate impact linked to both product and tech resource and functional teams and the phasing of third-party services.



# Outlook

Following the completion of the eBay Classifieds Group acquisition, we have refreshed our strategy and reviewed our portfolio of brands to focus and propel Adevința for the long term. Going forward, we will concentrate our investment capacity on five core markets: Germany, France, Spain, Benelux and Italy, where we remain very excited about the significant growth opportunities and our unique positions to capture them. We expect core markets revenue growth of approximately 15% on average per annum in the mid-to-long term, driving the EBITDA margin to 40-45%. We will also continue to support the development of our fast growing joint ventures. An in-depth view of these targets and further opportunities will be presented at our Capital Markets Day on November 30.

In line with Adevința's active portfolio management strategy, we have decided to divest Australia (Gumtree, Autotrader and Carsguide) and South Africa (Gumtree) commencing in early 2022 and to carry out strategic reviews of the other assets.

In the fourth quarter of 2021, we expect an acceleration of revenue growth, excluding mobile.de.

In the short term our motors vertical is still impacted by lower used car volumes because of the semiconductor shortage leading to low production levels of new cars globally. We expect supply pressure to be a drag on growth until mid-2022, more especially in mobile.de given that at this stage the revenue model is predominantly linked to listing volume. It is important to note that the fundamentals of the mobile.de business remain strong with high demand and lead generation levels.

Furthermore, as we maintain leading positions across our markets, this supply effect will continue to be partially mitigated by price increases associated with product efficiency. When the semiconductor shortage unwinds, and supply pressures relax, we expect an acceleration in growth in the motors vertical driven by the combination of a normalized listings level and higher ARPU.

In 2022, assuming a gradual recovery in the Motors market in the second half, we expect Core Markets revenue growth to be low double digit.

We will also continue to invest in product development to capture future growth opportunities and to support further development in traditional online classifieds and new revenue streams such as transactional services, as we will outline in the Capital Markets Day.

The integration of the businesses is progressing well and we remain on track to deliver on the previously-announced synergies that will progressively contribute to accelerated growth and EBITDA margin improvement towards our mid-to-long term targets.

# Group Overview

## Operating profit

Revenue increased by 126% in the third quarter of 2021 to €386 million, compared to the same period last year, mainly due to the eCG acquisition. Barring the impact of the acquisition, revenues increased in the third quarter of 2021 compared to the third quarter of 2020, demonstrating the resilience of our marketplaces, despite the ongoing supply shortages in our motors vertical. The online classifieds revenues improvement (partially attributable to transactional services) in the third quarter of 2021 compared to the third quarter of 2020 have been partially offset by the decrease in display advertising revenues.

Operating expenses increased by 121% in the third quarter of 2021 to €259 million, compared to the third quarter of 2020, mainly due to the eCG acquisition of which €12 million relates to costs for share-based payment legacy plans to eCG employees which Adevintra replaced after the transaction. On a comparable basis, ignoring the impact of the transaction, there was an increase in operating expenses mainly related to accelerated marketing investment in Spain and Italy, an increase in transactional costs due to the ramp-up of the services in France and growing product and technology resources to fuel product and new models development, mainly in France and Spain.

Gross operating profit (EBITDA) increased by 134% in the third quarter of 2021, compared to the third quarter of 2020. Gross operating profit (EBITDA) for the quarter amounted to €127 million compared to €54 million in the third quarter of 2020.

Share of profit (loss) of joint ventures and associates in the third quarter of 2021 was at the same level as the third quarter of 2020.

Other income and expenses decreased to €(18) million in the third quarter of 2021 (third quarter of 2020 at €(25) million) mainly due to the decrease in acquisition-related costs of €18 million and the increase in integration-related costs of €(13) million. Other income and expenses are disclosed in note 4 to the condensed consolidated financial statements.

Operating profit (loss) in the third quarter of 2021 amounted to €15 million (€14 million in the third quarter of 2020). Please also refer to notes 3 and 4 to the condensed consolidated financial statements.

## Net profit and earnings per share

Net financial items include a €10 million net foreign exchange loss in the third quarter of 2021, mainly due to the depreciation of the BRL against the EUR compared to a €24 million net foreign exchange loss in the third quarter of 2020 (included the change in fair value of derivatives related to Grupo Zap acquisition of €(13) million and the change in fair value of derivatives related to the eCG acquisition of €(9) million).

Net financial items also include €7 million interest expense in the third quarter of 2021 related to the bonds issued in November 2020 and €12 million interest expense related to Term Loans obtained in relation to the eCG acquisition as well as the revolving credit facilities. Net financial items are disclosed in note 5 to the condensed consolidated financial statements.

The underlying tax rate has decreased from 30.6% in full year 2020 to 28.7% at 30 September 2021. In 2021 the underlying tax rate is positively impacted by the decrease in the tax rate applicable in France. The reported tax rate is (85.4)% in the third quarter of 2021, compared to (111.6)% in the third quarter of 2020. The reported tax rate is higher than the underlying tax rate mainly due to the loss on sale of Shpock being tax-exempt and other losses for which no deferred tax benefit is recognized including acquisition costs.

Basic earnings per share in the third quarter of 2021 is €0.00 compared to €(0.04) in the third quarter of 2020. Adjusted earnings per share in the third quarter of 2021 is €0.01 compared to €(0.00) in the third quarter of 2020.

## Financial position

The carrying amount of the Group's assets increased by €10,959 million to €14,283 million during 2021, mainly due to eCG acquisition (increase in assets amounting to €12,387 million, see details in note 2). This increase in assets has been partially compensated by a decrease of €1,060 million due to the release of the funds from the Notes issued on November 5, 2020 that were previously in an escrow account and recognised in "Other current assets". Those funds have been utilized to fund the eCG acquisition. In addition, the assets acquired in relation to Denmark amounting to €301 million were immediately sold to Schibsted after initial recognition.

The carrying amount of the Group's liabilities increased by €1,858 million to €3,959 million during 2021, mainly due to eCG acquisition (increase in liabilities amounting to €1,136 million, see details in note 2). In addition, immediately prior to completion of the acquisition of eCG, the Term Loan B of USD 506 million (€422 million) and €900 million were funded and Adevintra entered into a multicurrency revolving facility that was drawn by €150 million. These loans were registered net of their origination fees. The proceeds from the Term Loan B, the multicurrency credit facility and the Notes were used to, among other things, repay existing debt, mainly settling the existing term loan of NOK 2,150 million (€(210) million) and the existing revolving credit facility (€286 million).

The Group's equity ratio is 72% as at 30 September 2021 compared to 37% as at 31 December 2020. The increase is

mainly due to the issuance of new shares in relation to eCG acquisition.

## Cash flow

Net cash flow from operating activities was €118 million as at 30 September 2021, compared to €90 million as at 30 September 2020. The increase is mainly due to the increase in gross operating profit and changes in working capital partly set-off by increase in other expenses, interest expenses and tax payments.

Net cash flow outflow from investing activities was €1,922 million as at 30 September 2021, compared to €(45) million as at 30 September 2020. The increase is mainly due to €2,228 million of cash consideration paid for eCG acquisition, including €88 million for settlement of deal contingent forward contracts, reduced by cash acquired of €66 million and €282 million proceeds (net of cash sold) received from disposal of subsidiaries.

Net cash flow from financing activities was €1,904 million as at 30 September 2021, compared to €212 million as at 30 September 2020. The increase is primarily related to the cash received from the bridge loan in 2020 of €223 million in comparison to new financing of €2,440 million, offset by repayments of borrowings of €492 million. This was further offset by the acquisition in 2021 by Adevinta ASA of 1,700,000 treasury shares amounting to €(22) million to meet the long term share incentive obligations for 2021.

## Digital services tax (DST)

The French DST was enacted during 2019. Due to the complexity of the law including the scope of the taxable services, the assessment of whether DST is applicable to Adevinta is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognized for DST as at 30 September 2021. Please see note 6 to the condensed consolidated financial statements for further information.

During 2020 Spain approved DST legislation applicable as from January 2021. The DST levy a 3% tax over certain digital services for groups with worldwide revenues above €750 million and Spanish revenues applicable to DST above €3 million, with the first payment already made in 2021. Management has assessed that Spanish DST, which mainly differs in definition of group threshold from the French DST but resembles Italian DST, is applicable to Adevinta and hence a provision is recognized as at 30 September 2021. Please see note 6 to the interim condensed consolidated financial statements for further information.

During 2019 Italy approved DST legislation applicable as from January 2020. The DST levy a 3% tax over certain digital services for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with the first payment already made in 2021. Management has assessed that Italian DST, which mainly differs in definition of group threshold from the French DST, is applicable to Adevinta and hence a provision is recognized as at 30 September 2021.

## Completion of the acquisition of eBay Classifieds Group

On 25 June 2021, Adevinta acquired 100% of eBay Classifieds Group, a leading digital classifieds brand across 13 countries, including Germany, Denmark (subsequently sold immediately after closing), Canada, the Netherlands, Belgium, the United Kingdom and Australia. Headquartered in Amsterdam, the Netherlands, eBay Classifieds consists of multiple platforms offering online classifieds listings across motors, real estate and general classifieds. Germany, the Netherlands and Canada are eBay Classifieds' largest markets. eBay Classifieds' platforms operate under a number of brands, most significantly Mobile.de, eBay Kleinanzeigen, Marktplaats, Kijiji and Gumtree.

Following the closing of the transaction, Adevinta is the world's largest online classifieds company (excluding China) based on revenues generated from online classifieds listings and advertisements. The Group connects buyers seeking goods or services with a large base of sellers.

Adevinta operates generalist (which cover consumer goods, often alongside motor, real estate and jobs) as well as vertical (which focus on one of the key monetizable categories: motors, real estate and jobs and typically rely heavily on professional sellers paying listing fees as an important revenue stream) online classifieds sites with leading market positions in 16 countries around the world, based on number of visits, that are accessible via desktop, mobile and dedicated apps. Adevinta and eBay Classifieds are highly complementary businesses and Adevinta expects to benefit from synergies, including across vertical and generalist online classifieds sites.

The press release published on 25 June 2021 is available at [www.adevinta.com](http://www.adevinta.com).

The consideration was paid in cash and shares of Adevinta (representing a 44% stake in pro forma Adevinta (of which c. 33.3% voting shares and the remainder non-voting shares)). At signing the acquisition agreement, Adevinta entered into deal contingent forwards to fix the euro equivalent of the consideration to be paid in US\$ at closing.

In connection with closing of the transaction, Adevinta published on 23 December 2020 a listing prospectus for the listing of the new shares that were issued to eBay and admitted to trading and listed on the Oslo Stock Exchange following the completion of the transaction. The prospectus is available at [www.adevinta.com](http://www.adevinta.com).

Effective from the time the share capital increase for the consideration shares issued to eBay were registered in the Norwegian Registry of Business Enterprises, the Adevinta's Articles of Association were amended in accordance with the amendments approved at the Adevinta's extraordinary general meeting on 29 October 2020. The amended Articles of Association are available at [www.adevinta.com](http://www.adevinta.com)

The gross proceeds from Notes (€1,060 million) issued in November 2020 were released from escrow and Term Loan B (€1,322 million) was funded, immediately prior to completion of the acquisition. The Term Loan B and the Notes are guaranteed by certain subsidiaries of Adevinata and eCG and secured by shares of certain of the guarantors as well as certain material bank accounts and the intercompany receivables of Adevinata.

#### ***UK CMA and Austrian regulator approvals***

As a part of remedies proposed in response to the competition concerns raised by the UK Competition and Markets Authority on 16 February 2021, Adevinata committed to dispose of Shpock (subsidiary of Adevinata), Gumtree UK and Motors.co.uk (both acquired from eBay Classified Group). On 2 June 2021 Shpock was sold to Russmedia Equity Partners. On 25 June 2021, on the closing of the eCG acquisition, Gumtree (UK) and Motors.co.uk were classified as held for sale. Further information can be found in note 2 to the condensed consolidated financial statements.

On 18 June 2021, the Austrian Federal Competition Authorities (the FCA) approved the remedies proposed by Adevinata and eBay to resolve the competition concerns raised in relation to Adevinata's acquisition of eBay Classifieds Group. The commitments include a reduction by eBay of its financial interest in Adevinata to at least 33% within 18 months following closing of the transaction, so as to reduce its indirect economic interest in willhaben. Additionally, Adevinata has agreed to prevent the flow of information about willhaben to eBay, as well as to restrict eBay's potential influence over the strategic operations of willhaben.

## **Repurchase of shares by Adevinata ASA**

On 3 March 2021 a buy-back programme to settle the 2021 long term incentive obligation was announced. Adevinata ASA acquired 1,700,000 treasury shares in March 2021 amounting to €22 million. Further information with respect to this programme is published on our website.

In April and May of 2021 213,193 own shares were transferred to employees in connection with share based Incentive Plans and 168,991 own shares were sold through a broker in the open market to cover the participant's tax liabilities in relation to the Incentive Programme. Total value of the shares was €5 million.

## **Covid pandemic**

The duration and extent of the pandemic and related financial, social and public health impacts of the Covid pandemic remain uncertain. Adevinata will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts of CGUs should this be required.

The Group had at 30 September 2021 net interest-bearing debt of €2,324 million and €532 million total liquidity available (see specification in Definitions and Reconciliations below).

# Condensed Consolidated Financial Statements

## Condensed consolidated income statement

| € million   | Third quarter |             | YTD         |             |
|---|---------------|-------------|-------------|-------------|
|   | 2021          | 2020        | 2021        | 2020        |
| <b>Operating revenues</b>                               | <b>386</b>    | <b>171</b>  | <b>761</b>  | <b>491</b>  |
| Personnel expenses                                      | (115)         | (62)        | (254)       | (190)       |
| Other operating expenses                                | (144)         | (55)        | (275)       | (167)       |
| <b>Gross operating profit (loss)</b>                    | <b>127</b>    | <b>54</b>   | <b>232</b>  | <b>133</b>  |
| Depreciation and amortisation                           | (64)          | (15)        | (93)        | (43)        |
| Share of profit (loss) of joint ventures and associates | (1)           | (1)         | (8)         | 1           |
| Impairment loss   | -             | -           | (20)        | -           |
| Other income and expenses                               | (18)          | (25)        | (115)       | (29)        |
| <b>Operating profit (loss)</b>                          | <b>43</b>     | <b>14</b>   | <b>(4)</b>  | <b>62</b>   |
| Net financial items                                     | (30)          | (26)        | (37)        | (94)        |
| <b>Profit (loss) before taxes</b>                       | <b>14</b>     | <b>(13)</b> | <b>(41)</b> | <b>(32)</b> |
| Taxes   | (12)          | (15)        | (35)        | (36)        |
| <b>Profit (loss) from continuing operations</b>         | <b>2</b>      | <b>(28)</b> | <b>(76)</b> | <b>(68)</b> |
| <b>Profit (loss) from discontinued operation</b>        | <b>1</b>      | <b>-</b>    | <b>1</b>    | <b>-</b>    |
| <b>Profit (loss) attributable to:</b>                   |               |             |             |             |
| Non-controlling interests                               | 1             | 1           | 5           | -           |
| Owners of the parent                                    | 1             | (29)        | (79)        | (68)        |
| <b>Earnings per share in €:</b>                         |               |             |             |             |
| Basic   | 0.00          | (0.04)      | (0.09)      | (0.10)      |
| Diluted   | 0.00          | (0.04)      | (0.09)      | (0.10)      |



## Condensed consolidated statement of comprehensive income

| € million  | Third quarter |              | YTD       |              |
|--|---------------|--------------|-----------|--------------|
|  | 2021          | 2020         | 2021      | 2020         |
| <b>Profit (loss)</b>   | 2             | (28)         | (75)      | (68)         |
|  |               |              |           |              |
| Net gain/(loss) on cash flow hedges                                | (0)           | (56)         | 56        | (56)         |
| Change in fair value of financial instruments                      | 1             | -            | 1         | -            |
| <b>Items not to be reclassified subsequently to profit or loss</b> | <b>1</b>      | <b>(56)</b>  | <b>57</b> | <b>(56)</b>  |
|  |               |              |           |              |
| Exchange differences on translating foreign operations             | (21)          | (20)         | 14        | (120)        |
| Net gain/(loss) on cash flow hedges                                | (0)           | (1)          | 7         | (3)          |
| Change in fair value of financial instruments                      | -             | (0)          | -         | (0)          |
| <b>Items to be reclassified subsequently to profit or loss</b>     | <b>(21)</b>   | <b>(22)</b>  | <b>21</b> | <b>(123)</b> |
|  |               |              |           |              |
| <b>Other comprehensive income</b>                                  | <b>(20)</b>   | <b>(78)</b>  | <b>78</b> | <b>(179)</b> |
| <b>Comprehensive income</b>  | <b>(18)</b>   | <b>(106)</b> | <b>3</b>  | <b>(247)</b> |
|  |               |              |           |              |
| <b>Comprehensive income attributable to:</b>                       |               |              |           |              |
| Non-controlling interests  | 1             | 1            | 4         | 3            |
| Owners of the parent   | (19)          | (107)        | (1)       | (250)        |

## Condensed consolidated statement of financial position

|   | 30 September  | 31 December  |
|---|---------------|--------------|
| € million   | 2021          | 2020         |
| Intangible assets   | 12,908        | 1,322        |
| Property, plant and equipment and right-of-use assets         | 127           | 108          |
| Investments in joint ventures and associates                  | 372           | 369          |
| Other non-current assets                                      | 361           | 185          |
| <b>Non-current assets</b>                                     | <b>13,769</b> | <b>1,984</b> |
| Trade receivables and other current assets                    | 241           | 1,208        |
| Cash and cash equivalents                                     | 232           | 131          |
| Assets held for sale  | 41            | -            |
| <b>Current assets</b>   | <b>514</b>    | <b>1,339</b> |
| <b>Total assets</b>   | <b>14,283</b> | <b>3,323</b> |
| Equity attributable to owners of the parent                   | 10,307        | 1,203        |
| Non-controlling interests                                     | 17            | 19           |
| <b>Equity</b>   | <b>10,323</b> | <b>1,222</b> |
| Non-current interest-bearing borrowings                       | 2,298         | 1,266        |
| Other non-current liabilities                                 | 1,074         | 153          |
| <b>Non-current liabilities</b>                                | <b>3,372</b>  | <b>1,420</b> |
| Current interest-bearing borrowings                           | 159           | 295          |
| Other current liabilities                                     | 401           | 387          |
| Liabilities directly associated with the assets held for sale | 27            | -            |
| <b>Current liabilities</b>                                    | <b>588</b>    | <b>682</b>   |
| <b>Total equity and liabilities</b>                           | <b>14,283</b> | <b>3,323</b> |

## Condensed consolidated statement of cash flows

| € million   | Third quarter |             | YTD            |             |
|---|---------------|-------------|----------------|-------------|
|   | 2021          | 2020        | 2021           | 2020        |
| Profit (loss) before taxes  | 15            | (13)        | (39)           | (32)        |
| Depreciation, amortisation and impairment losses                              | 64            | 15          | 113            | 43          |
| Share of loss (profit) of joint ventures and associates                       | 1             | 1           | 8              | (1)         |
| Dividends received from joint ventures and associates                         | -             | 2           | 3              | 2           |
| Taxes paid  | (39)          | (9)         | (62)           | (23)        |
| Sales losses (gains) on non-current assets and other non-cash losses (gains)  | (5)           | (2)         | 34             | (2)         |
| Net loss on derivative instruments at fair value through profit or loss       | -             | 22          | 3              | 76          |
| Other non-cash items and changes in working capital and provisions            | 48            | 18          | 58             | 27          |
| <b>Net cash flow from operating activities</b>                                | <b>84</b>     | <b>34</b>   | <b>118</b>     | <b>90</b>   |
| Development and purchase of intangible assets and property, plant & equipment | (17)          | (10)        | (40)           | (33)        |
| Acquisition of subsidiaries, net of cash acquired                             | -             | -           | (2,165)        | (8)         |
| Proceeds from sale of intangible assets and property, plant & equipment       | -             | -           | 0              | 0           |
| Proceeds from sale of subsidiaries, net of cash sold                          | -             | -           | 282            | 0           |
| Net sale of (investment in) other shares                                      | 5             | (1)         | 4              | (5)         |
| Net change in other investments   | (4)           | 1           | (3)            | 0           |
| <b>Net cash flow from investing activities</b>                                | <b>(16)</b>   | <b>(11)</b> | <b>(1,922)</b> | <b>(45)</b> |
| <b>Net cash flow before financing activities</b>                              | <b>67</b>     | <b>23</b>   | <b>(1,804)</b> | <b>45</b>   |
| New interest-bearing loans and borrowings                                     | -             | 1           | 2,440          | 224         |
| Repayment of interest-bearing loans and borrowings                            | (1)           | -           | (492)          | -           |
| Net sale (purchase) of treasury shares  | -             | -           | (22)           | (2)         |
| IFRS 16 lease payments  | (6)           | (3)         | (14)           | (10)        |
| Dividends paid to non-controlling interests                                   | -             | -           | (8)            | -           |
| <b>Net cash flow from financing activities</b>                                | <b>(7)</b>    | <b>(3)</b>  | <b>1,904</b>   | <b>212</b>  |
| Cash and cash equivalents relating to the disposal group                      | -             | (2)         | -              | (2)         |
| Effects of exchange rate changes on cash and cash equivalents                 | 1             | (0)         | 1              | (1)         |
| <b>Net increase (decrease) in cash and cash equivalents</b>                   | <b>61</b>     | <b>18</b>   | <b>101</b>     | <b>255</b>  |
| Cash and cash equivalents at start of period                                  | 170           | 308         | 131            | 72          |
| <b>Cash and cash equivalents at end of period</b>                             | <b>232</b>    | <b>327</b>  | <b>232</b>     | <b>327</b>  |

## Condensed consolidated statement of changes in equity

| € million  | Equity attributable to owners of the parent | Non-controlling interests | Equity        |
|--|---|---------------------------|---------------|
| <b>Equity as at 1 January 2020</b>   | <b>1,524</b>                                | <b>14</b>                 | <b>1,539</b>  |
| Comprehensive income   | (325)                                       | 4                         | (321)         |
| Transactions with the owners   | 3   | 1                         | 3             |
| <i>Capital increase</i>  | -   | 0                         | 0             |
| <i>Share-based payment</i>   | 3   | -                         | 3             |
| <i>Change in treasury shares</i>   | (0)   | -                         | (0)           |
| <i>Changes in ownership of subsidiaries that do not result in a loss of control</i>                | (0)   | 0                         | -             |
| <b>Equity as at 31 December 2020</b>   | <b>1,203</b>                                | <b>19</b>                 | <b>1,222</b>  |
| Comprehensive income   | (1)   | 4                         | 3             |
| Costs of hedging transferred to the carrying amount of goodwill acquired in a business combination | 88  | -                         | 88            |
| Transactions with the owners   | 9,017                                       | (7)                       | 9,010         |
| <i>Issue of ordinary shares as consideration for a business combination</i>                        | 9,023                                       | -                         | 9,023         |
| <i>Capital increase</i>  | -   | 0                         | 0             |
| <i>Share-based payment</i>   | 11  | -                         | 11            |
| <i>Dividends paid to non-controlling interests</i>   | -   | (8)                       | (8)           |
| <i>Change in treasury shares</i>   | (17)  | -                         | (17)          |
| <i>Changes in ownership of subsidiaries that do not result in a loss of control</i>                | (0)   | 0                         | -             |
| <b>Equity as at 30 September 2021</b>  | <b>10,307</b>                               | <b>17</b>                 | <b>10,323</b> |

| € million   | Equity attributable to owners of the parent | Non-controlling interests | Equity       |
|---|---|---------------------------|--------------|
| <b>Equity as at 1 January 2020</b>  | <b>1,524</b>                                | <b>14</b>                 | <b>1,539</b> |
| Comprehensive income  | (250)                                       | 3                         | (247)        |
| Transactions with the owners  | 2   | 0                         | 2            |
| <i>Capital increase</i>   | -   | 0                         | 0            |
| <i>Share-based payment</i>  | 3   | -                         | 3            |
| <i>Change in treasury shares</i>  | (1)   | -                         | (1)          |
| <i>Changes in ownership of subsidiaries that do not result in a loss of control</i> | (0)   | 0                         | -            |
| <b>Equity as at 30 September 2020</b>   | <b>1,276</b>                                | <b>17</b>                 | <b>1,294</b> |

# Notes

## Note 1. Corporate information, basis of preparation and changes to accounting policies

The Adevinata Group was established on 9 April 2019 following the demergers of Schibsted Multimedia AS and Schibsted ASA and the consequential transfer of Schibsted's online classifieds operations outside the Nordics to Adevinata ASA. The company was listed on the Oslo Stock Exchange on 10 April 2019. Schibsted has retained a majority interest of 59.28% in Adevinata ASA until 25 June 2021. Pursuant to the acquisition of eCG, economic interest held by Schibsted decreased to 33% and eBay Inc obtained an economic interest of 44% and neither party has control over the Adevinata Group. In July 2021, an agreement between eBay Inc. and Permira was signed, which committed eBay to sell approximately 125 million shares in Adevinata (10.2% stake) to funds advised by Permira. On 29 July 2021, Permira exercised the 30-day option granted by eBay to purchase an additional 10 million Class A shares at the same price. The transaction between eBay Inc. and Permira was completed on 18 November, and eBay sold 134,743,728 Class A Shares in Adevinata, representing an 11% stake in Adevinata, to Permira.

Adevinata Group reports consolidated financial statements according to IFRS 10. The consolidated financial statements comprise the Group and the Group's interests in joint ventures and associates. The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies adopted are consistent with those followed in preparing the Group's annual consolidated financial statements for 2020.

The condensed consolidated interim financial statements are unaudited. All amounts are in € million unless otherwise stated. Tables may not summarise due to rounding.

### Operating segments

Management has assessed operating segments according to IFRS 8 Segments. After eCG acquisition, based on the new internal reporting structure, Adevinata has identified France, Mobile.de, European Markets and International Markets as reportable operating segments, which is in line with how the business will continue to be developed and managed by the chief operating decision maker, defined as the CEO.

Disposals comprise Adevinata's divestments in 2020 and 2021. Other/Headquarters comprises Adevinata's shareholder and central functions including central product and technology development. Eliminations comprise reconciling items related to intersegment sales.

## Note 2. Changes in the composition of the Group

### Disposal of Yapo

On 24 February 2021, Adevinata signed an agreement to sell its subsidiary Yapo (Chile) to Frontier Digital Ventures (FDV), a company specializing in online marketplaces in emerging markets. The disposal was in line with Adevinata's portfolio optimization strategy. The sale was recognised on 24 February 2021.

The disposal of Yapo resulted in a loss of €11 million, of which €10 million is reclassification of foreign currency translation reserve, with no impact on income tax. The carrying amount of total assets and net assets as at the date of sale were €20 million and €17 million respectively, of which €18 million was intangible assets and €1 million cash.

### Disposal of Shpock

From March 2021, the carrying amount of Shpock was expected to be recovered principally through a sales transaction. Shpock was available for immediate sale in its present condition and its sale was highly probable. Therefore, the disposal group was classified as held for sale until its disposal date. On 2 June 2021 Shpock was sold to Russmedia Equity Partners.

The disposal group was measured at the lower of its carrying amount and fair value less costs to sell. In relation to this, an impairment loss was recognised amounting to €(20) million YTD June 2021, which was allocated to goodwill (€2 million) and other intangible assets (€18 million). Related deferred tax liabilities were derecognised amounting to €(5) million.

The disposal of Shpock resulted in a loss of €(33) million in Q2 2021, with no impact on income tax, due to the restructuring required in Q2 2021 to execute the terms of the sales agreement. The carrying amount of total assets and net assets as at the date of sale were €38 million and €33 million respectively, of which €9 million was intangible assets and €27 million cash.



## eBay Classifieds Group acquisition

On 25 June 2021, the Group acquired 100% of eBay Classifieds Group, a leading digital classifieds brand across 13 countries, including Germany, Denmark (subsequently sold immediately after closing, see below), Canada, the Netherlands, Belgium, the United Kingdom and Australia. Headquartered in Amsterdam, the Netherlands, eBay Classifieds consists of multiple platforms offering online classifieds listings across motors, real estate and general classifieds. Germany, the Netherlands and Canada are eBay Classifieds' largest markets. eBay Classifieds' platforms operate under a number of brands, most significantly Mobile.de, eBay Kleinanzeigen, Marktplaats, Kijiji and Gumtree.

Following the closing of the transaction, Adevinta is the world's largest online classifieds company (excluding China) based on revenues generated from online classifieds listings and advertisements. The Group connects buyers seeking goods or services with a large base of sellers.

Adevinta operates generalist (which cover consumer goods, often alongside motor, real estate and jobs) as well as vertical (which focus on one of the key monetizable categories: motors, real estate and jobs and typically rely heavily on professional sellers paying listing fees as an important revenue stream) online classifieds sites with leading market positions in 16 countries around the world, based on number of visits, that are accessible via desktop, mobile and dedicated apps. Adevinta and eBay Classifieds are highly complementary businesses and Adevinta expects to benefit from synergies, including across vertical and generalist online classifieds sites.

Detail of the purchase consideration, the net assets acquired and goodwill are as follows:

|                                     | € million     |
|-------------------------------------|---------------|
| Purchase consideration              |               |
| Cash                                | 2,140         |
| Adevinta' s shares issued           | 9,023         |
| Cash flow hedge reserve released    | 88            |
| <b>Total purchase consideration</b> | <b>11,251</b> |

The purchase consideration includes cash consideration of USD 2,500 million, 539,994,479 Adevinta shares, and a closing contribution adjustment of USD 54 million.

The fair value of the 539,994,479 shares issued as part of the consideration paid for eBay Classified Group (€ 9,023 million) was based on Adevinta's Norwegian Krone closing share price on 24 June 2021 of NOK 170 per share translated into Euro at 24 June 2021 closing rate of NOK/ EUR 10.174. Issue costs of € 0.3 million which were directly attributable to the issue of the shares have been netted against the deemed proceeds.

The total cash consideration is equal to the amount of USD 2,554 million translated on 24 June 2021 closing rate of USD/EUR 1.1936.

On 24 June 2021 the valuation of the deal contingent forwards with an aggregate notional amount of USD 2,500 million was negative €95 million of which €88 million was recognised in equity as a hedge reserve including a gain of €56 million recognised in 2021. When the hedging instruments were settled immediately prior to the acquisition, the hedge reserve accumulated in equity was included as part of the consideration.

The provisionally determined fair values of the assets and liabilities of eCG as at the date of acquisition are as follows:

|   | € million     |
|---|---------------|
| Cash  | 66            |
| Trade and other receivables                                 | 111           |
| Corporate income tax receivable                             | 7             |
| PPE and right of use assets                                 | 35            |
| Intangible assets: trademarks                               | 3,544         |
| Intangible assets: customer contracts                       | 450           |
| Intangible assets: technology                               | 272           |
| Intangible assets: others                                   | 4             |
| Long-term investments                                       | 15            |
| Deferred tax asset  | 1             |
| Assets classified as held for sale                          | 388           |
| Current liabilities   | (145)         |
| Deferred tax liability                                      | (1,128)       |
| Other non-current liabilities                               | (11)          |
| Liabilities of a disposal group classified as held for sale | (25)          |
| <b>Net identifiable assets acquired</b>                     | <b>3,584</b>  |
| Add: goodwill   | 7,667         |
| <b>Total purchase consideration</b>                         | <b>11,251</b> |

During the third quarter of 2021, Adevinta has retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The adjustments to provisional amounts recognised in the third quarter of 2021 are as follows:

|   | Provisional amounts<br>determined at the date<br>of acquisition | Adjustment<br>in Q3 2021 | Provisional amounts at<br>30<br>September 2021 |
|---|---|--------------------------|--|
| Trade and other receivables             | 111   | (1)                      | 110  |
| Deferred tax asset                      | 1   | 147                      | 148  |
| Assets classified as held for sale      | 388   | (55)                     | 333  |
| Deferred tax liabilities                | (1,128)   | 186                      | (942)  |
| Current liabilities                     | (145)   | (13)                     | (158)  |
| <b>Net identifiable assets acquired</b> | <b>3,584</b>  | <b>264</b>               | <b>3,848</b>                                   |
| Add: goodwill                           | 7,667   | (264)                    | 7,403  |
| <b>Total purchase consideration</b>     | <b>11,251</b>   | <b>-</b>                 | <b>11,251</b>                                  |

The goodwill is attributable to the workforce, future customer growth and synergies, including across vertical and generalist online classifieds sites.

Acquisition-related costs of €28 million and €37 million were included in other income and expenses in the consolidated income statement in the reporting period ending 31 December 2020 and 30 September 2021, respectively.

At the time the consolidated financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of eCG. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired business.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma operating revenues and profit (loss) for continuing operations for the nine-month period ended 30 September 2021 would have been €1,180 million and €(68) million, respectively.

The transaction was completed on 25 June 2021 with consolidation in practice commencing at the end of June 2021.

#### *Purchase consideration – cash outflow*

Cash outflow to acquire eCG, net of cash acquired is as follows:

|   | € million    |
|---|--------------|
| Cash consideration                              | 2,140        |
| Settlement of deal contingent forward contracts | 88           |
| Less balances acquired:                         |              |
| Cash  | 66           |
| <b>Net cash outflow - investing activities</b>  | <b>2,162</b> |

Per Adevinata instructions, part of the consideration for eCG was paid to the seller by the banks providing new financing. The banks were acting as agents of Adevinata and the payments are assessed to be cash payments made by Adevinata.

#### *Acquisition-related costs*

Acquisition-related costs that were not directly attributable to the issue of shares are included in operating cash flows in the statement of cash flows for the year ending 31 December 2020 and for the nine-month period ended 30 September 2021, respectively.

## **Disposal of eBay Denmark**

The assets and liabilities of Danish businesses of eCG ('eBay Denmark') were at closing of the eCG transaction classified as held for sale and presented as such within the net identifiable assets of eCG acquired. Immediately after closing, eCG Denmark was sold to a subsidiary of Schibsted for a consideration of €295 million corresponding to the carrying amount of the net assets sold and hence no gain or loss or income tax were recognized related to the sale.

At the date of sale, the fair value less costs of disposal of eBay Denmark was €295 million, the fair value of total identifiable liabilities and the ascertained value of total assets were €6 million and €301 million, respectively.

## **Gumtree and Motors.co.uk classified as held for sale and the discontinued operation**

As a part of remedies proposed in response to the competition concerns raised by the UK Competition and Markets Authority on 16 February 2021, Adevinata committed to dispose of Gumtree UK and Motors.co.uk. Gumtree UK and Motors.co.uk were classified as subsidiaries acquired with a view to resale upon acquisition on 25 June 2021. These businesses' net assets are measured at estimated fair value less sales cost and the carrying amount is €13 million as at 30 September 2021.

The profit from discontinued operations (after tax) in the third quarter of 2021 was €1 million.

Net cash flow from discontinued operation in the third quarter of 2021 is as follows:

|   | € million |
|---|-----------|
| Net cash flow from operating activities | 9         |
| Net cash flow from investing activities | 0         |
| Net cash flow from financing activities | 0         |
| <b>Net cash (outflow) / inflow</b>      | <b>9</b>  |

Earnings per share from discontinued operation in the third quarter of 2021 are as follows:

|         | €    |
|---------|------|
| Basic   | 0.00 |
| Diluted | 0.00 |

## Issue of new shares by Adevinta ASA

On 24 June 2021 the company issued 539,994,479 ordinary shares (of them 342,474,251 Class A shares and 197,520,228 Class B shares). The issue of Class A shares was registered with Oslo Bors on 28 June 2021.

## New financing

Immediately prior to completion of the acquisition of eCG the proceeds of the Notes of €1,060 million were released from escrow, and the Term Loan B of USD 506 million and €900 million was funded.

Adevinta entered into a multicurrency revolving facility of €450 million. On 24 June 2021 the facility was drawn by €150 million.

The proceeds from the Term Loan B, the multicurrency credit facility, and the Notes were used to, among other things, fund a portion of the cash consideration for the acquisition of eCG and repay existing debt. On 24 June 2021 Adevinta settled the existing term loan of NOK 2,150 million and the revolving credit facility of €290 million with Nordic and international banks.

## Note 3. Operating segment disclosures

The operating segments correspond to the management structure and the internal reporting to the Group's chief operating decision maker, defined as the CEO. The operating segments reflect an allocation based on geographical location.

After the eCG acquisition, based on the new internal reporting structure, Adevinta has identified France, Mobile.de, European Markets and International Markets as reportable operating segments.

- France comprises primarily leboncoin, MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo.
- Mobile.de comprises Mobile.de in Germany.
- European Markets comprises primarily eBay Kleinanzeigen in Germany, Markplaats, Zেমemain and 2dehands in Benelux, InfoJobs, Coches, Motos, Fotocasa, Habitaclic and Milanuncios in Spain, Subito, Infojobs, Automobile and Kijiji in Italy, Daft, Done Deal and Adverts in Ireland, Hasznaltauto, Jofogas and Autonavigator in Hungary and Kufar in Belarus. Furthermore, Adevinta's share of the net profit (loss) of willhaben in Austria is included in operating profit (loss).
- International Markets comprises Segundamano and Vivanuncios in Mexico, Kijiji and Kijijiautos in Canada, Autotrader, Gumtree and Carsguide in Australia, Gumtree in South Africa, Infojobs Brazil in Brazil and Gumtree in other countries (Poland, Ireland, Singapore and Argentina). Furthermore, Adevinta's share of the net profit (loss) of Silver Brazil joint venture (including OLX, Anapro and Grupo Zap) is included in operating profit (loss).

Disposals comprises Adevinta's divestments in Corotos in Dominican Republic (sold in Q2 2020), Tayara in Tunisia (sold in Q4 2020), Avito in Morocco (sold in Q4 2020), Fincaraiz in Colombia (sold in Q4 2020), Yapo in Chile (sold in Q1 2021) and Shpock in Austria, Germany and United Kingdom (sold in Q2 2021).

Other/Headquarters comprises Adevinta's shareholder and central functions including central product and technology development.

Eliminations comprise reconciling items related to intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

In the operating segment information presented, gross operating profit (loss) is used as a measure of operating segment profit (loss). For internal control and monitoring, both gross operating profit (loss) and operating profit (loss) are used as measures of operating segment profit (loss).

## Operating revenues and profit (loss) by operating segments

| Third quarter 2021                         | France     | Mobile.de | European Markets | International Markets | Disposals  | Other / Headquarters | Eliminations | Total      |
|--|------------|-----------|------------------|-----------------------|------------|----------------------|--------------|------------|
| € million                                  |            |           |                  |                       |            |                      |              |            |
| Operating revenues from external customers | 106        | 77        | 152              | 47                    | -          | 4                    | -            | 386        |
| Operating revenues from other segments     | 0          | (5)       | 6                | (0)                   | -          | (4)                  | 2            | -          |
| <b>Operating revenues</b>                  | <b>106</b> | <b>71</b> | <b>158</b>       | <b>47</b>             | <b>-</b>   | <b>1</b>             | <b>2</b>     | <b>386</b> |
| Gross operating profit (loss)              | 52         | 41        | 65               | 11                    | -          | (43)                 | -            | 127        |
| <b>Operating profit (loss)</b>             | <b>47</b>  | <b>22</b> | <b>37</b>        | <b>5</b>              | <b>(0)</b> | <b>(68)</b>          | <b>-</b>     | <b>43</b>  |

| YTD 2021                                   | France     | Mobile.de | European Markets | International Markets | Disposals   | Other / Headquarters | Eliminations | Total      |
|--|------------|-----------|------------------|-----------------------|-------------|----------------------|--------------|------------|
| € million                                  |            |           |                  |                       |             |                      |              |            |
| Operating revenues from external customers | 333        | 77        | 291              | 51                    | 3           | 6                    | -            | 761        |
| Operating revenues from other segments     | 1          | (5)       | 6                | 0                     | -           | 0                    | (3)          | -          |
| <b>Operating revenues</b>                  | <b>335</b> | <b>71</b> | <b>298</b>       | <b>51</b>             | <b>3</b>    | <b>6</b>             | <b>(3)</b>   | <b>761</b> |
| Gross operating profit (loss)              | 161        | 41        | 100              | 10                    | (5)         | (75)                 | -            | 232        |
| <b>Operating profit (loss)</b>             | <b>146</b> | <b>22</b> | <b>67</b>        | <b>(4)</b>            | <b>(73)</b> | <b>(162)</b>         | <b>-</b>     | <b>(4)</b> |

| Third quarter 2020                         | France     | Mobile.de | European Markets | International Markets | Disposals | Other / Headquarters | Eliminations | Total      |
|--|------------|-----------|------------------|-----------------------|-----------|----------------------|--------------|------------|
| € million                                  |            |           |                  |                       |           |                      |              |            |
| Operating revenues from external customers | 100        | -         | 64               | 2                     | 5         | 1                    | -            | 171        |
| Operating revenues from other segments     | 0          | -         | 0                | 0                     | 0         | 0                    | (1)          | -          |
| <b>Operating revenues</b>                  | <b>100</b> | <b>-</b>  | <b>64</b>        | <b>2</b>              | <b>5</b>  | <b>1</b>             | <b>(1)</b>   | <b>171</b> |



|                                |           |          |           |            |            |             |          |           |
|--------------------------------|-----------|----------|-----------|------------|------------|-------------|----------|-----------|
| Gross operating profit (loss)  | 50        | -        | 22        | (0)        | (3)        | (15)        | -        | 54        |
| <b>Operating profit (loss)</b> | <b>45</b> | <b>-</b> | <b>18</b> | <b>(2)</b> | <b>(4)</b> | <b>(44)</b> | <b>-</b> | <b>14</b> |

| YTD 2020                                   | France     | Mobile.de | European Markets | International Markets | Disposals   | Other / Headquarters | Eliminations | Total      |
|--|------------|-----------|------------------|-----------------------|-------------|----------------------|--------------|------------|
| € million                                  |            |           |                  |                       |             |                      |              |            |
| Operating revenues from external customers | 283        | -         | 183              | 6                     | 15          | 4                    | -            | 491        |
| Operating revenues from other segments     | 1          | -         | 0                | 0                     | 0           | 1                    | (2)          | -          |
| <b>Operating revenues</b>                  | <b>284</b> | <b>-</b>  | <b>183</b>       | <b>6</b>              | <b>15</b>   | <b>6</b>             | <b>(2)</b>   | <b>491</b> |
| Gross operating profit (loss)              | 138        | -         | 52               | (1)                   | (9)         | (47)                 | -            | 133        |
| <b>Operating profit (loss)</b>             | <b>120</b> | <b>-</b>  | <b>41</b>        | <b>(1)</b>            | <b>(11)</b> | <b>(87)</b>          | <b>-</b>     | <b>62</b>  |

## Operating revenues by category:

| € million                 | Third quarter |            | YTD        |            |
|---------------------------|---------------|------------|------------|------------|
|                           | 2021          | 2020       | 2021       | 2020       |
| Advertising revenues      | 88            | 30         | 148        | 82         |
| Classifieds revenues      | 293           | 139        | 604        | 401        |
| - of which transactional  | 9             | 6          | 30         | 14         |
| Other operating revenues  | 6             | 2          | 9          | 7          |
| <b>Operating revenues</b> | <b>386</b>    | <b>171</b> | <b>761</b> | <b>491</b> |

## Disaggregation of revenues by category:

| Third quarter 2021  | France     | Mobile.de | European Markets | International Markets | Disposals | Other / Headquarters | Total      |
|---|------------|-----------|------------------|-----------------------|-----------|----------------------|------------|
| € million   |            |           |                  |                       |           |                      |            |
| Advertising revenues  | 15         | 7         | 48               | 15                    | -         | 3                    | 88         |
| Classified revenues   | 90         | 66        | 104              | 32                    | -         | (0)                  | 293        |
| Other revenues  | 0          | 3         | 0                | 0                     | -         | 1                    | 5          |
| <b>Revenues from contracts with customers</b>               | <b>106</b> | <b>77</b> | <b>152</b>       | <b>47</b>             | <b>-</b>  | <b>4</b>             | <b>386</b> |
| Revenues from lease contracts, government grants and others | 0          | -         | 0                | -                     | -         | 0                    | 0          |
| <b>Operating revenues from external customers</b>           | <b>106</b> | <b>77</b> | <b>152</b>       | <b>47</b>             | <b>-</b>  | <b>4</b>             | <b>386</b> |

| YTD 2021  | France     | Mobile.de | European<br>Markets | International<br>Markets | Disposals | Other /<br>Headquarters | Total      |
|---|------------|-----------|---------------------|--------------------------|-----------|-------------------------|------------|
| € million   |            |           |                     |                          |           |                         |            |
| Advertising revenues  | 50         | 7         | 71                  | 16                       | 2         | 3                       | 148        |
| Classified revenues   | 282        | 66        | 219                 | 35                       | 2         | (0)                     | 604        |
| Other revenues  | 1          | 3         | 1                   | 0                        | -         | 2                       | 8          |
| <b>Revenues from contracts with customers</b>               | <b>333</b> | <b>77</b> | <b>291</b>          | <b>51</b>                | <b>3</b>  | <b>5</b>                | <b>760</b> |
| Revenues from lease contracts, government grants and others | 0          | -         | 0                   | 0                        | 0         | 1                       | 1          |
| <b>Operating revenues from external customers</b>           | <b>333</b> | <b>77</b> | <b>291</b>          | <b>51</b>                | <b>3</b>  | <b>6</b>                | <b>761</b> |

| Third quarter 2020  | France     | Mobile.de | European<br>Markets | International<br>Markets | Disposals | Other /<br>Headquarters | Total      |
|---|------------|-----------|---------------------|--------------------------|-----------|-------------------------|------------|
| € million   |            |           |                     |                          |           |                         |            |
| Advertising revenues  | 17         | -         | 11                  | 0                        | 2         | -                       | 30         |
| Classified revenues   | 82         | -         | 53                  | 1                        | 3         | 0                       | 139        |
| Other revenues  | 1          | -         | 0                   | 0                        | 0         | 0                       | 1          |
| <b>Revenues from contracts with customers</b>               | <b>100</b> | <b>-</b>  | <b>64</b>           | <b>2</b>                 | <b>5</b>  | <b>0</b>                | <b>171</b> |
| Revenues from lease contracts, government grants and others | 0          | -         | 0                   | -                        | 0         | 0                       | 0          |
| <b>Operating revenues from external customers</b>           | <b>100</b> | <b>-</b>  | <b>64</b>           | <b>2</b>                 | <b>5</b>  | <b>1</b>                | <b>171</b> |

| YTD 2020  | France     | Mobile.de | European<br>Markets | International<br>Markets | Disposals | Other /<br>Headquarters | Total      |
|---|------------|-----------|---------------------|--------------------------|-----------|-------------------------|------------|
| € million   |            |           |                     |                          |           |                         |            |
| Advertising revenues  | 45         | -         | 30                  | 1                        | 6         | -                       | 82         |
| Classified revenues   | 235        | -         | 152                 | 5                        | 9         | 0                       | 401        |
| Other revenues  | 3          | -         | 0                   | 0                        | 0         | 2                       | 5          |
| <b>Revenues from contracts with customers</b>               | <b>283</b> | <b>-</b>  | <b>183</b>          | <b>6</b>                 | <b>15</b> | <b>2</b>                | <b>488</b> |
| Revenues from lease contracts, government grants and others | 0          | -         | 0                   | -                        | 0         | 2                       | 3          |
| <b>Operating revenues from external customers</b>           | <b>283</b> | <b>-</b>  | <b>183</b>          | <b>6</b>                 | <b>15</b> | <b>4</b>                | <b>491</b> |

## Note 4. Other income and expenses and impairment loss

| € million  | Third quarter |             | YTD          |             |
|--|---------------|-------------|--------------|-------------|
|  | 2021          | 2020        | 2021         | 2020        |
| Restructuring costs  | (0)           | (1)         | 0            | (2)         |
| Gain (loss) on sale and remeasurement of subsidiaries, joint ventures and associates | 2             | 2           | (38)         | 2           |
| Gain (loss) on sale of intangible assets and property, plant & equipment             | 0             | 0           | 1            | 0           |
| Acquisition-related costs  | (6)           | (24)        | (45)         | (26)        |
| Integration-related costs  | (14)          | (1)         | (33)         | (1)         |
| IPO-related costs  | (0)           | (1)         | (1)          | (2)         |
| Other  | 0             | (0)         | 0            | (0)         |
| <b>Total other income and expenses</b>   | <b>(18)</b>   | <b>(25)</b> | <b>(115)</b> | <b>(29)</b> |

Gain on sale and remeasurement of subsidiaries, joint ventures and associates of €2 million in Q3 2021 relates to the gain on dilution of Younited of €2 million.

Acquisition-related costs of €(6) million and integration-related costs of €(14) million in Q3 2021 mainly relate to the acquisition of eBay Classifieds Group.

## Note 5. Net financial items

| € million                             | Third quarter |             | YTD         |             |
|---------------------------------------|---------------|-------------|-------------|-------------|
|                                       | 2021          | 2020        | 2021        | 2020        |
| Net interest income (expenses)        | (18)          | (1)         | (34)        | (4)         |
| Net foreign exchange gain (loss)      | (10)          | (24)        | 2           | (87)        |
| Net other financial income (expenses) | (2)           | (1)         | (4)         | (3)         |
| <b>Net financial items</b>            | <b>(30)</b>   | <b>(26)</b> | <b>(37)</b> | <b>(94)</b> |

Net interest expenses in Q3 2021 are mainly due to €7 million interest expenses related to the bonds issued in November 2020 and €12 million interest expenses related to new financing (please see note 2).

Net foreign exchange loss in Q3 2021 is mainly due to the depreciation of the exchange rate of the BRL against the EUR, decreasing the value in EUR of the loan in BRL granted by Adevinta Finance AS to Bom Negócio Atividades de Internet Ltda (OLX Brazil joint venture).

## Note 6. Contingent liabilities

### Digital Services Tax in France

The French digital services tax legislation (DST) was enacted in July 2019 and applicable retroactively from 1 January 2019.

The main features of the DST bill are a single rate of 3% to be levied on gross revenue derived from two types of activities if deemed to be made or supplied in France:

- The supply, by electronic means, of a digital interface that allows users to contact and interact with other users, in particular in view of delivering goods or services directly between those users.
- Services provided to advertisers or their agents enabling them to purchase advertising space located on a digital interface accessible by electronic means in order to display targeted advertisements to users located in France, based on data provided by such users.

Taxpayers of DST are defined as companies (wherever their location) for which the annual revenue received in consideration for taxable services cumulatively exceeds both of the following thresholds in the previous tax year:

- €750 million of worldwide revenue; and,
- €25 million of revenue generated in France.

The DST applies to digital services revenue for 2019, 2020 and 2021. If applicable to Adevinata, the DST will negatively impact Adevinata Group's EBITDA. The DST amount payable is deductible for corporate income tax purposes.

Due to the complexity of the law the assessment of whether DST is applicable to Adevinata Group is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinata Group and hence no provision has been recognized for DST as at 30 September 2021.

The main uncertainties relate to whether the services which Schibsted Group (including Adevinata Group) provided to its users in France and other countries are to be considered within the scope of DST. The current interpretation points to the non-inclusion of some of the said services which means the applicable worldwide revenues within the scope of DST should be below €750 million.

Should the interactions with the French Tax Authorities and other actions conclude differently, the DST amounts applicable to Adevinata are not expected to exceed €26 million in total for 2019, 2020 and YTD September 2021. Management will continue to work with the French tax authorities to obtain further clarification on this matter.

### Digital Services Tax in Spain

The DST in Spain levies a 3% tax over certain digital services and is effective from January 2021 for groups with worldwide revenue above €750 million and Spanish revenues applicable to DST above €3 million, with the first payment already made in 2021.

The assessment of the extent that Spanish DST is applicable to Adevinata Group is surrounded by a high degree of uncertainty. The main uncertainties relate to whether the services which Adevinata Group provided to its users in Spain are to be considered within the scope of DST. The current interpretation points to the non-inclusion of some of the said services and hence the provision for DST in Spain recognized as at 30 September 2021 has been based on such interpretation. Should the interactions with the Spanish Tax Authorities and other actions conclude differently, the additional DST amounts applicable to Adevinata are not expected to exceed €3.9 million in total for YTD September 2021. Management will continue to work with the Spanish tax authorities to obtain further clarification on this matter.

## Note 7. Other matters

### Covid pandemic

The Covid outbreak is currently affecting the world economy negatively and has increased the uncertainty on estimating the recoverable amounts for certain CGUs. The recoverable amount of a CGU is the higher of an asset's fair value less costs of disposal and value in use. Value in use is assessed by discounting estimated future cash flows. Reference is made to the carrying amounts, principles and estimation uncertainty and sensitivity for impairment testing in note 15 in Adevinata's Annual Report for 2020.

The risk of changes in expected cash flows that affect the consolidated financial statements will naturally be higher in markets in an early phase, such as Mexico, than in established markets. Furthermore, the risk of changes will be significantly higher in periods with an uncertain macroeconomic environment as is the case during the Covid pandemic.

Based on the current estimates, no impairments have been identified in the third quarter of 2021. Adevinata will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts should this be required.

The Group had at 30 September 2021 net interest-bearing debt of €2,324 million (see specification in Definitions and Reconciliations below) and €532 million total liquidity available. Management still considers Adevinta's liquidity and refinancing risk to be acceptable considering the cash generation projections as well as the cash conversion rate of the business.

## Note 8. Events after the balance sheet date

### Changes in ownership

On 14 July 2021, the agreement between eBay and Permira was announced, which will see eBay sell approximately 125 million Class A shares of Adevinta to funds advised by Permira, representing a 10.2% stake in Adevinta. On 29 July 2021, Permira exercised the 30-day option granted by eBay to purchase an additional 10 million Class A shares at the same price.

The transaction was completed on 18 November, following Foreign Direct Investment approvals, and eBay sold 134,743,728 Class A Shares in Adevinta, representing an 11% stake in Adevinta, to Permira. As a consequence, Dipan Patel, Permira Partner and Head of Consumer, has been appointed to Adevinta's Board of Directors.

Following completion of the transaction, eBay requested the conversion of 138,264,160 non-voting shares ("Class B shares") in Adevinta into Class A shares. As a result, eBay will indirectly own in total (i) 345,994,683 Class A Shares, representing approximately 29.7% of the Class A Shares and associated voting rights in Adevinta, and (ii) 59,256,068 Class B Shares, which together with the Class A shares issued to eBay, amounts to approximately 33.1% of Adevinta's outstanding share capital.

### Covid pandemic

The duration and extent of the pandemic and related financial, social and public health impacts of the Covid pandemic remain uncertain. Disclosures on the potential impacts that this uncertainty may have on reported figures in future periods have been included in note 3 in Adevinta's Annual Report for 2020 and in the Group Overview section and note 7 to the condensed consolidated financial statements.

Other than the matters described above, no further matters have arisen since 30 September 2021 which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.



# Definitions and Reconciliations

The consolidated financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the Group presents alternative performance measures (APMs). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the Group's performance.

APMs should not be considered as a substitute for or superior measures of performance in accordance with IFRS. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below. As APMs are not uniformly defined, the APMs set out below might not be comparable with similarly labelled measures by other companies.

After the eCG acquisition, the following APMs are no longer considered significant for understanding the Group's performance and, hence, are not included in Adevinta's external financial reporting as from Q3 2021:

- EBITDA excl. Investment phase
- Operating revenues incl. JVs
- EBITDA incl. JVs
- EBITDA margin excl. Investment phase
- EBITDA margin incl. JVs

| Measure                                     | Description   | Reason for including   |
|---|---|--|
| EBITDA/Gross operating profit (loss)        | EBITDA is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortisation. The measure equals gross operating profit (loss).  | Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related to transactions and events not considered by management to be part of operating activities. Management believes the measure enables an evaluation of operating performance.  |
| EBITDA margin                               | Gross operating profit (loss) / Operating revenues.   | Shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenue. Management believes the measure enables an evaluation of operating performance.   |
| Underlying tax rate                         | Underlying tax rate is defined as tax cost excluding effects that do not result in current tax payables.  | Management believes that adjusted tax rate represents a more understandable measure of what is tax payable by the Group.   |
| Liquidity reserve                           | Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.  | Management believes that liquidity reserve shows the total liquidity available for meeting current or future obligations.  |
| Interest-bearing debt/Total debt            | Interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities. Total debt is defined as interest-bearing debt.  | Management believes that it is a useful indicator of the Group's debt profile and its ability to meet its debt obligations.  |
| Net interest-bearing debt/Total net debt    | Net interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities less cash and cash equivalents, proceeds from borrowings placed in the escrow account and cash pool holdings. Total net debt is defined as net interest-bearing debt. | Management believes that net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the Consolidated statement of financial position. The use of net interest-bearing debt does not necessarily mean that the cash and cash equivalent and cash pool holdings are available to settle all liabilities in this measure. Net interest-bearing debt includes proceeds of the Senior Secured Notes held in escrow until closing of transaction. |
| Earnings per share adjusted (EPS (adj.))    | Earnings per share adjusted for other income and expenses, impairment loss, non-controlling interests related to other income and expenses and impairment loss and taxes.   | The measure is used for comparing earnings to shareholders adjusted for income and expenses related transactions and events net of tax not considered by management to be part of operating activities. Management believes the measure enables an evaluation of value created to shareholders excluding effects of non-operating events and transactions.   |
| Revenues adjusted for currency fluctuations | Growth rates on revenue adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.  | Enables comparability of development in revenues over time excluding the effect of currency fluctuation.   |
| Organic revenue growth                      | Revenue growth adjusted for the effects of currency movements and changes in the scope of consolidation.  | Enables comparability of development in revenues over time excluding the effect of currency fluctuation and changes in consolidation scope.  |

|   | Third quarter |      | YTD  |      |
|---|---------------|------|------|------|
|   | 2021          | 2020 | 2021 | 2020 |
| <b>Reconciliation of EBITDA (before other income and expenses, impairment, joint ventures and associates) (€ million)</b> |               |      |      |      |
| Gross operating profit (loss)   | 127           | 54   | 232  | 133  |
| = EBITDA (before other income and expenses, impairment, JVs and associates)   | 127           | 54   | 232  | 133  |

|  | Third quarter |              | YTD          |              |
|--|---------------|--------------|--------------|--------------|
|  | 2021          | 2020         | 2021         | 2020         |
| <b>Underlying tax rate (€ million)</b>   |               |              |              |              |
| Profit (loss) before taxes   | 14            | (13)         | (41)         | (32)         |
| Share of profit (loss) of joint ventures and associates                              | 1             | 1            | 8            | (1)          |
| Other losses for which no deferred tax benefit is recognised                         | 34            | 60           | 118          | 152          |
| (Gain) loss on sale and remeasurement of subsidiaries, joint ventures and associates | (2)           | 4            | 38           | (2)          |
| Other non-taxable gains  | (3)           | -            | (3)          | -            |
| Impairment losses  | -             | -            | 2            | -            |
| <b>Adjusted tax base</b>   | <b>44</b>     | <b>52</b>    | <b>121</b>   | <b>116</b>   |
| Taxes  | 12            | 15           | 35           | 36           |
| <b>Adjusted taxes</b>  | <b>12</b>     | <b>15</b>    | <b>35</b>    | <b>36</b>    |
| <b>Underlying tax rate</b>   | <b>27.1%</b>  | <b>28.8%</b> | <b>28.7%</b> | <b>30.9%</b> |

|  | 30 September | 31 December |
|--|--------------|-------------|
|  | 2021         | 2020        |
| <b>Liquidity reserve</b>                       |              |             |
| Cash and cash equivalents                      | 232          | 131         |
| Unutilised drawing rights on credit facilities | 300          | 335         |
| <b>Liquidity reserve</b>                       | <b>532</b>   | <b>466</b>  |

|   | 30 September | 31 December  |
|---|--------------|--------------|
|   | 2021         | 2020         |
| <b>Net interest-bearing debt</b>                          |              |              |
| Non-current interest-bearing borrowings                   | 2,298        | 1,266        |
| Lease liabilities, non-current                            | 79           | 82           |
| <b>Total non-current liabilities</b>                      | <b>2,377</b> | <b>1,348</b> |
| Current interest-bearing borrowings                       | 159          | 295          |
| Lease liabilities, current                                | 20           | 18           |
| <b>Total current liabilities</b>                          | <b>179</b>   | <b>313</b>   |
| <b>Total interest-bearing debt</b>                        | <b>2,556</b> | <b>1,661</b> |
| Proceeds from the borrowings placed in the escrow account | -            | (1,060)      |
| Cash and cash equivalents                                 | (232)        | (131)        |
| <b>Net interest-bearing debt</b>                          | <b>2,324</b> | <b>470</b>   |

|  | Third quarter |            | YTD       |             |
|--|---------------|------------|-----------|-------------|
|  | 2021          | 2020       | 2021      | 2020        |
| <b>Earnings per share - adjusted</b>   |               |            |           |             |
| Profit (loss) attributable to owners of the parent   | 1             | (29)       | (79)      | (68)        |
| Other income and expenses  | 18            | 25         | 115       | 29          |
| Impairment loss  | -             | -          | 20        | -           |
| Taxes and non-controlling interests related to other income and expenses and impairment loss | (3)           | 1          | (8)       | (1)         |
| <b>Profit (loss) attributable to owners of the parent - adjusted</b>                         | <b>17</b>     | <b>(2)</b> | <b>48</b> | <b>(39)</b> |
| Earnings per share – adjusted (EUR)  | 0.01          | (0.00)     | 0.05      | (0.06)      |
| Diluted earnings per share – adjusted (EUR)  | 0.01          | (0.00)     | 0.05      | (0.06)      |

|   | Third quarter |        | YTD    |        |
|---|---------------|--------|--------|--------|
|   | 2021          | 2020   | 2021   | 2020   |
| <b>Currency rates used when converting profit or loss</b> |               |        |        |        |
| Pound sterling (GBP)                                      | 1.1692        | 1.1050 | 1.1575 | 1.1314 |
| Brazilian Real (BRL)                                      | 0.1624        | 0.1592 | 0.1570 | 0.1776 |

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