2019
Annual Report.

We believe in Matchmaking.

Adevinta

Index

THE ADEVINTA WAY

Our family of local digital brands unlock the full value in every person, place and thing by creating the perfect matches on the world's most trusted marketplaces.

PAGE **18**

CHANGE-MAKERS

Led by our global people function, our Change-Makers Initiative aims to transform our workplace into spaces where everyone feels they belong.

PAGE **30**

Who we are

We are a global online classifieds company. Our marketplaces aim to unlock the full value in every person, place and thing – helping local communities prosper and leaving a positive footprint on the world.

What we do

We operate online marketplaces in 16 countries in Europe, Latin America and North Africa, with an average of 1.5 billion visits to our sites every month. Our leading local brands include leboncoin in France, InfoJobs and Fotocasa in Spain, 50% of fast-growing OLX in Brazil, Subito in Italy and Jofogás in Hungary, among many others.

Adevinta at a glance

We are a global online classifieds specialist, operating digital marketplaces in 16 countries. We provide technology-based services to connect buyers and sellers and facilitate transactions, from job offers to real estate, cars, consumer goods and more.

REVENUE[1]

▲ €740 m

+15% Year-on-year

EBITDA[2]

▲ €206 m

+32%[3] Year-on-year

[1] Operating revenues including joint ventures
[2] EBITDA including joint ventures
[3] 2018 numbers used for comparison are not adjusted for IFRS 16

Global leading pure-player in marketplaces

A robust capital structure and a flexible financial capacity

Continuous product development to deliver value to users and customers

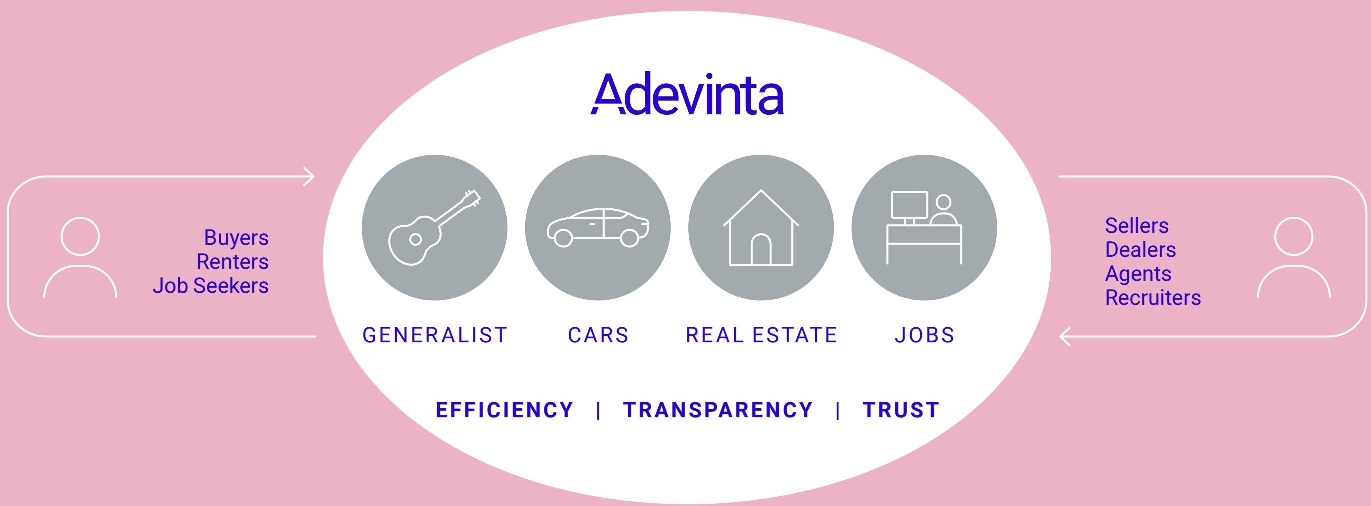
Committed to sustainability and contributing to circular economy (2019 – potentially saved 23+ million tonnes greenhouse gases)

OUR MISSION

Create perfect matches on the world's most trusted marketplaces

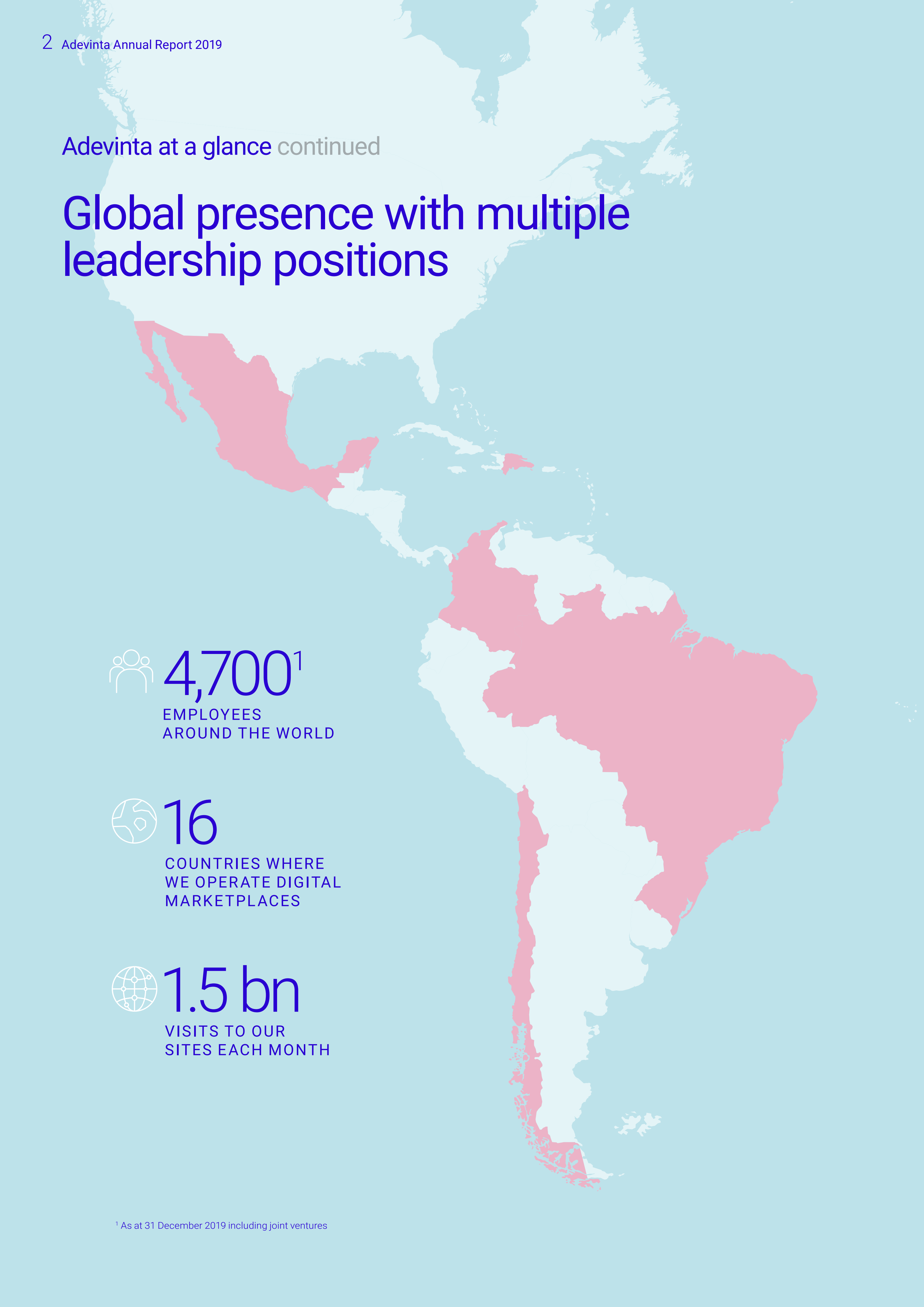
OUR PURPOSE

Make a positive change in the world by helping everything and everyone find new purpose



Adevinta at a glance continued

Global presence with multiple leadership positions



4,700[1]

EMPLOYEES
AROUND THE WORLD

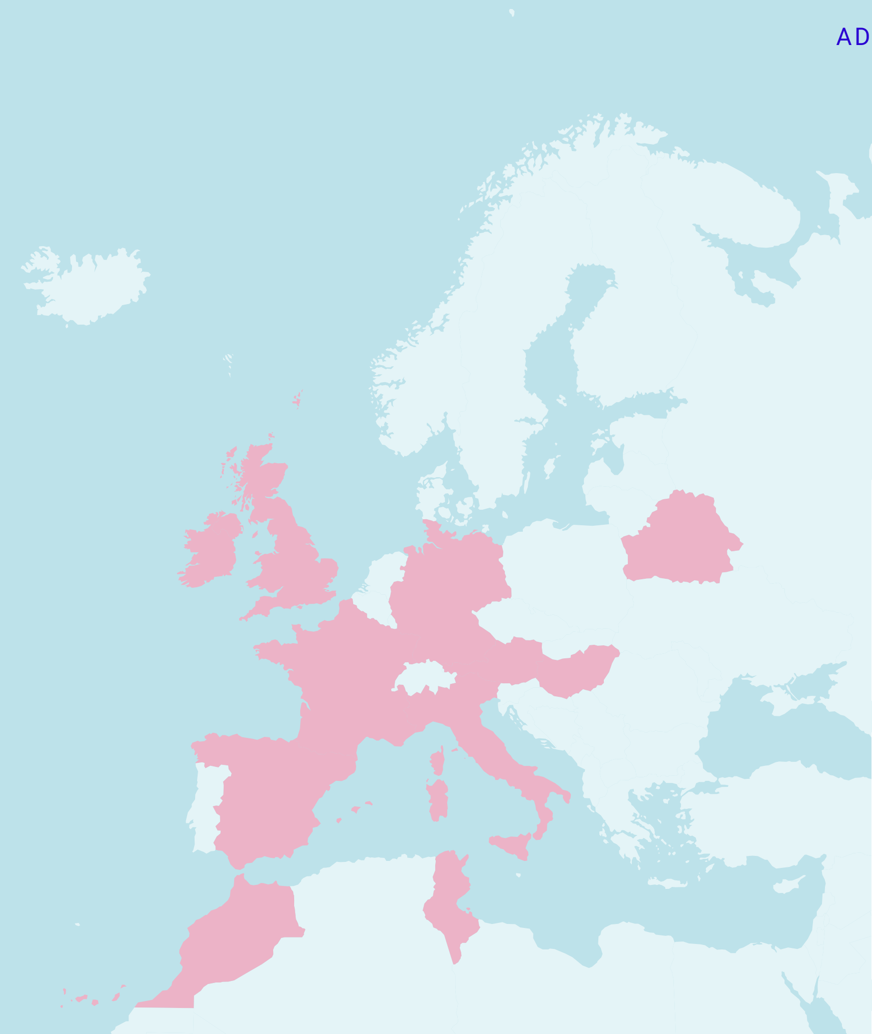
16

COUNTRIES WHERE
WE OPERATE DIGITAL
MARKETPLACES

1.5 bn

VISITS TO OUR
SITES EACH MONTH

[1] As at 31 December 2019 including joint ventures



United Kingdom
Shpock

Germany
Shpock

France
leboncoin
Groupe Argus
PAYCAR
VIDE-DRESSING
locasun.fr
Agriaffaires
MachineryZone

Ireland
DoneDeal
ADVERTS.ie
daft.ie

Spain
milanuncios
habitaclia
InfoJobs
motos.net
fotocasa
coches.net

Italy
InfoJobs
subito

Mexico
segundamano

Tunisia
tayara
Immo Expert
talents

Austria
willhaben
Shpock

Dominican Republic
Corotos

Morocco
AVITO.MA

Hungary
Használtautó.hu
Jófogás
AUTÓNAVIGÁTOR.HU

Chile
yapo.cl

Brazil
InfoJobs.com.br
OLX
storiaimóveis

Colombia
fincaraíz.com.co

Belarus
kufar

ICONS
- Leading position
- Generalist
- Cars
- Real estate
- Jobs

Message from the CEO

What a year it has been for Adevinta! Our Group was born in 2019, following the demerger from Schibsted. Our teams have worked very hard to establish an independent organisation, a global champion in online classifieds.

Rolv Erik Ryssdal
ADEVINTA CEO

The development of Adevinta has been sustainable in all aspects, including financially. In 2019, the Group once again has generated solid profitable growth. Revenue increased by 15%[1] year-on-year, including bolt-on acquisitions, driven by the strong performance of our core verticals and despite a soft and volatile advertising market. EBITDA grew even faster to reach €206 million[2]. This represents a 28%[3] margin, up three percentage points[4] year-on-year. The creditable performance is due to operational leverage that more than offset the dilutive impact of acquisitions, the increased charges arising from further product development and the establishment of a corporate structure following the demerger from Schibsted. Cash conversion was also very strong, leading to operating cash flow generation of €134 million. This contributes to our solid balance sheet and provides us with the means to continue growing steadily going forward.

Our employees are now fully focused on our mission: creating perfect matches on the world's most trusted marketplaces. We support our users and customers daily for most of their needs. Being at the heart of their lives and promoting exchanges is a serious responsibility and one we don't take for granted. We have an important role to play in a society that is becoming increasingly conscious and demanding. The circular economy contributes significantly to reducing negative impacts on the environment. We estimate that the effect of buying and selling goods second-hand, supported by our platforms, potentially helps to reduce greenhouse gas emissions by 23.6 million tonnes each year, or the equivalent of the emissions from 2.7 million europeans. Matchmaking is also about connecting people in their professional lives, helping individuals find the right job opportunity.

We must continue to invest in product and technology in order to be a leader in our industry. Rapid technological development presents both new opportunities and threats. We focus on product development to provide solutions for the needs of our users and customers. As our users become more sophisticated and demand more convenience, we are moving away from the old listing model and are looking to offer more ease of use and safety, and to reduce friction. This is why we have been investing in transaction-related features and capabilities such as peer-to-peer payment, trust profile and ratings, delivery and fraud detection. In addition, we are leveraging our investments in data to increase the value of our professional offerings through capabilities that include valuation tools and advanced professional dashboards with increased automation, etc. We will continue to invest in skills, platforms, and capabilities to always increase the value we deliver to our customers and users.

[1] Operating revenues including joint ventures
[2] EBITDA including joint ventures
[3] EBITDA margin including joint ventures
[4] 2018 numbers used for comparison are not adjusted for IFRS 16

We have increased our market share in several markets and invested in adjacent sectors and new technologies. We are proud of what we have accomplished so far and confident in our ability to grow further and to expand in existing and new territories. We have great ambitions along with the resources and talented teams to achieve them.

In 2019, the Group once again has generated solid profitable growth, up 15%[1] year-on-year.

At Adevinta, people come first, whether that be our users, customers or our talented employees. This year our people theme for our Adevintans has been talent and an important initiative was the launch of our global talent platform. Our aim is to help identify the people who can add more value to our organisation and then invest in accelerating their personal and professional growth through our talent communities. To this end, we launched our new Product Academy so our people can continue to develop the very best customer-centric products for our users and we revitalised our Early Career Programmes so we have the best pipeline of talent to continue growing.

At Adevinta, we are one big global family and we believe everyone should have the chance to grow, to learn, to challenge themselves in a meaningful way and – above all – to further their career in any part of the organisation. With this aim in mind, the launch of our new global talent platform has played a vital role in promoting and encouraging global mobility opportunities across the Adevinta network.

Adevinta is a great place to work because we are dedicated to building teams of talented people with diverse backgrounds and perspectives. The more diverse ideas we have, the stronger and more successful we are as a leading tech company. This year we further invested in our Change-Maker communities who are responsible for making a real difference to inclusion at Adevinta from within our marketplaces. Our Women In Leadership programme continues to be oversubscribed and we have seen a significant improvement in the promotion rate of our female leaders following their participation. We believe diversity and inclusion is as important as any other key business priority so to us it is essential to empower and encourage our leaders to create truly diverse teams.

The world is currently facing an unprecedented challenge with the spread of Covid-19. We have a role to play in this context. We are leveraging the strength and reach of our marketplaces by putting them at the service of the society through various solidarity initiatives. There will be lower activity in our underlying markets in the coming months, and we need to adapt to that. But with strong market positions and solid financials, we believe we are well equipped to navigate this unprecedented situation. We will continue to rely on our highly talented teams to provide best-in-class service, and to be well-positioned to seize opportunities as they come.

Rolv Erik Ryssdal
CEO ADEVINTA

Adevinta

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daft.ie · DoneDeal · fincaraiz.com.co · fotocasa · Groupe Argus · habitaclia · Használtautó.hu
ImmoExpert · InfoJobs · Jófogás · kufar · leboncoin · locasun.fr · MachineryZone
milanuncios · motos.net · OLX · PAYCAR · segundamano · shpock · storiaimóveis
subito · talents · tayara · vibbo · VIDE-DRESSING · WILLHABEN · yapo.cl

The Board of Directors of Adevinta ASA

Orla Noonan
Board Chair

Orla Noonan began her career in investment banking at Salomon Brothers in London, where she worked from 1994 to 1996. She then spent more than two decades working in content and media at Groupe AB in Paris, holding various management positions including Vice President and Company Secretary responsible for finance, M&A and regulatory affairs. She was CEO of Groupe AB from 2014 to 2018 and independent Board member at Schibsted Media Group from 2017 to 2019.

Orla Noonan has been an independent Board member at Iliad SA since 2009, at SMCP since 2017, and a Board member of Agence France Presse (AFP) since 2019. She is a graduate of HEC, Paris and has a B.A. in Economics from Trinity College, Dublin.

Kristin Skogen Lund

Kristin Skogen Lund has been CEO of Schibsted ASA since 1 December 2018. Her previous positions include Director General of the Confederation of Norwegian Enterprise (NHO) from 2012 to 2018, EVP of the Nordic region and digital services at Telenor, CEO at the Schibsted companies Aftenposten, Scanpix and Scandinavia Online, several positions at the Coca-Cola Company, serving as Director from 1997 to 1998, as well as Unilever and the Norwegian Embassy in Madrid. Kristin Skogen Lund has previously served as president of the Confederation of Norwegian Enterprise and as a member of the Board of Ericsson and Orkla among others. Since 2015, she has been a member of the Global Commission on the Economy and Climate, and the ILO Global Commission of the Future of Work.

Kristin Skogen Lund is also Chair of the Board at Oslo-Filharmonien. She has an MBA from INSEAD and a BA in International Studies and Business Administration from the University of Oregon.

Peter Brooks-Johnson

Peter Brooks-Johnson has been CEO of Rightmove, the UK's largest property portal, since 2017. He began his career at Accenture UK Ltd, where he worked from 1995 to 2000, and then spent five years at Berkeley Partnership LLP from 2000 to 2005 as a consultant. He joined Rightmove in 2006 and held the position of Head of the Agency business from 2008 to 2011, Managing Director from 2011 to 2013 and COO from 2013 to 2017.

Peter Brooks-Johnson graduated with a MEng in Microelectronics from Newcastle University.

Sophie Javary

Sophie Javary has over 30 years of experience in investment banking, both within M&A and ECM. She is currently Vice-Chairman CIB EMEA with BNP Paribas. Her previous experience includes, Head of Corporate Finance Europe Middle East Africa (EMEA) at BNP Paribas (2014 to 2018), Senior Banker at BNP Paribas (2011 to 2013) and 16 years at Rothschild & Co (1994 to 2011) where she was appointed as General Partner in 2002. She was Director, Head of ECM origination in France at Baring Brothers France from 1993 to 1994 and held various positions at Banque Indosuez in Paris (1989 to 1992) and at Bank of America (1981 to 1986).

She is a Board member of the Elior Group and of the think tank EuropaNova, and she has been decorated with the French Légion d'Honneur. Sophie Javary is a graduate from HEC Paris with a certificate from the international management programme entailing six months at the Fundação Getulio Vargas of São Paulo (Brazil) and six months at New York University (USA) graduate school of business administration.

Terje Seljeseth

Terje Seljeseth trained in computer science and has held various leadership positions at Schibsted over more than three decades. He was part of Schibsted's top management team as the CEO of Schibsted Classified Media AS from 2009 to 2015 and as the Schibsted CPO from 2015 to 2017. He began his career with Schibsted as IT development manager at Aftenposten AS from 1996 to 1998 and was CTO from 1998 to 1999. He founded FINN.no in 1999, the Norwegian classified advertisements website, and was the company's CEO until 2009. Since 2017, he has been Chief Analyst at Tinius Trust.

Since 2018, Terje Seljeseth has been a Board member of Gjensidige Forsikring ASA, an advisory board member of Headhunter.ru in Russia and an advisory board member of TA-Media's classified division in Switzerland. He has been a Board member and owner of Videocation.no – an education technology – since 2017. Terje Seljeseth graduated with a degree in computer science from Datahøgskolen in Oslo and completed additional studies in informatics at the University of Oslo.

Fernando Abril-Martorell Hernández

Fernando Abril-Martorell Hernández has held various leadership positions in industrial and financial companies, and since 2015, has been Chairman and CEO of Indra. He was CEO of Grupo Prisa (2011 to 2014), CEO of Credit Suisse in Spain and Portugal (2005 to 2011), and CFO and later CEO of Grupo Telefonica (1996 to 2003). His earlier experience includes 10 years in different positions at JP Morgan.

He has been a member of the Board of Directors of Energía y Celulosa, S.A since 2007. Fernando Abril-Martorell Hernández graduated in Law and Business Administration from ICADE (Madrid).

Board of Directors' report

This is Adevinta's first annual report, following its establishment as a separate company after spinning off from Schibsted ASA. Adevinta's Initial Public Offering (IPO) was completed in 2019 with the first day of trading on 10 April 2019.

The aim in bringing together Schibsted's international online marketplaces as a separate and independent company was to create a focused and simplified operation that is optimised to compete, grow and thrive in the highly competitive and dynamic online services market.

When we look back at the last few quarters, there is little doubt that this was the right decision. Adevinta has continued to deliver strong financial and non-financial results during 2019. As a standalone company, we have increased our focus on product development and creating value for users and customers. We have also taken steps to build an organisational culture where employees can focus on one mission: **creating perfect matches on the world's most trusted marketplaces.**

As a separately listed company on the Oslo Stock Exchange, Adevinta has received a very positive reception from investors. Following the April 2019 demerger and IPO, Adevinta has a strong shareholder base and the Board has a solid mandate to take a long-term view on value creation for users, customers, employees and partners, as well as its shareholders and other stakeholders. As announced at the IPO, we have collapsed the original two share classes into one, providing all shareholders with equal voting rights.

An important focus for the Board is to continue taking advantage of the broad range of growth opportunities in France, Spain, Brazil and the Global Markets business segments. To ensure success, we relentlessly support our initiatives regarding product and commercial development. We continue to invest in technology and product development in pursuit of our strategic goal of strengthening our relationship with the customers of our classified verticals such as car dealers, real estate agencies and companies looking to recruit. At the same time, we cater to the millions of private individuals who rely on our services every day when they search for a good deal either as buyers or sellers.

Beyond securing and developing solid positions across traditional classifieds business, Adevinta is constantly watching out for the next radical industry development. Our New Models team has the mandate to invest in companies which seek to transform the value chain in our core markets. Adevinta can contribute more than just financial support to these companies. Access to our content, traffic and marketing muscle and operational know-how can be highly valuable to the companies in which we invest. In turn, Adevinta gains first-hand experience with new models which may have the potential to be drivers for future growth.

Scale is of increasing importance to our business strategy. While one of our historic success formulas has been local autonomy and decentralised capacity in product and technology, we are adopting a centralised strategy to data and analytics. This one area where investment requirements are large and the technology is uniform, and where the maxim "built once; used many times" clearly applies. Our ambition is to provide our marketplaces with centrally developed components so they can offer outstanding data driven products locally.

Following the demerger from Schibsted, Adevinta has strong financial muscle and what we like to call "license to expand." We have the ambition to be a driving force in the industry in terms of organic growth and through value-creating acquisitions and consolidation. We carried out several in-market transactions during 2019, the most important being the acquisition of L'Argus, the digital service provider for the car market in France. Adevinta has a solid balance sheet and, as a standalone publicly listed company, we have the financial capabilities required to execute a vigorous M&A strategy. Our experience shows that significant synergies may be achieved through consolidation of online classifieds players.

At the same time, a balanced capital allocation policy is important. The Board of Directors has adopted a dividend policy that allows for development of Adevinta's business and further growth. Thus, the ambition is to pay a stable and growing dividend going forward while maintaining our flexibility to invest in growth. As announced at the IPO, Adevinta will not pay any dividend for 2019.

Finally, Adevinta is well positioned with regards to global trends towards a more sustainable lifestyle. We are proud of the role that our users play, whenever they choose second-hand goods, in avoiding million tons of CO_2 emissions every year. The encouraging increase in Environmental, Social and Governance (ESG) investments in the global financial scene, gives Adevinta an advantage when it comes to competition for capital. The sustainable aspects of our business are also an important strength when it comes to attracting talent, particularly in the case of younger talent. Together with our strong culture, this means we are well positioned when it comes to competing for the most important asset required for our continued success: talented people.

Description of structural changes

JAN 2019

Adevinta increased its ownership in Adevinta Spain to 100%. This has enabled further integration of our Spanish businesses.

JUN 2019

Adevinta completed the bolt-on acquisition of Locasun, a holiday rental and specialist travel marketplace operating across Europe.

OCT 2019

Adevinta completed the acquisition of Argus Group, the leading player in digital marketing services to the automotive industry in France.

Adevinta also participated in other minor acquisitions and disposals during 2019.

Board of Directors' report continued

Changes in accounting policies

Adevinta implemented the accounting standard IFRS 16 Leases from 1 January 2019. At the date of implementation, total assets increased by €55.9 million and total liabilities increased by €56.6 million, primarily from the recognition of lease liabilities and related right-of-use assets. In 2019, gross operating profit (EBITDA[1]) and operating profit increased by €14.4 million and €0.7 million respectively compared to what would have been reported under the formerly applicable accounting standards. The effect on net profit is insignificant. Comparable figures for 2018 are not restated when applying the new accounting standard.

Further comments on the Group's results

Adevinta's operating revenues in 2019 were €680.3 million (€594.6 million)[2]. The 14% increase was driven by sustained performance in core markets in France and Spain. There was a healthy improvement in core classified revenue in most markets, while advertising revenue was on a soft positive trend.

The Group's EBITDA amounted to €199.5 million (€151.0 million)[2], an increase of 32% (see the section on each business area for more detail). Excluding the application of IFRS 16, operating expenses increased by 12% and EBITDA increased by 23%.

Adevinta's share of profit (loss) from joint ventures and associates was €5.9 million (€6.8 million)[2] with the reduction mainly due to lower result of the investment in Brazil.

Impairment loss in 2019 was €(24.6) million (€(56.6) million)[2]. This is mainly due to a write-down of goodwill in Mexico due to disappointing performance and a change in business strategy.

In 2019, the Group's other income and expenses amounted to €(12.8) million (€(6.3) million)[2]. This is primarily related to restructuring, transition and listing costs and other expenses related to Adevinta's IPO. In 2018, this was mainly related to restructuring costs.

Operating profit in 2019 amounted to €122.8 million (€68.4 million)[2].

Financial position and cash flow

Adevinta ASA was listed on the Oslo Stock Exchange on 10 April 2019. The spin-off of the Adevinta business from Schibsted was implemented as described in the listing prospectus, published on 1 April 2019. The demerger was completed on 9 April 2019 with net assets transferred from Schibsted ASA to Adevinta ASA amounting to €145.2 million (€144.6 million after deduction of transaction costs net of tax effect amounting to €0.6 million) and net interest-bearing debt decreasing by €40.1 million.

Adevinta has entered into a non-current revolving credit facility of €300 million. Drawdown on this new facility amounted to €150 million as at 12 April 2019 and on the same day all outstanding interest-bearing debt from Schibsted was repaid (totaling €151 million). There was a further €50 million drawdown from this facility during 2019.

Net cash flow from operating activities was €134.1 million for the year, compared to €73.9 million in 2018. The increase is primarily related to the increase in operating profit and implementation of IFRS 16.

Net cash outflow from investing activities was €(137.0) million for the year, compared to €(33.8) million in 2018. The increase is mainly due to the acquisition of subsidiaries and increased capital expenditure. Net cash inflow from financing activities was €19.2 million for the year, compared to a net cash outflow amounting to €(22.9) million in 2018. The change is primarily related to the demerger from Schibsted and partially offset by the €200 million drawdown from the revolving credit facility.

The carrying amount of the Group's assets decreased by €(33.7) million to €2,119.8 million during 2019 and the Group's net interest-bearing debt decreased by €(26.3) million to €130.2 million. The Group's equity ratio was 73% at the end of 2019, compared to 62% at the end of 2018.

[1] EBITDA (earnings before other income and expenses, impairment, joint ventures and associates)
[2] Figures in parentheses are for the corresponding period for the previous year

Comments on the business areas[3]

Adevinta

In 2019, Adevinta increased revenue by 15%[4] and EBITDA by 32%[5], on the back of strong development in core verticals. This result was supported by good operating performance in our France, Spain and Brazil segments, and reduced losses in operations in the investment phase.

France

In France, leboncoin is the leading marketplace site and holds the number-one position for real estate, cars and generalist advertisements. In 2019, our French operations developed their strong positions and built a wider ecosystem through inorganic acquisitions. These included the incorporation of L'Argus into portfolio as well as Locasun and PayCar, and the full integration of three previous acquisitions: A-Vendre-A-Louer, Vide dressing and Kudoz. France increased overall revenue by 17% (13% excluding 2019 acquisitions) driven by continuing strength in the real estate and car verticals. During 2019 the business launched a transactional business model in some of the generalist categories with good early results.

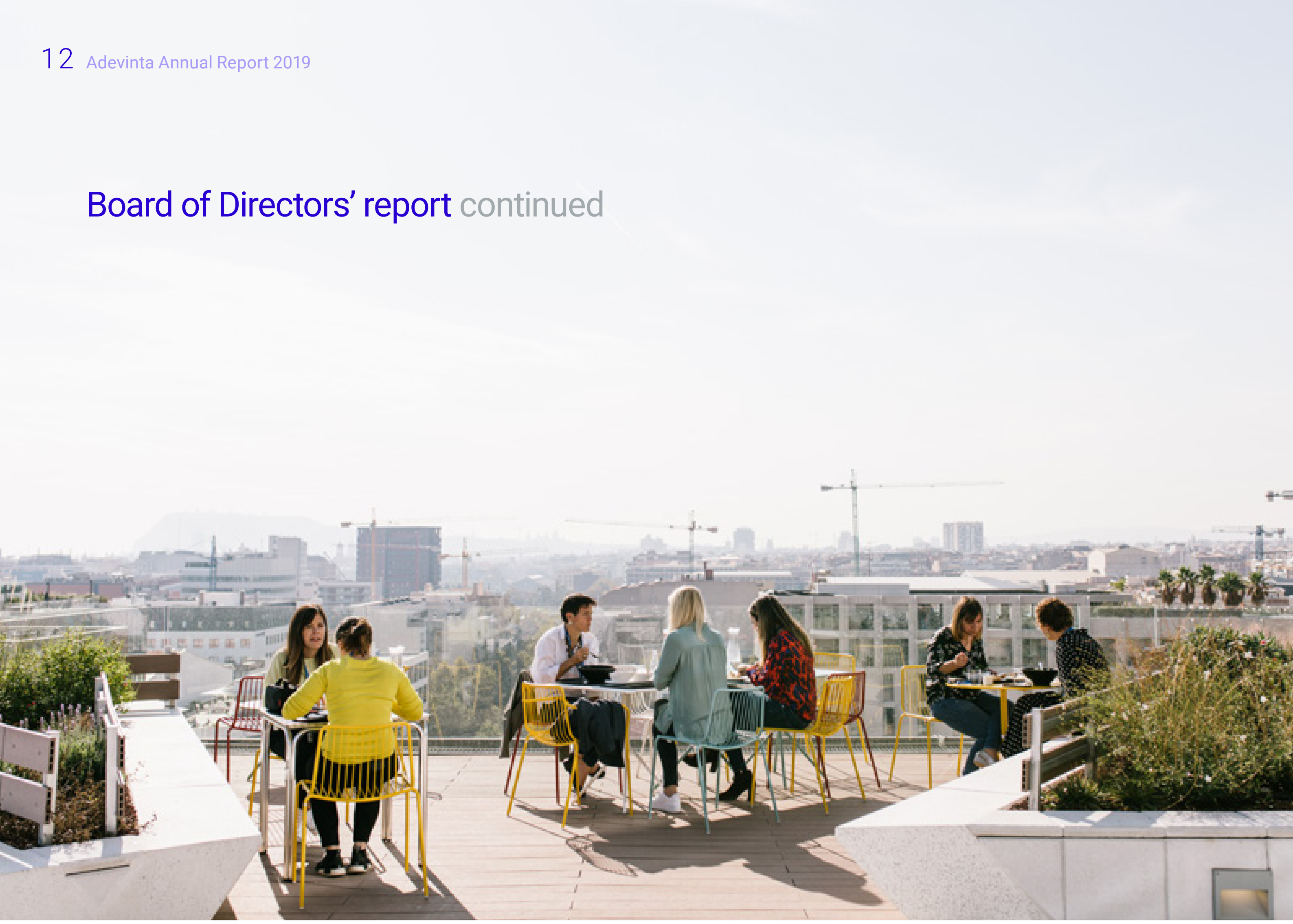
EBITDA grew by 13% and EBITDA-margin decreased two percentage points due to dilutive impact of acquisitions and an increase in expenses related to product and technology development as well as sales activities.

Spain

Adevinta's operations in Spain are market leaders and hold number-one positions in cars, jobs and generalist advertisements. Traffic increased by more than 20% for the car vertical coches.net while growth was in the high teens for the real estate sites fotocasa and habitaclia. In 2019, revenue increased by 14%, driven by cars, jobs and real estate. Display advertising also contributed positively to the strong performance, but with a lower growth rate than the vertical. EBITDA growth was 29% and EBITDA-margin improved four percentage points.

[3] In this section 2018 numbers used for comparison are not adjusted for IFRS 16.
[4] Operating revenues including joint ventures.
[5] EBITDA including joint ventures.

Board of Directors’ report continued



Brazil
OLX Brasil, which is 50% owned by Adevinta, is the leading online marketplace in Brazil, with a strong position in generalist, cars and real estate. The site continued to build a strong brand and leadership position in traffic and volumes across its core verticals. Revenues grew 29% in local currency terms in 2019 due to continued monetisation of the cars and real estate verticals and EBITDA was up by 94%. The jobs site Infojobs Brazil developed well in terms of revenue growth, and delivered a positive EBITDA in 2019.

Global Markets
Despite soft advertising performance in most markets, revenue grew by 5%. EBITDA improved by more than €40 million in 2019 compared to 2018 due to a strategic shift that saw a sharpened focus on the cost base in both Shpock and Mexico.

Subito is the leading generalist and car marketplace site in Italy. Adevinta Italy also holds a strong position in the jobs market. Revenues continued to build in 2019, particularly driven by cars. However, overall development was below expectations due to very soft development in display advertising.

In Hungary, Adevinta owns the leading car marketplace site, Hasznaltauto.hu, and the leading generalist site, Jofogas.hu. Revenues continued to grow at a steady pace in 2019 with good operational leverage.

In addition Willhaben.at, which is 50% owned by Adevinta, is the leader in the real estate and generalist markets in Austria. It also holds a strong position in the cars and jobs markets. The site saw a rapid increase in traffic and a corresponding revenue improvement.

Investment Phase
In 2019, the Investment Phase portfolio continued to develop in terms of revenue and traffic. Revenue grew 5% and while EBITDA remained negative there was an improvement of €33 million.

Shpock, a native app for generalist ads, has built a strong market position in the UK and cut losses by 86%. Similarly, Mexico underwent a strategic review during the year and has been able to cut losses by 74%.

Adevinta also has good market positions in several other countries with Yapo in Chile, Fincaraiz in Colombia, Avito.ma in Morocco, Kufar in Belarus, Corotos in the Dominican Republic and Tayara in Tunisia. While these marketplaces saw revenue increases in 2019, they are facing intensifying competitive environment.

Research and development

Adevinta has been at the heart of the digital transformation for more than 20 years, first within the Schibsted family and today as a separate and independent company. We continue to invest substantial resources in improving and developing products offered to its users and customers. All parts of Adevinta continuously develop both existing products and new products to provide new revenue flows. In 2019, our innovation efforts focused on transactional business model, products supporting professional customers both up- and downstream, data analytics, privacy and identity.

Operational and financial risk

Operational risks

Adevinta competes in several markets against a wide variety of competitors. Due to rapid technological change, evolving industry standards and changing needs and preferences of customers and users, the competitive landscape is extremely dynamic. Adevinta faces intense competition from both traditional and new generalist marketplaces, hypervertical marketplaces, global internet companies and aggregators that have entered the online classified market and new business models.

Adevinta operates online classified marketplaces in a number of European countries and in selected emerging markets. Consequently, Adevinta's operations are affected by general economic conditions in the markets in which it operates. The Covid-19 outbreak is currently affecting world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the short term, turnover may be affected negatively. Adevinta's display advertising revenues, as well as marketplace revenues from recruiters and real estate agents, are affected by unemployment rates, real estate prices and GDP growth rates.

Adevinta's operations involve the storage and transmission of its customers' and users' confidential information. Security breaches, computer malware and computer hacking attacks could expose Adevinta to a risk of loss of this information, liability and litigation, as well as the loss of trust among its users and customers.

Adevinta is dependent upon attracting and retaining current and prospective highly skilled personnel. Adevinta's ability to operate its business and implement its strategies depends, in part, on the skills, experience and efforts of its personnel involved in management, product development, technology development and sales. As a result, Adevinta believes that its success depends to a significant extent upon its ability to attract and retain such personnel, particularly in the case of tech-related positions, and that competition for employees of this type is intense. The loss of such personnel could affect Adevinta's ability to develop and sell its services effectively, which could have a material adverse effect on Adevinta's business, results of operations, financial condition and prospects.

Changes in laws and regulations, or the interpretations thereof, could increase Adevinta's operating costs or require Adevinta to restrict its ability to conduct its business and/or deliver services. This includes laws and regulations that regulate communications and commerce on the internet, as well as laws pertaining to privacy, taxation, advertising and consumer protection among others. France has created a Digital services tax and similar initiatives are under consideration or implementation in other European countries. Such initiatives could have a material impact on Adevinta's profitability and cash flows. For more details on France's Digital services tax, please refer to note 21 (Other non-current and current liabilities) of the consolidated financial statements and for other European countries please refer to note 31 (Events after the balance sheet date) of the consolidated financial statements.

Financial risk management

Through its international operations, Adevinta is exposed to fluctuations in the exchange rate of a basket of currencies, with the Brazilian Real (BRL) being the most significant. On a consolidated basis, the currency risk is considered low. Adevinta monitors this exposure by minimising the build up of FX cash and matching cash-ins with cash-outs in the same currency wherever operationally possible. Adevinta also may make use of financial derivatives to mitigate transactional and translational currency risk.

Adevinta's credit risk is considered low as trade receivables are diversified through a high number of customers, customer categories and markets. Moreover, a considerable portion of sales is through prepaid subscriptions or advertisements with credit card payments made on the purchase date. Liquidity risk associated with cash flow fluctuations is also considered low as Adevinta has adequate equity and solid credit facilities. For more details on currency, credit and liquidity risk, please refer to note 22 (Financial risk management) of the consolidated financial statements.

Statement of Corporate Governance

Adevinta's governance approach is based on principles set out in the Norwegian Code of Practice for Corporate Governance. In accordance with section 3-3b of the Norwegian Accounting Act, an annual statement on corporate governance for Adevinta is included as a separate section of this annual report, and is an integral part of the Board of Directors' report.

Board of Directors' report continued

Sustainability statement

In accordance with section 3-3c of the Norwegian Accounting Act, Adevinta has prepared a sustainability statement that sets out Adevinta's approach to sustainability. The statement includes information about the working environment, injuries, accidents, sickness absence, equality and non-discrimination, as well as Adevinta's social and environmental impact. The statement is included as a separate section of this annual report, and is an integral part of the Board of Directors' report.

Adevinta ASA

Adevinta ASA is the parent company of the Group and is located in Oslo, Norway. Adevinta ASA delivered a profit after tax of €4.5 million. As at 31 December 2019, Adevinta ASA had total assets of €1,803 million and the equity ratio was 82%. The Board of Directors has adopted a dividend policy that allows for development of Adevinta's business and further growth. Thus, the company ambition is to pay a stable and growing dividend going forward while maintaining flexibility to invest in growth. As announced at the IPO, Adevinta will not pay any dividend for 2019.

The Board of Directors proposes that the profit after tax of €4.5 million is transferred to other equity.

As of 31 December 2019, Adevinta ASA had total equity of €1,481 million. The Board of Directors has determined that Adevinta ASA had adequate equity and liquidity at year-end 2019.

Outlook

Adevinta sees continued revenue growth potential in all its segments on the back of the strong brand positions and traffic leadership in its markets and verticals. Inherent operational leverage remains strong in some geographies while we will continue to invest in product and tech and further deploy the transactional model to tap into new revenue streams and create value over time. The medium- to long-term target for annual revenue growth remains unchanged at 15-20% (on a proportionate basis including joint ventures and including bolt on acquisitions). Shorter-term, some uncertainty remains about macro environment (especially in the current context of the Covid-19 outbreak) and volatility in display advertising performance. In France and Spain, we have seen a lower number of transactions in the housing market in Q4. We remain optimistic about expanding our market positions through the launch of new products and services and price adjustments.

The longer-term EBITDA margin is targeted to grow to above 40%. When evaluating new business opportunities, we are prioritising total profit growth and looking at opportunities from a Net Present Value perspective. The transactional model is a prime example of an exciting new business opportunity, but with lower margins than traditional verticals.

Adevinta endeavours to maintain and extend its favourable competitive positions in several markets while also capturing further core and adjacent growth opportunities. The company will be an active player in industry consolidation with a view to strengthening its core segments and optimising the overall mix and focus of its marketplaces portfolio. Adevinta will continue to benefit from organic online classifieds market growth particularly focused on extracting the untapped potential that lies in its strong verticals. At the same time, Adevinta is focused on driving initiatives to increase market share of traffic, listings and eventually monetisation and profitability.

France, Spain and Brazil are expected to be the key drivers for growth going forward, driven by continued strong development of their verticals. We are aiming for an improved performance in Global Markets than in 2019 and we'll continue to actively manage our portfolio. Adevinta has been able to reduce investment phase losses. Next year, the level of the investment phase losses will, among other things, depend on the pace of monetisation growth and the competitive situation in each market. As we seek to validate the different strategic models in the portfolio, we may reverse deferrals of expenditure, such as in marketing, or increase investment in product and tech and these may cause Investment phase portfolio financial results to fluctuate between quarters.

Adevinta intends to continue devoting resources to develop scalable components, leveraging its international footprint, creating value through central product and technology development aligned closely with local on-the-ground technical expertise.

During 2019, the negative EBITDA of the HQ/Other segment rose as a result of investments in scalable tech and data and the setup of corporate and functional teams as a result of the demerger. As we now have most of the corporate organisation in place, the full quarter contribution to costs should be slightly above the Q4 2019 level going forward.

The French Digital services tax Legislation (DST) was enacted in July 2019. Our view at this juncture is that, it is less likely than not, that DST is applicable to Adevinta Group, hence no provision has been made in respect of DST. Please refer to note 21 (Other non-current and current liabilities) of the consolidated financial statements for further information.

Going concern

Based on Adevinta's long-term strategy and forecasts, and in accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared on a going concern basis.

Events after the balance sheet date

Digital services tax

In 2019, some European countries have approved their own Digital services tax (DST) legislations, applicable from 2020:

- For Italy, the DST will levy a 3% tax over certain digital services and will be effective from January 2020 for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with payment expected to take place in 2021. Management is analysing the potential impact on Adevinta of the DST bill approved.
- In Austria, the DST will levy a 5% tax on domestic online advertising services and will be effective from 1 January 2020 for groups with worldwide revenues of at least €750 million and Austrian revenues applicable to DST of at least €25 million. Management has assessed that the DST bill approved in Austria would not be applicable to Adevinta.

In addition, in February 2020 the Spanish government has approved a draft legislation to impose a 3% tax over certain digital services. The draft bill will be sent to the parliament for approval. The draft legislation would be applicable to groups with worldwide revenue above €750 million and Spanish revenues applicable to DST above €3 million. Management is analysing the potential impact on Adevinta of the DST draft bill.

Refinancing of the revolving credit facility

On 25 February 2020, Adevinta has completed the refinancing of its existing €300 million bank facility with €600 million multi-currency term loan and revolving credit facilities.
The facilities include an accordion increase option, which provides flexibility for the parties to agree an increased size by an additional €120 million during the term of the facilities.
The revolving credit facility has a tenor of five years with two one-year extension options, whilst the term loan component has a tenor of three years. The term loan was drawn in NOK and converted into € through a cross-currency swap.

Agreement to acquire Grupo ZAP

In March 2020, OLX Brazil joint venture has agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately €580 million as of at the time of signing of the stock purchase agreement. At signing, Adevinta entered into a deal contingent hedge to fix the purchase price in € and eliminate the currency risk. The transaction will be subject to the approval by Brazil's Antitrust Agency (CADE), a process that can take several months to complete. In the meantime, both businesses will continue to operate independently.

Covid-19

The Covid-19 outbreak is currently affecting the world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the short term, turnover and results will be affected negatively, but it is still too early to say how, and how severely Covid-19 will affect Adevinta and our business.

29 March 2020
Adevinta ASA's Board of Directors

Orla Noonan
Board Chair

Fernando Abril-Martorell Hernández
Board member

Kristin Skogen Lund
Board member

Sophie Javary
Board member

Peter Brooks-Johnson
Board member

Terje Seljeseth
Board member

Rolv Erik Ryssdal
CEO

Sustainability statement

A word from our CEO

> Our employees are our most valuable asset and, together with my colleagues, we are creating a work environment where diversity and inclusiveness are absolutely key. This helps us to create an attractive workplace where everyone feels they belong.

As a global digital player, we have a responsibility to be part of the wider change that is building a more sustainable society and enabling people to live in a sustainable way. Our marketplaces serve people where they live, acknowledging what's special about every culture and every place, and helping local economies to grow sustainably. The need for second-hand marketplaces has never been greater.

We develop leading local brands that form an integral part of life for our users. In our digital marketplaces in 16 countries, we create positive change by matching the right objects with the right people. Millions of people across the globe use our marketplaces daily. We help them participate in the second-hand movement and we implicitly support their choice to live in a sustainable way. When our users buy or sell second-hand, the planet benefits.

By selecting something used instead of new, our users saved more than 23.6 million tonnes of CO_2e (carbon dioxide equivalent) and 1.4 million tonnes of plastic in 2019. We call it the Second-Hand Effect – the result of reducing emissions, raw materials and waste when buying used goods instead of new goods. Everybody gains; everyone is a winner.

It is not only our contributions from an environmental point of view that give me a sense of pride. Our employees are our most valuable asset and, together with my colleagues, we are creating a work environment where diversity and inclusiveness are absolutely key. This helps us to create an attractive workplace where everyone feels they belong. Our Change-Makers initiative aims to put inclusiveness and diversity into practice by appointing local Change-Makers in each of our local companies. As every region we operate in has its own cultural challenges and opportunities, this initiative is a way to embrace differences and encourage each of our marketplace companies to drive positive change and solve local issues.

BY CHOOSING TO PURCHASE SOMETHING USED INSTEAD OF NEW

OUR USERS POTENTIALLY SAVED:

23.6m

TONNES OF CO_2e

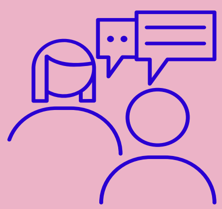
1.4m

TONNES OF PLASTIC

Laying the foundations for an effective sustainability structure and management takes time, and in Adevinta we are at the beginning of this journey. In 2019, we have completed an initial materiality analysis that helped us to define this year's reporting scope. In 2020, we will continue to engage with critical stakeholders, and strengthen our materiality analysis so that we can create a coherent sustainability strategy that supports our purpose to make a positive change in the world. Taking into account the impact we have on our most important stakeholders, and what is important to them. We will also define targets, critical key performance indicators and action plans for sustainability issues that are material to our operations.

To conclude, I look back on a successful year and I am excited about the journey ahead of us. In the coming year, our focus will be to continue the work we have started, by developing our sustainability strategy further and highlighting the important role we play in our users' everyday lives. Our journey has just begun, but I am confident that at Adevinta we can create lasting and beneficial change by empowering people to make more sustainable choices.

Rolv Erik Ryssdal
CEO ADEVINTA



Our **Change-Makers** initiative aims to transform our workplace into spaces where everyone feels they belong, that their differences are embraced and that they are empowered to fulfil their potential.

The Adevinta way

At Adevinta we believe everything and everyone has a purpose in life. Our family of local digital brands unlock the full value in every person, place and thing by creating the perfect matches on the world's most trusted marketplaces.

Adevinta's purpose

Make a positive change in the world by helping everything and everyone find new purpose

Adevinta's mission

Create perfect matches on the world's most trusted marketplaces

We have an opportunity to make a positive change in the world and build a sustainable future. Sustainability is the cornerstone of our business strategy, part of Adevinta's DNA, and through our services we empower people to make economic and sustainable choices.

How sustainability is governed

The CEO has the overarching responsibility for Adevinta's sustainability work. The Board of Directors oversees and governs Adevinta's sustainability performance, while the Senior Vice President People & Communication is responsible for the operational performance and reports to the executive management team and Board at least once a year. Our focus for the coming year is to further define and develop our sustainability governance and strategy as part of the wider initiative to shape Adevinta as a stand-alone company.

Code of Conduct

Our Code of Conduct outlines our principles and standards for conducting business and serves as our key sustainability policy. It is based on the UN Global Compact and includes

SUSTAINABILITY POLICIES

GOVERNANCE

- Corporate governance principles
- Risk management policy
- Privacy policies & guidelines
- Tax policy
- Treasury policy

SOCIAL

- Diversity & inclusion policy
- Recruitment policy
- Discrimination, bullying & harassment policy

ENVIRONMENTAL

- Environmental policy

principles on human rights, labour rights, business ethics, equal opportunities, anti-discrimination, child labour and forced labour, anti-corruption and the protection of the environment. The Code of Conduct is available to all our people via the Adevinta intranet and includes a link to the Speak Up function enabling anonymous reporting of misconduct, breaches or potential violations. To ensure the anonymity and personal integrity of our employees, Speak Up is run by an external party. Following the Initial Public Offering (IPO) we are reviewing our Code of Conduct communication and training approach, and anticipate to roll this out to the organisation through formalised continuous training in 2020.

The Code of Conduct applies to all Group companies in which we own more than 50% voting rights. In cases where Adevinta does not exercise such control, the Board members appointed by Adevinta shall promote the main principles outlined in our Code of Conduct.

Sustainability policies

During our transition to becoming a stand-alone company, we have followed Schibsted's policies for treasury, tax, privacy, and risk management. In addition, our marketplaces have privacy policies and guidelines which are designed and implemented at the local level. The very nature of our business model implies that our responsibility to act sustainable extends to both the supply and demand side of our value chain. In 2020, we will continue to review and adjust our policies as a stand-alone company.

Sustainable supply chain

With a market presence in 16 countries, Adevinta recognises clearly its responsibility with regards to anti-corruption, human rights, labour rights, environmental precaution and sanctions in the supply chain. Given that our business is to run online marketplaces, the bulk of our procurement activity comprises the provision of services, such as IT and professional services; only a smaller part relates to physical products such as IT equipment and office material. We are currently reviewing the risks with respect to these factors in our supply chain, both for central and local procurement.

In the coming years, we aim to strengthen our sustainable supply chain approach by embedding sustainability elements in our procurement process. Some of our local marketplaces, such as leboncoin, already have a supply chain data analysis capability that identifies risks to ensure that the goods and services they receive are delivered on fair terms.

Sustainability risks

We have identified the top sustainability risks most relevant to Adevinta's business in terms of likelihood and impact. For 2019, these have been identified on a stand-alone basis, but going forward our ambition is to integrate this into our overall risk assessment process. For more information regarding how we manage sustainability specific risks, see the following sections: "Our environmental impact" and "Our business impact."

CHANGING CONSUMER BEHAVIOUR DUE TO CLIMATE CHANGE

Consumer preferences and demands are changing, and we see increased awareness and interest in sustainable consumption across our markets. While this is mainly an opportunity for Adevinta, it also represents a challenge for Adevinta and our brands to continue to adapt our services so they remain relevant for our users.

LOSS OF USER DATA OR DATA INCIDENTS

Our users trust us with their personal data. Security breaches, computer malware and computer hacking attacks could expose Adevinta to a risk of loss of this information, liability and litigation, as well as losing the trust of users and customers.

FAILURE TO EFFECTIVELY DEAL WITH FRAUDULENT ACTIVITIES ON OUR MARKETPLACES

Adevinta faces risks with respect to fraudulent activities on its marketplaces and periodically receives complaints from buyers and sellers who may not have received the goods that they had contracted to purchase or payment for the goods that a buyer had contracted to purchase.

Sustainability at Adevinta

During the year we took our first steps as a stand-alone company and we began our journey setting the direction of Adevinta's sustainability focus.

2019 > 2020 > 2021 ONWARDS

Analyse
Initial materiality analysis

Identify and understand reporting scope

Define priorities, targets and KPIs
Refine materiality analysis

Continue critical stakeholder engagement

Define targets, action plans and critical KPIs

Measure and improve
Measure and improve performance

Materiality analysis

We combined the analysis of sustainability topics that are relevant to Adevinta's business and organisation with the results from the earlier materiality analysis. We identified which stakeholders to engage based on their primary interests and influence on our business. Through a combination of engagement with our users, employees, the executive management team and desktop analysis, we prioritised sustainability topics from a stakeholder perspective.

We conducted an impact assessment of these sustainability topics based on the economic, environmental and societal impacts of our operations and their relevance to Adevinta. By combining the results from the stakeholder dialogues and the impact assessment, we were able to select our material sustainability topics. We have categorised our material topics into the following categories:

ENVIRONMENTAL IMPACT

Contribute to circular economy

Energy use and greenhouse gas emissions

Manage office waste and use of materials

SOCIETAL IMPACT

Diversity and inclusion

Skills development and knowledge sharing

Health and wellbeing of employees

Local community members

Donations to charity

BUSINESS IMPACT

Sustainable investments and ownership

Privacy, user safety and fraud protection

Fair business practices

Sustainable supply chain

Sustainability strategy: next steps

The results of the initial materiality analysis allow us to define this year's reporting scope. In the coming year, we will continue to define the baseline by updating our materiality analysis, establishing our sustainability governance structure, raising awareness of the environmental benefits of second-hand trade, and strengthening sustainability across all our marketplaces.

We have continued our commitment to selected targets that were established when our operations were part of Schibsted, and have defined the following commitments for 2020:

OUR 2019 COMMITMENTS

60:40 gender ratio in overall headcount by 2020

Continue to raise awareness of the environmental benefits of second-hand trade

OUR COMMITMENTS FOR 2020

Define targets and KPIs for prioritised sustainability areas

Continue to measure employee engagement

Report annualy in line with the Global Reporting Initiative (GRI framework)

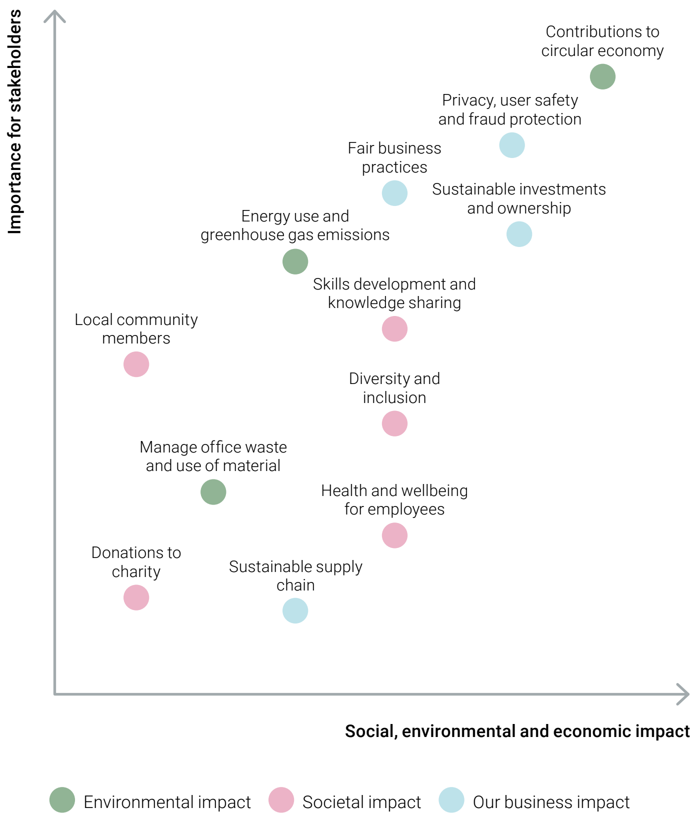
Measure progress on 2018-2020 gender diversity plan

Revise diversity and inclusion plan

Stakeholder involvement

Who did we engage with?	How did we engage with them?	What is most important to them?
Users	Market research, Social media, Survey of French users	• Contributions to circular economy • Privacy, user safety and fraud protection • Energy use and greenhouse gas emissions
Employees	Employee survey, Focus groups	• Diversity and inclusion • Manage office waste and use of material • Sustainable investments and ownership • Fair business practices • Energy use and greenhouse gas emissions • Contributions to circular economy
Investors and ESG analysts	Analysis of inquiries, Investor feedback	• Privacy, user safety and fraud protection • Contributions to circular economy • Diversity inclusion • Skills development and knowledge sharing • Health and wellbeing for employees
European legislators	Desktop analysis	• Sustainable investments and ownership • Privacy, user safety and fraud protection • Fair business practices

Adevinta Materiality Matrix



Our environmental impact

Our online marketplaces empower people in their daily lives to make more sustainable choices. Every day, millions of people buy and sell used items on Adevinta's marketplaces around the world, thereby choosing to live in a more sustainable way.

Our approach to our environmental impact is stated in our group environmental policy that is based on the principles of the UN Global Compact and includes initiatives to promote greater environmental responsibility and the use of environmentally friendly technologies and the application of the precautionary approach. Adevinta's executive leadership team ensures that the content and the spirit of this environmental policy are communicated, understood and acted upon within their operations. Adevinta's Director of Communication is responsible for monitoring compliance with the policy.

Second-Hand Effect

Whenever a second-hand trade replaces the production of a new item, there are significant reductions in the use of raw materials, and in carbon emissions, that would have been an inevitable part of any manufacturing process. Adevinta is on the front line of the war against waste, and we support the well-established philosophy of "reduce, reuse, repair, and recycle." Each time one of our users buys or sells something second-hand, the planet benefits. We call this the Second-Hand Effect.

The Second-Hand Effect calculates the potential savings in greenhouse gas emissions and the use of material that can be associated with second-hand trade goods. This project started by Schibsted in 2015 and was rolled out in cooperation with the IVL Swedish Environmental Research Institute. Since then more and more marketplaces from Schibsted and Adevinta have joined the project. The nine Adevinta sites participating in the Second-Hand Effect are helping to identify the environmental benefits of second-hand trade. We are excited to present the 2019 results in this report!

leboncoin Jófogás segundamano
milanuncios AVITO.MA WILLHABEN
subito OLX shpock

SECOND-HAND EFFECT IN NUMBERS.

HERE ARE THE POTENTIAL SAVINGS FROM THE SECOND-HAND EFFECT IN 2019:

23.6m
TONNES OF CARBON EMISSIONS (CO_2e)

1.4m
TONNES OF PLASTIC

0.8m
TONNES OF ALUMINIUM

9.1m
TONNES OF STEEL

Environmental impact of our operations

We measure and report our carbon footprint so that we can understand and manage the environmental impact of our businesses. In our office operations, we focus on keeping our business travel and energy consumption at a low level. The energy our office operations and external data centres used in 2019 accounted for 61% of our total greenhouse gas emissions. Our business travel represented 31% of our greenhouse gas emissions. We monitor our business travel carefully and strive to minimise the need for travelling between offices through initiatives such as improving our video conference facilities. For example, when selecting the location for our first Adevinta Leadership Forum gathering in 2019, the possibility to travel by train for the largest number of participants was used as one of the selection criteria.

We are conscious of the waste generated from our offices, which represents a smaller part of our overall environmental impact. We strive to minimise and reduce the waste generated and have recycling systems in place across many of our locations. We have procedures in place for safe handling and recycling of electronic waste, but we have not been able to measure the amount of electronic waste generated. A limited number of our more mature operations have implemented procedures to measure office consumption and amounts of waste recycled.

We are aware of the challenge of water scarcity in several of our countries where we operate. To gain a better understanding of whether our business impacts water scarcity, we did a high-level risk assessment. Based on the results of this risk assessment, our current presence in markets where water scarcity arises and also based on the type of operations we run, we have concluded that water scarcity is not a material issue for Adevinta.

Energy consumption within Adevinta (MWh)	2019	2018	% change
Consumption of electricity, heating, cooling			
of which electricity	**3,429**	2,808	(+) 22%[1]
of which heating	**905**	981	(-) 8%
of which cooling	**187**	204	(-) 8%
Total	**4,521**	3,993	(+) 13%

[1] The increase is related to extended operations and new offices in our French operations and extended scope for the reporting of our electricity use for our operations in the UK.

GHG emissions (tonnes of CO_2e)	2019	2018	% change
Direct Scope 1 emissions	**35**	38	(-) 8%
Consumption by company owned cars	**35**	38	(-) 8%
Indirect Scope 2 emissions	**1,103**	1,023	(+) 8%
Consumption of electricity, heating, cooling	**1,103**[1]	1,023	(+) 8%
Other indirect Scope 3 emissions[1]	**3,671**	3,883	(-) 5%
Leased and privately owned cars	**369**	339	(+) 9%[2]
Business travel – flights	**1,477**	1,945	(-) 24%[3]
Energy from data centres	**1,825**	1,599	(+) 14%[4]
Total	**4,809**	4,944	(-) 3%

[1] Data for our operations in Dominican Republic is excluded due to limitations in data from supplier.
[2] The increase is related to extended use of cars in Hungary.
[3] The reduction from 2018 to 2019 is related to the closure of the Oslo and London product and tech hubs and the reduced need for business travel between our locations in France, Spain, London and Oslo.
[4] The increase is a result of extended scope as two additional external providers were able to provide data for 2019.

	2019
GHG intensity, tonnes CO_2e emissions/turnover[1] € million	**7.07**
GHG intensity, tonnes CO_2e emissions/employees[2]	**1.33**

	2019
Energy intensity, electricity consumption gWh/turnover € million	**6.65**
Energy intensity, electricity consumption gWh/employees[1]	**1.25**

[1] Turnover is defined as consolidated financial operating revenues
[2] Employees is defined as average average number of full-time equivalents for consolidated entities (3,619) as disclosed in note 9 of the consolidated financial statements. Intensity numbers for 2018 are excluded due to split from Schibsted and change in scope of reporting of energy sources.

Our business impact

Adevinta is a leading European marketplace group covering 16 markets on three continents, and we believe we can play an important role in society. Our aim is to be a trusted digital partner, creating intuitive and seamless solutions for our users while protecting their data.

We are not only dedicated to creating perfect matches on the world's most trusted marketplaces, our corporate ventures arm is also investing in startups in the marketplace industry so that we can find the sustainable marketplaces of tomorrow.

Sustainable investments and ownership

As the owner of marketplaces across several continents, we recognise our responsibility to ensure that our businesses are run in a sustainable way with regards to financial and non-financial performance. Adevinta Ventures looks for game-changing marketplaces. We are looking to invest in marketplaces or new models that transform the value chain of mobility, real estate and future-of-work categories across Europe. Our investment strategy aims to reinforce existing market positions and help early-stage startups expand to new markets so that they can have a bigger impact.

We strive to ensure that our investments align with our Code of Conduct and with our purpose; "Make a positive change in the world by helping everything and everyone find new purpose." This means all investments have the potential to contribute directly or indirectly to the circular economy or helping people to find new jobs. For example, one way of measuring the positive impact of our marketplaces is through the Second-Hand Effect project described in "Our environmental impact."

In coming years, we will improve our investment and acquisition process to ensure that relevant sustainability criteria are factored into our decision-making.

Trust

One of our material issues in the context of sustainability is trust. Adevinta's mission; "to create perfect matches on the world's most trusted marketplaces," implicitly emphasises the importance of trust which is a crucial element of our business model. Gaining and maintaining the trust of our users and customers is key to the success of our marketplaces. We aim, at all times, to ensure the privacy and integrity of our users' data, provide safe user experiences and protect users against fraud.

Privacy

We have a strong focus on users' privacy and data protection across our business. The right to privacy and integrity, for both our users and employees, is stipulated in our Code of Conduct while privacy policies and guidelines are designed and implemented at the local marketplace level.

Our work on privacy and integrity is led by our Group General Counsel, and we have data protection officers as well as product, UX and tech developers dedicated to protecting our users' privacy. Our privacy community meets every month to exchange best practices and to share news, and regulatory developments.

Our privacy programme has the following key objectives:

- Guide Adevinta's data-driven innovations by executing on privacy by design across our product and tech organisation, embedding privacy into our corporate culture, technology stack and products.
- Provide efficient, bespoke and patented privacy service to give users' control over their personal data through an automated process. This gives the users control over their personal data, for example by allowing them to access or delete personal data.
- Ensure continuous compliance with our legal obligations.
- Maintain and increase end-user and public competence, knowledge and trust regarding our use of data.

Adevinta has initiated reporting routines for complaints and data breaches. We also have extensive measures in place for detecting vulnerabilities as a means of preventing breaches.

In 2019, a total of five incidents were categorised as personal data breaches, one of which was recorded in three countries. We have reported four data breaches to relevant data protection authorities. We received four substantiated complaints regarding unauthorised access to personal data.

Hiring nurses in Germany through Medwing

Adevinta has a minority stake in Medwing, a Berlin-based medical staffing business. Medwing aims to be the most trusted and convenient platform for finding work opportunities in healthcare.

Medwing simplifies the hiring processes through technology and provides candidates with the flexibility to work at the times they find convenient and on their own terms. This could typically allow a person to choose the work location and number of hours and to specify temporary or permanent contracts. The platform also activates candidates that are currently outside of work because of the lack of flexibility in the traditional healthcare system and facilitates cross-border opportunities that match countries with a strong labour supply (for example the Philippines), with countries characterised by high demand (for example Germany).

In September 2019, Medwing transferred 100 nurses from the Philippines to Germany. Before they left their home country, Medwing provided the nurses with a nine-month course in German and supported them in the visa application process and placement.

Our business impact continued

Fraud protection

Our marketplaces aim to provide our users with high-quality, spam-free content and leads in a safe environment. This applies to the content posted on our marketplaces, as well as the messenger functionality that allows users to communicate. A robust automated and manual fraud detection and moderation capability scans, detects and removes fraudulent ads or unsafe messages. Our customer support centres assist users and customers by responding to their concerns or complaints. In addition, our marketplaces provide our users with advice and recommendations on how to prevent and report fraudulent or suspicious activities.

User security

Adevinta's security management system protects our users and customers across our portfolio of companies. The system's primary purpose is to analyse and manage digital security risks and ensure the security of our brand communities. A comprehensive set of procedures and technical controls allow us to continue improving our ability to provide leading products in a secure manner.

Adevinta's central product and technology functions coordinate security activities across all layers of our businesses, products and services. We take a proactive approach by identifying vulnerabilities and resolving incidents quickly and with minimal impact.

Our security management system integrates security best practices from standards such as ISO 27001, ISO 22301 and OWASP. Adevinta's comprehensive security management activities include:

- Security compliance and risk management
- Access management security controls
- Application security management
- Secure product application design and architecture
- Network security management
- Vulnerability lifecycle management
- Third-party security management
- Security monitoring and security incident management
- Security awareness and security training

Business ethics

At Adevinta, we are committed to upholding an ethical business culture and acting with integrity across all our marketplaces. We do not tolerate any form of bribery and corruption and are committed to preventing unethical business practices.

Our Code of Conduct sets out our principles regarding prevention of bribery and facilitation payments, gifts and entertainment, conflicts of interests, money laundering, and competition laws. We also provide clear examples of how and where corrupt practices may occur, and have published additional guidelines on gifts and hospitality. Anti-corruption is an integral part of our Code of Conduct training.

Employees can report actual or suspected misconduct internally or they can contact our external Speak Up channel anonymously. Adevinta handles all such reports in a strictly confidential manner. All cases of actual or alleged fraud and corruption must be brought to the attention of the Group Legal Department.

When entering into M&A transactions with partners, the Legal and Compliance function assesses the need to perform full or limited due diligence based on the nature and scope of the acquisition. In addition, governance and structural aspects are carefully assessed by the legal and M&A functions, then discussed with management and unresolved issues are raised at the Board level.

Our societal impact

Our international family of marketplaces gives us a platform for making a positive change in the world. We are a people-first organisation, and we aim to offer world-class workplaces where all our employees can reach their full potential. We also believe all great marketplaces are local, and the ones we build support local communities and contribute to a sustainable future.

Our most valuable assets

As an international group, Adevinta forms a network of talented people working across geographies and disciplines towards a common purpose. Adevinta relies on highly skilled people to succeed. We believe that acting responsibly and offering an engaging working environment is crucial for attracting and retaining the right people – our most valuable assets. Offering opportunities for development, complemented by work-life balance and a healthy work environment, delivers a key competitive advantage for Adevinta.

Total number of employees by age group	<30	30-50	>50	**Total**
European countries	857	2,070	118	**3,045**
Countries outside Europe	237	269	13	**519**
Total	**1,094**	**2,339**	**131**	**3,564**

Total number of employees by gender	Male		Female		**Total**
European Countries	1,724	57%	1,321	43%	**3,045**
Countries outside Europe	273	53%	246	47%	**519**
Total	**1,997**	**56%**	**1,567**	**44%**	**3,564**

New hires and employee turnover	New employee hires		Employee turnover	
Total number	**1,119**	Share %	**612**	Share %
Male	635	57%	355	58%
Female	484	43%	257	42%
<30	526	47%	263	43%
30-50	572	51%	337	55%
>50	21	2%	12	2%
European Countries	968	86%	439	72%
Countries outside Europe	154	14%	173	28%

The number of new hires reflects a combination of growth of our marketplaces, as well as the strengthening of selected corporate functions following the separation from Schibsted. The employee turnover corresponds to a monthly turnover of 1.5% and includes a combination of natural attrition in our companies, changes following the separation from Schibsted, as well as limited restructurings in selected markets and the central Product & Technology function.

Countries outside Europe include operations in Chile, Colombia, Dominican Republic, Mexico, Morocco and Tunisia.

Our societal impact continued

Employee representation

To ensure Adevinta remains an attractive employer, we engage with our people and value active employee representation. In 2019, Adevinta's staff participated in Schibsted's European Works Council, which currently consists of 76 representatives (48 men and 28 women), from nine countries. Meeting twice a year, this council serves as our forum for information, dialogue and consultation between employees and the Schibsted and Adevinta executive management teams.

In December 2019, we established Adevinta's own Employee Works Council that will include representatives from our operations around the world. In addition, an employee-elected Board member will join the Adevinta Board of Directors.

As stipulated in our Code of Conduct, Adevinta's employees have full freedom of association and may organise themselves as they choose. Collective bargaining agreements or working environment committees are in place in every workplace to ensure excellent working conditions and to prevent discrimination among employees. Seventy-one percent of all employees were covered by a collective bargaining agreement at the end of 2019.

Employee Engagement

At Adevinta we want well-rounded, engaged people who are excited to come to work. To evaluate our performance as an employer, we conduct internal employee engagement surveys at least twice a year, and some of our marketplaces also participate in a survey organized by Great Place to Work®. All Adevinta employees are invited to participate.

Overall, Adevinta scores high on overall employee engagement, more than 70% and in line with tech industry benchmarks. We are committed to continually monitoring and improving engagement. In 2019, the Adevinta Variable Incentive scheme included employee engagement targets and this approach will continue for 2020.

Leaders and managers receive detailed reports on their teams' engagement trends, and all business areas and functions are encouraged to discuss their results and respond to survey findings with action plans to improve engagement and employee satisfaction. In 2019, we selected Career Development as the company-wide engagement focus area and we are currently executing on a robust action plan to improve the visibility of career paths and development opportunities across Adevinta.

Diversity and inclusion

At Adevinta, we know that our long-term success depends on a workforce comprising people from many backgrounds and cultures. Our business will perform better if we are diverse and inclusive. We are committed to promoting and supporting the growth of a diverse and inclusive workforce where each employee feels a genuine sense of belonging to Adevinta. Our diversity and inclusion policy recognises that our people have different skills, different ways of thinking and working, as well

Measuring our diversity and inclusion impact

Train all hiring managers on **"Building a high performing team without bias"**

40% female global headcount

All recruitment shortlists are **60% female**

Improve pipeline of female leaders through **Women in Leadership**

Improve **inclusion and belonging** scores on Marketplaces Voice survey

Changemakers build **diversity and inclusion awareness** at a local level

Composition of governance bodies and employees by gender	Male		Female		Total
Board of Directors	3	50%	3	50%	**6**
Of which shareholder elected	3	50%	3	50%	**6**
Operations[1]					
M1	5	71%	2	29%	**7**
Managers	385	57%	296	43%	**681**
Employees	1,607	56%	1,269	44%	**2,876**
Total	**1,997**	**56%**	**1,567**	**44%**	**3,564**

[1] No significant part of our work is performed by seasonal workers or workers who are not employees (external consultants).

Age and gender split by geography	<30		30-50		>50		Total
Board of Directors	0	0%	2	33%	4	66%	**6**
Operations							
Male employees	593	30%	1,348	68%	56	3%	**1,997**
European countries	465	27%	1,205	70%	54	3%	**1,724**
Countries outside Europe	128	47%	143	52%	2	1%	**273**
Female employees	501	32%	991	63%	75	5%	**1,567**
European countries	392	30%	865	65%	64	5%	**1,321**
Countries outside Europe	109	44%	126	51%	11	4%	**246**
Total	**1,094**	**31%**	**2,339**	**66%**	**131**	**4%**	**3,564**
European countries	857	28%	2,070	68%	118	4%	**3,045**
Countries outside Europe	237	46%	269	52%	13	3%	**519**

Countries outside Europe include operations in Chile, Colombia, Dominican Republic, Mexico, Morocco and Tunisia.

as different knowledge and experience. In turn, we recognise the need to harness these differences for the benefit of our business, users and customers.

In 2018, we launched an action plan aimed at encouraging our workplaces to be more diverse, and for our culture to be more inclusive. We implemented initiatives to raise awareness about the power of our differences, created frameworks that promoted equality and built communities to help our employees belong.

We measured our performance against the action plan and were able to meet four of our six targets as shown in the Measuring our diversity and inclusion impact illustration.

To accelerate gender equality, we established a target to have a 60:40 male/female ratio in our overall headcount by 2020. This helped us move the gender balance across our global organisation from 39% to 44% female.

This action plan was the first step and we will build on these results and the lessons learned to create a new action plan in 2020, with the aim of expanding the scope of our ambitions beyond gender equality to inclusion and belonging.

A highlight of our diversity and inclusion action plan is the Women in Leadership programme, Adevinta's year-long accelerated development programme designed to get more talented, high-potential women ready to succeed in leadership roles. The initial cohort of 16 women completed their programme in May 2019, and among the group we have had a 31% promotion rate, compared to the company average of less than 5%. This year, 19 new women were selected to participate from across Adevinta's central teams and local marketplace companies.

To ensure a diverse, inclusive and non-discriminatory workplace, where all our employees enjoy equal opportunities and feel safe at work, Adevinta has continued a number of initiatives and countermeasures during the year, such as unconscious bias training and the Change-Makers Initiative.

We are committed to maintaining a work environment free from all forms of unlawful discrimination and harassment. Adevinta has zero-tolerance for harassment of any kind, as stated in our Code of Conduct, our diversity and inclusion policy and in our discrimination, bullying and harassment policy. Our Code of Conduct includes a link to a whistle-blowing function called Speak Up, that enables anonymous reporting on misconduct, breaches or potential violations.

Workplace transformation through our Change-Makers

Led by our global people function, our Change-Makers initiative aims to transform our workplaces into spaces where everyone feels they belong, that their differences are embraced and that they are empowered to fulfil their potential.

Change-Makers are appointed locally, and their mission is to identify and solve relevant issues for their local marketplaces. They gather twice a year to exchange experiences and participate in workshops. The list below provides selected 2019 events:

SPAIN

A number of meet-ups and workshops to build community, empower people on a personal level, drive structural change

HUNGARY

Socio-poly from Amnesty International

IRELAND

Diversity and Inclusion week activities, including breakfasts, awareness building and speeches

LGBT celebration in collaboration with ShoutOut charity

Launch of a women's networking group

MEXICO

Sexual harassment awareness workshop

Female empowerment workshop

Addressing carbon emissions

CHILE

TED talk featuring a blind speaker addressing the theme of living with a disability

Wellness week activities including tips on how to be yourself at work, yoga, meditation and stress management

Inclusion and Disability celebration day

Our societal impact continued

Skills development

There is no greater investment we can make than in our people, and this belief underpins our commitment to training and development. Our global people function and local human resources teams offer face-to-face training programmes. These target general training needs such as career development workshops and soft skills training, as well as function-specific training such as our Product and Sales Academies. Examples include:

- Change-Makers sessions globally.
- Our unconscious bias sessions continued in 2019. A total of 511 employees were trained during 2018 and 2019. In addition, 42 employees participated in training sessions on the algorithmic bias.
- Career Development workshops globally – we have had 370 colleagues go through our workshops in 13 of our countries.
- Onboarding Bootcamps for all new joiners in our global teams.
- Some foundational management courses are offered across 13 of our 16 businesses including our central functions. Women In Leadership – we have run two cohorts in the past 12 months, with 34 women from ten countries taking part.
- Product Academy – we have run a pilot with 30 participants, and the first official training course with 54 participants from seven countries from around Adevinta. Both initiatives in collaboration with the product and tech community.
- Executive & Management Coaching.
- Various coaching packages.
- Soft skills including presentation skills, effective communication and time management for global teams.
- Early Career Programme.
- As part of the Sales Academy, we run Key Account Management, Sales Management, Train the Trainers International programmes, together with some regional Sales Programmes according to specific demand.
- Language lessons in our Barcelona and London offices for Spanish, Catalan, English and French.

In addition our marketplaces have various training initiatives. For example, employees from our French marketplace leboncoin did more than 9,000 hours of training in 2019.

We require all employees to complete a career development dialogue with their managers at least once a year, and more frequently in some functions and countries. In 2019, we did not meet this policy requirement. The performance and development reviews were not tracked in Workday® in 2019, and this may have impacted the reported numbers. We use the human capital management system Workday® to support internal talent mobility and promotions and to track the completion of performance and development reviews moving forward.

Performance reviews by gender and employee category[1]	2019 Total number	2019 Rate %
Total	**3,123**	**88%**
Male	**1,776**	**89%**
Female	**1,347**	**86%**
M1	**7**	**100%**
Managers	**472**	**69%**
Employees	**2,644**	**92%**

[1] Comparable data on total number of employees and split by managers and employees not available for 2018

Health and well-being

The health and well-being of our employees is important to Adevinta, and as stated in our Code of Conduct. We encourage a healthy work-life balance by offering flexible workdays and hours, generous paid vacation and parental leave policies, delivering a key competitive advantage for Adevinta.

We measure our employees' feedback on their work-life balance in our bi-annual engagement survey. In the November 2019 survey, 79% of respondents answered favourably to the question "We are genuinely supported if we choose to make use of flexible working arrangements," and 81% responded favourably to the question "My company enables me to balance work and personal life."

Thirty-five work-related injuries were reported, related to work or commuting accidents, and five cases of ill health were reported during 2019. No high-consequence injuries or fatalities resulting from work-related injuries or ill health were reported.

A good community member

Our marketplaces serve people where they live, acknowledging what's special about every culture and every place. This allows us to help local communities prosper and leave a positive footprint on the world.

Not only do our marketplaces touch the communities in which we operate, but our people also engage in a wide variety of additional initiatives that share knowledge with local people, make charitable donations and build goodwill and understanding.

Knowledge sharing

- Our hubs in Paris and Barcelona regularly host meetings to share knowledge and experiences with the wider tech communities.
- Adevinta Spain offers free online courses for anyone who wants to learn more about programmatic advertising through its Programmatic University.
- With more than 300 people attending, for the second year running, in 2019 we organised the Candy Code Hackathon in Barcelona. This event aims to help children learn the basics of coding and develop an appreciation of how things work.

Charity fundraising

In 2019, our marketplaces donated services and funds with a value of €215,600 to non-profit organizations (e.g. Save the Children, Médecins Sans Frontières) and intitutions (e.g.hospitals, orphanages).

€215,600

DONATED TO NON-PROFIT ORGANISATIONS AND INSTITUTIONS

Working with communities

HUNGARY
We run team building events that not only bring colleagues closer together but which also have a positive social impact. This year, staff visited a home for children from abusive family environments and participated in renovation work that included extensive interior and exterior improvements.

MORROCO
Our marketplace Avito launched its first donation campaign, entitled "Hiver au Chaud." This ran for a month starting January and, in collaboration with a local student organisation, helped gather items for more than a thousand families living in cold and remote areas. The campaign successfully generated donations including blankets, clothes and even toys.

FRANCE
In France, leboncoin continued its many initiatives to promote circular modes of consumption. One of these is supporting the non-profit network of Repair Cafés (in the Hauts-de-France region), whose mission is to extend the life of objects and to combat programmed obsolescence by offering workshops where the general public can learn how to make all sorts of repairs with the help of volunteer DIY specialists.

IRELAND
In April, our Irish marketplaces under Distilled – which owns DoneDeal, Daft and Adverts – participated in their first ever Diversity and Inclusion Week. This Change-Makers initiative included a week full of activities designed to celebrate differences, and to get people talking about diversity and inclusion in an honest and transparent way. Agenda topics included LGBT+ workshops for all staff, an international food festival where colleagues from different countries brought in delicious dishes for everyone to try, and the launch of Distilled Women's Network.

SPAIN
Adevinta Spain gave Christmas gift donations to several charities chosen by employees including Open Arms, the Sant Joan de Déu Hospital, Limited Edition Athletes, Doctors Without Borders and the neighborhood association Fundación IRES that helps vulnerable families build a new future.

CHILE
In Chile, our marketplace Yapo worked with a student from Cincinnati University who was doing a research project on how Yapo is impacting the Chilean environment and society. Yapo has also actively promoted user awareness on the benefits of second-hand goods, and has partnered with Coaniquem, a charity that helps rehabilitate children who have suffered burns to launch the first online charity shop in Chile.

About the report

This is Adevinta's first stand-alone sustainability report and covers the period from 1 January to 31 December 2019. Our ambition for this report is to be transparent and share our approach, performance and progress as well as present our plan for the coming years.

This report has been prepared in accordance with the GRI Standards: Core option, and follows the guidelines set out in the Euronext Guidelines for Environmental, Social and Governance (ESG) reporting. Adevinta will publish a sustainability report on an annual basis. The report has not been subject to external independent assurance. The sustainability information is provided mainly in the Sustainability Report, but also in sections of the Annual Report. Please refer to the GRI Index for further guidance.

Scope and boundaries

The report includes data pertaining to companies with more than 25 employees, of which Advinta has had full ownership or operational control throughout the year, with certain scope limitations included below. One company in a country outside Europe has been excluded due to limitations in the data collection process. Companies that have been incorporated or sold during the year have been excluded.

Employee data

Data relating to employee engagement was collected via a combination of Adevinta's engagement survey and templates completed by each company. Data relating to collective bargaining agreements, health and safety, and performance and career reviews was collected via templates completed by each company. Employee data, as per 31 December 2019, is stated as headcount and covers all companies in scope that are integrated in the human capital management system Workday®. This implies that headcount for some smaller companies in Europe outside the reporting scope is included in the headcount data. This also implies that one company in Europe and one company outside Europe are excluded from the headcount data.

Due to privacy limitations in the Spanish legislation, we have been unable to distinguish between recordable ill-health and recordable injuries for the Spanish operations. As a consequence, the information from the Spanish operations has been excluded from the recordable ill-health and injuries presented in this report.

Environmental data

The consolidation approach for environmental data is operational control. All greenhouse gases are included in the emission calculations and all scopes are included the intensity data. Data was collected via templates sent to each company and derived from third-party sources and available internal reporting data. The calculations are based on the conversion factors used in the Greenhouse Gas Protocol. Scope 2 emissions are reported only with a location-based approach. Base year for environmental data is 2018.

Omissions

102-8: Data cannot be split on employment contract and employment type due to limitations in our reporting system.

103-2-3: Management approach – Sustainable supply chain: A new process and strategy adjusted for Adevinta is under development and cannot be shared in this report.

103-3: Management approach – Sustainable investment and ownership: A new structure for evaluation of performance is under development and cannot be shared in this report.

103-3: Management approach – Manage office waste and use of material: A new structure for evaluation of performance is under development and cannot be shared in this report.

302-1: Total fuel consumptions from renewable/non-renewable sources is not possible to disclose due to limitations in the information from suppliers.

205-2: A new structure for evaluation of performance is under development and cannot be shared in this report.

403-9: Adevinta has chosen to transit to the new GRI Standard 403: Occupational Health and Safety (2018) hence does not have all information and data in place to fully fulfill all the requirements this year.

403-10: Adevinta has chosen to transit to the new GRI Standard 403: Occupational Health and Safety (2018) hence does not have all information and data in place to fully fulfill all the requirements this year.

405-1: Data cannot be split on age by employee category due to limitations in our reporting system.

418-1: Data for countries outside the European Union are not included due to data collection limitations. Complaints received cannot be categorized by outside parties and regulatory bodies due to limitations in our reporting system.

Point of contact

If you have any questions about the sustainability report, you are welcome to contact Nicki Dexter, SVP People and Communication at: sustainability@adevinta.com.

GRI content index

GRI Standard	Disclosure	Page	Notes
GRI 102: General disclosures (2016)			
	Organizational profile		
	102-1 Name of the organisation	1	
	102-2 Activities, brands, products, and services	1, 2-3	
	102-3 Location of headquarters	14	
	102-4 Location of operations	2-3	
	102-5 Ownership and legal form	14, 145	
	102-6 Markets served	1, 2-3	
	102-7 Scale of the organisation	1, 2-3, 46	Total number of operations = 39
	102-8 Information on employees and other workers	–	Omission
	102-9 Supply chain	19	
	102-10 Significant changes to the organisation and its supply chain	8.19	
	102-11 Precautionary Principle or approach	22	
	102-12 External initiatives	18-19	
	102-13 Membership of associations	–	No membership of association
	Strategy		
	102-14 Statement from senior decision-maker	16-17	
	Ethics and Integrity		
	102-16 Values, principles, standards, and norms of behavior	18-19	
	Governance	18	
	102-18 Governance structure		
	Stakeholder engagement		
	102-40 List of stakeholder groups	21	
	102-41 Collective bargaining agreements	28	
	102-42 Identifying and selecting stakeholders	20	
	102-43 Approach to stakeholder engagement	20-21	
	102-44 Key topics and concerns raised	21	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	52	
	102-46 Defining report content and topic Boundaries	20-21	
	102-47 List of material topics	20-21	
	102-48 Restatements of information	34	First sustainability report
	102-49 Changes in reporting	34	First sustainability report
	102-50 Reporting period	34	
	102-51 Date of most recent report	34	First sustainability report
	102-52 Reporting cycle	34	
	102-53 Contact point for questions regarding the report	34	
	102-54 Claims of reporting in accordance with the GRI Standards	34	
	102-55 GRI content index	35-37	
	102-56 External assurance	34	

GRI content index continued

Topic specific disclosures	Disclosure	Page	Notes
GRI 200 Economic standards			
Adevinta topic: Donations to charity			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	32	
	103-2 The management approach and its components	32	
	103-3 Evaluation of the management approach	32	
GRI 203: Indirect Economic Impact	203-1 Infrastructure investments and services supported	32	
Adevinta topic: Fair business practices			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	26	
	103-2 The management approach and its components	26	
	103-3 Evaluation of the management approach	26	
GRI 205: Anti-corruption (2016)	205-2 Communication and training about anti-corruption policies and procedures	26	Omission
Adevinta topic: Sustainable investments and ownership			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	24	
	103-2 The management approach and its components	24	
	103-3 Evaluation of the management approach	-	Omission
GRI 300 Environmental standards			
Adevinta topic: Manage office waste and use of material			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	23	
	103-2 The management approach and its components	23	
	103-3 Evaluation of the management approach	-	Omission
Adevinta topic: Energy use and greenhouse gas emissions			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	22-23	
	103-2 The management approach and its components	22-23	
	103-3 Evaluation of the management approach	22-23	
GRI 302: Energy (2016)	302-1 Energy consumption within the organisation	23, 34	Omission
	302-3 Energy intensity	23, 34	
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	23, 34	
	305-2 Energy indirect (Scope 2) GHG emissions	23, 34	
	305-3 Other indirect (Scope 3) GHG emissions	23, 34	
	305-4 GHG emissions intensity	23, 34	
Adevinta topic: Contribution to circular economy			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	22	
	103-2 The management approach and its components	22	
	103-3 Evaluation of the management approach	22	

Topic specific disclosures	Disclosure	Page	Notes
GRI 400 Social standards			
Adevinta topic: Health and well-being for employees			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	31	
	103-2 The management approach and its components	31	
	103-3 Evaluation of the management approach	31	
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	27	
GRI 403: Occupational Health and Safety (2018)	403-9 Work-related injuries	31	Omission
GRI 403: Occupational Health and Safety (2016)	403-10 Work-related ill health	31	Omission
Adevinta topic: Skills development and knowledge sharing			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	31	
	103-2 The management approach and its components	31	
	103-3Evaluation of the management approach	31	
GRI 404: Education and training (2016)	404-3 Percentage of employees receiving regular performance and career development reviews	31	
Adevinta topic: Diversity and inclusion			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	28-29	
	103-2 The management approach and its components	28-29	
	103-3 Evaluation of the management approach	28-29	
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	29	Omission
Adevinta topic: Local community members			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	32	
	103-2 The management approach and its components	32	
	103-3 Evaluation of the management approach	32-33	
Adevinta topic: Sustainable supply chain			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	19	
	103-2 The management approach and its components	–	Omission
	103-3 Evaluation of the management approach	–	Omission
Adevinta topic: Privacy, user safety and fraud protection			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	24-26	
	103-2 The management approach and its components	24-26	
	103-3 Evaluation of the management approach	24-26	
GRI 418: Customer Privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	24	Omission

Statement of Corporate Governance

1. Statement of Corporate Governance

Adevinta is subject to corporate governance reporting requirements as defined in the Norwegian Accounting Act, section 3-3b, and the Norwegian Code of Practice for Corporate Governance (the Code). The current edition was published on 17 October 2018 and is available at www.nues.no. Adevinta's Statement of Corporate Governance of the Board of Directors follows the structure of the Code and any deviations from the Code are highlighted under each section. Adevinta's Statement of Corporate Governance also includes information on corporate governance, pursuant to the Norwegian Accounting Act, section 3-3b. Adevinta's corporate governance is subject to review and consideration by the Board of Directors of Adevinta, which also reviews the content of this Statement of Corporate Governance.

2. Adevinta's business

Adevinta's purpose is defined in its Articles of Association as "the operation of digital marketplaces and other types of business related to this. The business of the Company may be operated through participation in other companies."

The Articles of Association are presented in full at www.adevinta.com/ir/corporate-governance/articles-of-association/

Adevinta's purpose is to "make a positive change in the world by helping everyone and everything find new purpose." We believe every house can be a home, every person has a role to play, and every object can live a second life – they only have to find their matching need. This is specified in our mission: "creating perfect matches on the world's most trusted marketplaces."

Adevinta's Board of Directors is responsible for defining the objectives, strategies and risk profiles of the Company's business activities, and reviews these annually.

Ensuring that the Company considers environmental and societal impacts of business decisions, and providing services which empower its users and customers to make economically sound and environmentally sustainable choices is a cornerstone of Adevinta's business. Our marketplaces help our users meet and interact in a safe and reliable way, and in an environmentally sustainable manner by providing a platform for second-hand trading.

Adevinta engages with stakeholder groups that are affected by our business. The purpose of such dialogue is to understand the priorities of our stakeholders and ensure that these are reflected in the Company's business and operations strategies. Adevinta provides information on sustainability in a formal statement in accordance with the Norwegian Accounting Act and Euronext's guidelines for Environmental, Social and Governance (ESG) reporting in a separate section of this annual report. This sustainability statement is approved by the Board of Directors.

Deviations from the Code: none.

3. Equity and dividends

Adevinta's Board of Directors ensures that the Company has a capital structure that is appropriate to its objectives, strategy and risk profile.

The Board of Directors considers it essential that the Company's shares be perceived as an attractive investment. Accordingly, the Board of Directors has adopted a dividend policy that allows for ongoing investment in the development of Adevinta's business and further growth of the Company's underlying assets, while also providing the opportunity for a meaningful return to investors. The Company's ambition is to pay a stable and growing dividend going forward while retaining flexibility to invest in growth. As announced at Adevinta's joint Capital Markets Day in March 2019, there have been no dividend payments by the Company since its incorporation on 9 November 2018.

The Extraordinary General Meeting of Adevinta ASA in March 2019 granted the Board of Directors the following authorisation to buy back shares in the Company: (a) the total nominal value of shares acquired or held may not exceed NOK 13,622,957; (b) the minimum amount which can be paid for the shares is NOK 20 and the maximum amount is NOK 750; (c) the authorisation is valid until 30 June 2020; and (d) the buyback may be undertaken for the following purposes: (i) settlement of obligations under the Company's share-based incentive schemes and employee share-saving plans, (ii) as settlement in acquisitions, and (iii) to optimise the Company's capital structure.

Pursuant to the authorisation at the Extraordinary General Meeting of Adevinta ASA in October 2019, the General Meeting granted the Board of Directors the following two authorisations to increase the Company's share capital:

(a) to increase the Company's share capital by up to NOK 800, 000, for the purpose of (i) issuing shares under a share offering of holders of A-Class Shares to compensate them for the loss of class A share premium and (ii) issuing shares to an underwriter, limited upwards to the number of shares not subscribed for in the share offering referred to in (i). This authority was issued with a three months validity from the date of the General Meeting.

(b) to increase the Company's share capital by up to NOK 7,465,964. The authorisation is limited in time to the date of the next Annual General Meeting. The authority covers capital increases against contributions in cash and contributions other than cash. The authority covers the right of the Company to incur special obligations, in accordance with section 10-2 of the Norwegian Public Limited Liability Companies Act. The authority may be used in connection with mergers in accordance with section 13-5 of the Public Limited Liability Companies Act. This authorisation is not restricted to a single, defined purpose as recommended in the Code. While this is a deviation from the Code, the Board of Directors elected not to propose such restrictions in order to ensure that Adevinta is equipped to participate in value-accretive opportunities going forward.

Deviations from the Code: one.

4. Equal treatment of shareholders and transactions with close associates

Upon completion of the demerger of Adevinta ASA from Schibsted ASA and the subsequent Initial Public Offering (IPO) of Adevinta ASA shares, the Company had two classes of shares: A-Shares and B-Shares. Each A-Share carried 10 votes and each B-Share carried 1 vote at a General Meeting of the Company. In all other respects, each class of shares carried equal rights in the Company, including the right to any dividends.

The Extraordinary General Meeting on 24 October 2019 passed a resolution to combine the two share classes into one, single joint-share class. The combination of share classes was completed on 28 October 2019.

In the event that the Board of Directors resolves to increase the Company's share capital and waive the pre-emptive rights of existing shareholders on the basis of a mandate granted to the Board of Directors, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the increase in the share capital. The Company's acquisition of its own shares, in accordance with the Board of Directors' authorisation referred to in section 3 of this statement, must take place in the market at the stock exchange price and in accordance with generally accepted Norwegian stock exchange practices. Acquired shares may be sold in the market, or used as settlement for the acquisition of businesses, or used for the Adevinta share-based incentive schemes and share-saving programmes for the Group's employees. The share-based incentive schemes are described in more detail in the Statement of Executive Compensation in note 9 to the consolidated financial statements and in the Notice of the Annual General Meeting.

In the event of material transactions between the Group and its shareholders, Board members, executive personnel, or close associates of any such parties, the Board of Directors will obtain valuations by an independent third party. In 2019, the Board of Directors determined that there were no such material transactions.

Deviations from the Code: none.

5. Shares and negotiability

Adevintas's shares are freely negotiable and are freely transferable. As noted in section 4, in the period between the IPO of Adevinta ASA and 28 October 2019, the Company had two classes of shares. Since 28 October 2019, the Company has had a single class of shares.

Deviations from the Code: none.

6. General meetings

The shareholders exercise the highest authority through the General Meeting. Adevinta's first Annual General Meeting will be held within six months of the end of the financial year.

The Annual General Meeting for this year is scheduled for 5 May 2020. The Notice of the Annual General Meeting and documents to be considered will be posted on the Adevinta website prior to the meeting and will be sufficiently detailed and specific to allow shareholders to form a view on all matters to be considered. Shareholders not registered electronically will receive the Notice by post with information on how documents to be considered at the meeting may be downloaded from our website. The deadline for electronic registration is one day prior to the meeting.

Statement of Corporate Governance continued

The Extraordinary General Meeting on 24 October 2019 was attended by the Board Chair.

The Board Chair will be present at the Annual General Meeting. The chair of the Nomination Committee will also be present, except in respect of the first Annual General Meeting, since the inaugural Nomination Committee will be appointed at that meeting (see section 7). This is a deviation from the Code which is described in more detail below.

Shareholders will be given the opportunity to vote on each item of business to be considered, including the election of every single candidate to the Nomination Committee and the Board of Directors, whether they attend in person or elect to vote by proxy. Shareholders who cannot attend the Annual General Meeting may vote by proxy. More information on how to appoint a proxy and how to propose resolutions for consideration by the meeting will be provided in the Notice of the Annual General Meeting and on our website at www.adevinta.com.

Prior to the Annual General Meeting the Board of Directors will consider the complexity of the proposed agenda and whether an independent person shall be proposed to act as chair of the Annual General Meeting. This is a deviation from the Code's requirement of enabling the meeting to elect an independent chair for the meeting. The rationale for this is that voting technology has resulted in lower physical attendance of the Annual General Meeting, and this has decreased the need for an independent chair.

Deviations from the Code: two, one of which is described in section 7.

7. The Nomination Committee

Adevinta's Articles of Association provide for a Nomination Committee composed of between two and three members that shall be elected by the General Meeting. Since the current Board members were elected for a two-year term at the Extraordinary General Meeting in February 2019, Adevinta has not yet been required to appoint a Nomination Committee. This is a deviation from the Code's recommendations. The reason for this deviation is that Adevinta had anticipated that the shareholder structure would change following the listing of its shares on Oslo Børs and believed that it was therefore appropriate to delay the establishment of a Nomination Committee until the new shareholder structure had been settled.

It is intended that the establishment of a Nomination Committee and election of its members takes place at the Annual General Meeting to be held in 2020.

Deviations from the Code: one.

8. Composition of Adevinta's Board of Directors

Pursuant to Article 6 of Adevinta's Articles of Association, Adevinta's Board of Directors must consist of five to 11 members, as determined by the General Meeting. The Board of Directors of Adevinta currently consists of six members elected by the General Meeting. The Board members are elected for a two-year period. The Board of Directors includes three women and three men and is compliant with the requirement set forth in section 6-11a of the Public Limited Liability Companies Act, which states that the minority gender shall represent at least 40% of Board members.

The composition of the Board of Directors ensures that it can operate independently of any special interest. The current Board of Directors meets the requirement set forth in the Code that the majority of shareholder-elected Board members be independent of the Group's executive personnel and material business contacts, and that at least two of the shareholder-elected Board members be independent of the main shareholders. As CEO of Schibsted, Kristin Skogen Lund is not considered to be an independent director. Due to Terje Seljeseth's links with Blommenholm Industrier and the Tinius Trust, he is not considered to be an independent director. Thus, four of the six shareholder-elected Group Board members are considered independent from executive personnel and material business contacts. The Board of Directors does not include executive personnel.

Adevinta does not have a corporate assembly and members of the Board of Directors are elected by the General Meeting. Pursuant to section 6-6-(1) of the Public Limited Liability Companies Act, the members are elected for a period of two years. There are currently no employee representatives on the Board of Directors. In 2020, Adevinta will organise elections in order to have an employee elected Board member. When the Nomination Committee is appointed (see section 7), it will prepare a recommendation of candidates for election to the Board of Directors which will, as far as possible, be distributed to the shareholders along with the Notice of the General Meeting.

The Annual General Meeting elects the Board Chair. According to section 6-1 of the Public Limited Liability Companies Act, the Board of Directors elects the Board Chair if the General Meeting has not done so.

Adevinta encourages share ownership, but this has not been formalised by the General Meeting. Board members' shareholdings are disclosed in note 12 of the parent company financial statements.

Deviations from the Code: none.

9. The work of the Board of Directors

The Board of Directors delegates the day-to-day management of the Adevinta Group to the Company's CEO and other members of the executive management. At the same time, it monitors the performance of the executive management team. The Board of Directors actively participates in setting Adevinta's corporate strategy, ensuring that the businesses are properly organised, and that adequate governance and control systems are implemented. The Board of Directors also supervises the group's financial performance, establishes necessary guidelines, and adopts plans and budgets for the businesses. It appoints the CEO and prepares the job description, terms and conditions for this position. The Board of Directors' work is set forth in the Board instructions, which governs the Board's responsibilities, duties and administrative procedures. The Instructions also state the CEO's duties in relation to the Board of Directors.

Pursuant to section 6-27 of the Public Limited Liability Companies Act, individual Board members may not participate in the discussion of matters in which they or a closely related party are deemed to have a major personal or financial interest, or any decision regarding such matters. Each Board member is personally responsible for assessing whether any such circumstances exist, or whether there are any other factors that may, from an objective perspective, affect public confidence in the Board member's independence or that may lead to a conflict of interest in connection with a matter to be considered by the Board of Directors. Such circumstances must be brought to the attention of the Board Chair. The Board Instructions further specify that Board members shall not participate in the preparation, discussion or decision of matters for which they have any personal or special economic interest. A Board member is also obligated to notify the Chair if he/she is considering working for, or on assignment with, organisations who operate, or seek to operate, a business that competes with Adevinta Group's current or planned business activities.

The Board of Directors works on the basis of an annual meeting schedule that is normally agreed at the first meeting after the Annual General Meeting. The meeting schedule includes strategic planning, business issues and supervisory activities. The CEO, in consultation with the Board Chair, prepares matters for consideration by the Board.

The Board of Directors has established an Audit Committee and a Remuneration Committee which contribute to thorough preparation and consideration of matters covered by the committees' respective mandates. The committees do not make decisions but monitor the work of the Group on behalf of the Board of Directors and prepare matters for Board consideration within their respective areas.

The Remuneration Committee is chaired by Board Chair Orla Noonan and its other members are Kristin Skogen Lund and Sophie Javary. The members are appointed by and from the Board of Directors for one-year terms. All three members are considered independent of Adevinta's executive management. Kristin Skogen Lund is not considered independent from Adevinta's main shareholders. The CEO attends committee meetings apart from those at which remuneration of the CEO is considered. The Remuneration Committee prepares matters relating to the remuneration of the CEO, executive directors and executive management.

The Audit Committee is chaired by Fernando Abril-Martorell Hernández and its other members are Peter Brooks-Johnson and Terje Seljeseth. All three members are considered independent of Adevinta's executive management. Terje Seljeseth is not considered independent from Adevinta's main shareholders. The members are appointed by and from the Board for one-year terms. The CFO is management's main representative in the Audit Committee and attends all its meetings. The external auditor attends Audit Committee meetings when matters within the external auditors' area of responsibility are considered. The Audit Committee prepares the processes of the Board of Directors for quality assurance of financial reports. The committee monitors the Group's internal control and risk management for financial reporting, and reviews and monitors the external auditor's work and independence.

Statement of Corporate Governance continued

The Board of Directors will evaluate its own work, and the results of the evaluation will be submitted to the Nomination Committee as the basis for the Nomination Committee's assessment of the Board of Directors' work.

In 2019, the Adevinta Board of Directors held 11 meetings. The attendance record regarding Board and committee meetings is set out in the table below.

	Board meetings	Remuneration Committee meetings	Audit Committee meetings
Orla Noonan	11/11	3/3	
Kristin Skogen Lund	10/11	3/3	
Sophie Javary	11/11	3/3	
Fernando Abril-Martorell Hernández	11/11		4/4
Peter Brooks-Johnson	11/11		4/4
Terje Seljeseth	11/11		2/4

Deviations from the Code: none.

10. Risk management and internal control

The Board of Directors has defined procedures for risk management and internal control. The objective of the Company's risk management and internal control is to manage, rather than eliminate, exposure to risks related to the successful conduct of the business of the Company and its subsidiaries, and to support the quality of its financial reporting.

The Board of Directors annually reviews the Company's main areas of exposure to risks and its internal control systems. For 2019, this review was performed as part of the preparation of the IPO, and an update was presented to the Audit Committee at the end of the year. In addition, the Audit Committee conducts a more detailed assessment of risks related to financial reporting.

Financial reporting

Management periodically submits status reports to the Board of Directors to assist in monitoring and controlling the Group's operations. These reports include items such as financial reporting of the Group's key figures, the status of significant business activities, and financial performance of the Company's shares. Quarterly and annual financial statements are reviewed by the Audit Committee and the full Board of Directors. Adevinta's Group Accounting Department prepares the Group's financial reports and ensures compliance with current accounting standards and legislation.

Deviations from the Code: none.

11. Remuneration of the Board of Directors

The Annual General Meeting will determine the remuneration of the Board members. The remuneration should reflect the Board member's responsibility, expertise, time commitment and the complexity of the Company's activities and is not linked to the Group's performance. During the period under review, no options were issued to Board members. Details of the Board of Directors' remuneration are disclosed in note 9 of the consolidated financial statements.

None of the Board members have accepted any specific assignments for Adevinta.

Deviations from the Code: none.

12. Remuneration of executive personnel

The Board has established guidelines for remuneration of members of the executive management. These guidelines will be communicated to the Annual General Meeting of shareholders and are included in the annual report. The Remuneration Committee reviews and approves the remuneration packages (including, where appropriate, bonuses, incentive payments, share-based incentive schemes and post-retirement benefits) for the CEO and each executive director.

The Statement of Executive Compensation gives an account of the main principles of Adevinta's executive remuneration policy, including the scope and organisation of bonus schemes and incentive programmes. The Remuneration Committee has assessed the incentive programme and has concluded that it ensures alignment of the financial interests of the executive personnel and the shareholders.

The Statement of Executive Compensation will be considered by the Annual General Meeting and made available to the shareholders on Adevinta's website when the Notice of the

Annual General Meeting is issued and is included in note 9 of the consolidated financial statements. The Annual General Meeting will vote individually on the binding and the non-binding aspects of the guidelines.

Deviations from the Code: none.

13. Information and communication

Adevinta has established an investor relations policy that provides a framework for communicating with shareholders outside the General Meeting. The Investor Relations Department maintains regular contact with shareholders, potential investors, analysts and other financial stakeholders to ensure that they have access to relevant and accurate information including Adevinta's share price. All shareholders and other financial stakeholders are treated equally with regards to access to financial information.

Adevinta's annual and quarterly reports contain extensive information on the various aspects of the Company's activities. The quarterly presentations are webcast and accessible via the Adevinta website, along with the quarterly and annual reports, as well as other relevant presentations. Adevinta's financial calendar is available on the Adevinta website.

Deviations from the Code: none.

14. Takeovers

The Board of Directors has defined guidelines for takeover bids reflecting the requirements of the Code.

In the event of a takeover bid being made for Adevinta, the Board of Directors shall follow the overriding principle of equal treatment for all shareholders and shall seek to ensure that Adevinta's business activities are not disrupted unnecessarily. The Board of Directors shall strive to ensure that shareholders are given sufficient information and time to review any offer and shall not take measures intended to protect the personal interests of individual Board members at the expense of shareholders' interests.

The Board of Directors shall not seek to prevent any takeover bid, unless it believes that the interests of the Company and the shareholders justify such actions. In addition, it shall not exercise mandates or pass any resolutions with the intention of obstructing any takeover bid, unless this is approved by the General Meeting following the announcement of the bid. If a takeover bid is made, the Board of Directors shall issue a statement with a recommendation as to whether the shareholders should accept such a bid or not in accordance with the Norwegian Securities Trading Act.

Deviations from the Code: none.

15. Auditor

The external auditor presents the main features of the annual audit plan to the Audit Committee. The external auditor participates in Board meetings where the Company's financial statements are discussed. The external auditor reports on material changes in the Company's accounting principles and key aspects of the audit, comments on material estimated accounting figures, reports material matters on which the auditor and management disagree and presents identified weaknesses in, and suggested improvements to, the Company's internal controls.

The Board of Directors has established guidelines for non-auditing work performed by the external auditor. The use of non-audit services performed by the external auditor is subject to prior approval as defined by the Audit Committee. The Audit Committee updated these guidelines in 2019 so that from 2020 all new non-auditing work performed by the external auditor must be approved by the Group CFO. Further, non-auditing services exceeding 50% of the total audit fees of the Group shall be approved by the Board of Directors.

Details of the Company's use and remuneration of the external auditor for auditing and non-auditing services are disclosed in note 29 of the consolidated financial statements. The Audit Committee reviews the use of non-audit services twice per year and has assessed the amount of non-audit services provided by the external auditor, which are found to meet the requirements in the Auditing and Auditors Act and guidelines from the Financial Supervisory Authority of Norway.

Deviations from the Code: none.

Consolidated income statement
for the year ended 31 December

€ million	Note	Year 2019	2018[1]
Operating revenues	**6,7**	**680.3**	**594.6**
Personnel expenses	9	(234.8)	(201.3)
Other operating expenses	8	(246.0)	(242.3)
Gross operating profit (loss)	**6**	**199.5**	**151.0**
Depreciation and amortisation	16,17,30	(45.3)	(26.5)
Share of profit (loss) of joint ventures and associates	5	5.9	6.8
Impairment loss	15,16	(24.6)	(56.6)
Other income and expenses	11	(12.8)	(6.3)
Operating profit (loss)	**6**	**122.8**	**68.4**
Financial income	12	1.7	1.2
Financial expenses	12	(7.8)	(15.3)
Profit (loss) before taxes		**116.7**	**54.3**
Taxes	13	(49.6)	(61.3)
Profit (loss)		**67.1**	**(7.0)**
Profit (loss) attributable to:			
Non-controlling interests	26	3.1	0.4
Owners of the parent		64.0	(7.4)
Earnings per share in €:			
Basic	14	0.09	(0.01)
Diluted	14	0.09	(0.01)

[1] Not restated with IFRS 16 implementation

Consolidated statement of comprehensive income

for the year ended 31 December

€ million	Note	Year 2019	Year 2018[1]
Profit (loss)		**67.1**	**(7.0)**
Remeasurements of defined benefit pension liabilities		0.3	(0.5)
Income tax relating to remeasurements of defined benefit pension liabilities	13	(0.1)	0.1
Items not to be reclassified subsequently to profit or loss		**0.2**	**(0.4)**
Exchange differences on translating foreign operations		(5.3)	(49.1)
Items to be reclassified subsequently to profit or loss		**(5.3)**	**(49.1)**
Other comprehensive income		**(5.1)**	**(49.5)**
Comprehensive income		**62.0**	**(56.5)**
Comprehensive income attributable to:			
Non-controlling interests	26	3.0	0.3
Owners of the parent		59.0	(56.8)

[1] Not restated with IFRS 16 implementation

Consolidated statement of financial position

as of 31 December

€ million	Note	31 December 2019	31 December 2018[1]
Intangible assets	15,16	1,394.8	1,301.0
Property, plant & equipment	17	25.3	19.8
Right-of-use assets	30	60.6	–
Investments in joint ventures and associates	5	381.1	375.3
Deferred tax assets	13	1.6	3.7
Other non-current assets	18,24	14.8	9.4
Non-current assets		**1,878.1**	**1,709.2**
Income tax receivable		10.9	3.0
Contract assets	7	7.5	2.0
Trade receivables and other current assets	18,19,22,24	151.6	384.1
Cash and cash equivalents	22,24,27	71.8	55.1
Current assets		**241.7**	**444.3**
Total assets		**2,119.8**	**2,153.5**
Paid-in equity		146.4	(0.3)
Other equity		1,378.1	1,318.1
Equity attributable to owners of the parent		**1,524.4**	**1,317.8**
Non-controlling interests	26	14.4	13.9
Equity		**1,538.8**	**1,331.7**
Deferred tax liabilities	13	82.9	72.3
Non-current interest-bearing borrowings	22,23,24	201.7	448.5
Lease liabilities, non-current	27,30	53.2	–
Other non-current liabilities	21	11.8	4.3
Non-current liabilities		**349.5**	**525.0**
Current interest-bearing borrowings	22,23,24	0.3	0.0
Income tax payable		4.5	10.0
Lease liabilities, current	27,30	13.3	–
Contract liabilities	7	56.8	51.2
Other current liabilities	21,22,24	156.6	235.6
Current liabilities		**231.5**	**296.8**
Total equity and liabilities		**2,119.8**	**2,153.5**

[1] Not restated with IFRS 16 implementation

Consolidated statement of financial position continued

29 March 2020
Adevinta ASA's Board of Directors

Orla Noonan
Board Chair

Fernando Abril-Martorell Hernández
Board member

Kristin Skogen Lund
Board member

Sophie Javary
Board member

Peter Brooks-Johnson
Board member

Terje Seljeseth
Board member

Rolv Erik Ryssdal
CEO

Consolidated statement of cash flows

for the year ended 31 December

€ million	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		116.7	54.3
Depreciation, amortisation and impairment losses	6,15,16,17,30	69.9	83.1
Share of loss (profit) of joint ventures and associates	5	(5.9)	(6.8)
Dividends received from joint ventures and associates		1.1	1.5
Taxes paid		(63.6)	(53.7)
Sales losses (gains) non-current assets and other non-cash losses (gains)		(0.3)	(1.3)
Change in working capital and provisions[1]		16.3	(3.2)
Net cash flow from operating activities		**134.1**	**73.9**
CASH FLOW FROM INVESTING ACTIVITIES			
Development and purchase of intangible assets and property, plant & equipment		(48.5)	(30.7)
Acquisition of subsidiaries, net of cash acquired	27	(78.8)	(3.1)
Proceeds from sale of intangible assets and property, plant & equipment		(0.0)	0.4
Proceeds from sale of subsidiaries, net of cash sold		0.0	0.1
Net sale of (investment in) other shares		(10.7)	(3.3)
Net change in other investments		0.9	2.8
Net cash flow from investing activities		**(137.0)**	**(33.8)**
Net cash flow before financing activities		**(2.9)**	**40.1**
CASH FLOW FROM FINANCING ACTIVITIES			
New interest-bearing loans and borrowings		199.2	0.4
Repayment of interest-bearing loans and borrowings		(0.4)	(0.0)
Change in ownership interests in subsidiaries	4,27	(100.2)	(11.0)
Capital increase		7.9	–
IFRS 16 lease payments	30	(12.8)	–
Dividends paid to non-controlling interests	26	(3.6)	(3.4)
Net financing from (to) Schibsted ASA		(70.9)	(8.9)
Net cash flow from financing activities		**19.2**	**(22.9)**
Effects of exchange rate changes on cash and cash equivalents		0.3	0.4
Net increase (decrease) in cash and cash equivalents		**16.6**	**17.7**
Cash and cash equivalents as at 1 January	27	55.1	37.4
Cash and cash equivalents as at 31 December	27	**71.8**	**55.1**

[1] Changes in working capital and provisions consist of changes in trade receivables, other current receivables and liabilities and other accruals

Consolidated statement of changes in equity

	Note	Share capital	Other paid-in equity	Retained earnings	Foreign currency transl. reserve	Share-holders' equity	Non-controlling interests	Total
Equity as at 31 December 2017		**–**	**–**	**1,237.5**	**2.7**	**1,240.2**	**15.3**	**1,255.5**
Change in accounting principle IFRS 2		–	–	0.5	–	0.5	–	0.5
Change in accounting principle IFRS 15		–	–	(3.8)	–	(3.8)	–	(3.8)
Equity as at 1 January 2018		**–**	**–**	**1,234.2**	**2.7**	**1,236.9**	**15.3**	**1,252.3**
Profit (loss) for the period		–	–	(7.4)	–	(7.4)	0.4	(7.0)
Other comprehensive income		–	–	(0.4)	(49.1)	(49.5)	(0.1)	(49.5)
Total comprehensive income		**–**	**–**	**(7.8)**	**(49.1)**	**(56.9)**	**0.3**	**(56.5)**
Capital increase		–	–	–	–	–	0.2	0.2
Share-based payment		–	(0.3)	–	–	(0.3)	(0.0)	(0.4)
Dividends paid to non-controlling interests	26	–	–	–	–	–	(3.4)	(3.4)
Changes in ownership of subsidiaries that do not result in a loss of control		–	–	(22.8)	–	(22.8)	1.5	(21.3)
Share of transactions with the owners of joint ventures and associates		–	–	(0.1)	–	(0.1)	–	(0.1)
Group contributions and dividends		–	–	(38.7)	–	(38.7)	–	(38.7)
Transactions with former Group entities, including effects of allocation		–	–	199.6	–	199.6	–	199.6
Total transactions with the owners		**–**	**(0.3)**	**138.0**	**–**	**137.7**	**(1.7)**	**136.0**
Equity as at 31 December 2018		**–**	**(0.3)**	**1,364.5**	**(46.4)**	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	30	–	–	(0.7)	–	(0.7)	–	(0.7)
Equity as at 1 January 2019		**–**	**(0.3)**	**1,363.8**	**(46.4)**	**1,317.1**	**13.9**	**1,331.0**
Profit (loss) for the period		–	–	64.0	–	64.0	3.1	67.1
Other comprehensive income		–	–	0.2	(5.3)	(5.1)	(0.0)	(5.1)
Total comprehensive income		**–**	**–**	**64.2**	**(5.3)**	**59.0**	**3.0**	**62.0**
Capital increase	22,25	13.8	130.9	–	–	144.7	–	144.7
Share-based payment		–	2.0	–	–	2.0	–	2.0
Dividends paid to non-controlling interests	26	–	–	–	–	–	(3.6)	(3.6)
Business combinations	4	–	–	–	–	–	0.2	0.2
Changes in ownership of subsidiaries that do not result in a loss of control		–	–	(1.9)	–	(1.9)	0.8	(1.1)
Group contributions and dividends		–	–	3.6	–	3.6	–	3.6
Total transactions with the owners		**13.8**	**132.9**	**1.7**	**–**	**148.4**	**(2.6)**	**145.8**
Equity as at 31 December 2019		**13.8**	**132.6**	**1,429.7**	**(51.6)**	**1,524.4**	**14.4**	**1,538.8**

Notes to the consolidated financial statements continued

General information

Group structure

Information on income statement items

Information on statement of financial position items

Capital management

Other information

Notes to the consolidated financial statements continued

Note 1: General information

The Adevinta Group was established 9 April 2019 following demergers of Schibsted Multimedia AS and Schibsted ASA and the consequential transfer of Schibsted's online classifieds operations outside the Nordics to Adevinta ASA. Adevinta ASA was listed on the Oslo Stock Exchange on 10 April 2019. Schibsted has retained a majority interest of 59.25% in Adevinta ASA. This majority interest has increased to 59.28% as part of the combination of shares process described in note 14.

Adevinta ASA is a public limited company and its offices are located in Grensen 5, Oslo in Norway. The shares of Adevinta ASA are listed on the Oslo Stock Exchange. Adevinta is one of the global leaders in online classifieds, active in many countries around the world. Key markets include France, Spain and Brazil. In addition, business is carried out in Italy, Austria, Ireland, Hungary, Mexico, Chile, Belarus, Colombia, the Dominican Republic, Morocco, Tunisia, UK and Germany. The business areas are described in segment information in note 6.

The consolidated financial statements including notes for Adevinta ASA for the year 2019 were approved by the Board of Directors on 29 March 2020 and will be proposed to the Annual General Meeting on 5 May 2020.

Note 2: Basis for preparing the consolidated financial statements

Compliance with IFRS

Adevinta has presented combined financial statements until Q1 2019. IFRS 10 Consolidated Financial Statements requires a parent company to directly or indirectly control its subsidiaries at the balance sheet date in order to prepare consolidated financial statements. Adevinta ASA did not obtain such control until 9 April 2019.

Following the demergers described above, Adevinta ASA obtained control of the subsidiaries and ownership interests comprising the Adevinta Group and reports consolidated financial statements according to IFRS 10. The consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The valuation and recognition of the items in the financial statements have been carried out in accordance with applicable IFRS standards.

New and amended standards adopted by the Group

Except for the application of IFRS 10 Consolidated Financial Statements and the mandatory implementation of IFRS 16 Leases as at 1 January 2019, as well as the allocation of centrally developed intangible assets in Schibsted and related expenses, the accounting policies adopted are consistent with those followed in preparing the Adevinta combined financial statements included in the IPO prospectus, published on 1 April 2019. The implementation of IFRS 16 Leases has impacted the accounting principles. See note 30 for more information.

Financial statements

The consolidated financial statements have been prepared based on a historical cost basis, with the exception of financial instruments in the categories "Financial assets and liabilities at fair value through profit or loss or OCI." Net assets that no longer justify their value are written down to the recoverable amount, which is the higher of value in use and fair value less selling costs.

The transfer of the online classifieds operations to Adevinta ASA is accounted for as a business combination involving entities under common control applying the pooling-of-interests method. That method implies continuing historical financial information at carrying values as reported in the consolidated financial statements of the parent company Schibsted ASA as well as reflecting the result for the full current year and comparable information as if the relevant entities and businesses had been combined since the beginning of the earliest period presented (1 January 2018).

An asset or liability is classified as current when it is part of a normal operating cycle, when it is held primarily for trading purposes, when it falls due within 12 months or when it consists of cash or cash equivalents on the statement of financial position date. Cash and cash equivalents consist of bank deposits and other monetary instruments with a maturity of three months or less. Other items are non-current. A dividend does not become a liability until it has been formally approved by the General Meeting.

Note 2: Basis for preparing the consolidated financial statements continued

Non-current assets and groups of non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sales transaction instead of through continued use. Non-current assets and groups of non-current assets and liabilities which are classified as held for sale are valued at the lower of their former carrying amount or fair value minus sales costs.

All amounts are in € million unless otherwise stated. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

The accounting principles that have been applied as well as significant estimation uncertainties are disclosed in relevant notes to the consolidated financial statements.

Statement of cash flows

The statement of cash flows is prepared under the indirect method.

Consolidation principles

The consolidated financial statements include the parent Adevinta ASA and all subsidiaries, presented as a single economic entity. All the entities have applied consistent principles and all intercompany matters have been eliminated.

Subsidiaries are all entities controlled, directly or indirectly, by Adevinta ASA. The Group controls an entity when it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through power over the entity. Power over an entity exists when the Group has existing rights that give the current ability to direct the activities that significantly affect the entity's returns.

Generally, there is a presumption that a majority of voting rights result in control. The Group considers all relevant facts and circumstances in assessing whether control exists, including contractual arrangements and potential voting rights to the extent that those are substantive.

Subsidiaries are included in the consolidated financial statements from the date Adevinta ASA effectively obtains control of the subsidiary (acquisition date) and until the date Adevinta ASA ceases to control the subsidiary.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to the parent Adevinta ASA. Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity of the owners of the parent, except when put options are granted to holders of non-controlling interests in which case the related accumulated non-controlling interest is derecognised.

Profit (loss) and comprehensive income attributable to non-controlling interests are disclosed as allocations for the period of profit (loss) and comprehensive income attributable to non-controlling interests and owners of the parent, respectively.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros (€), which is Adevinta ASA's functional and presentation currency.

Foreign currency transactions are translated into the entity's functional currency on initial recognition by using the spot exchange rate at the date of the transaction. At the balance sheet date, assets and liabilities are translated from foreign currency to the entity's functional currency by:

- translating monetary items using the exchange rate at the balance sheet date
- translating non-monetary items that are measured in terms of historical cost in a foreign currency using the exchange rate at the transaction date
- translating non-monetary items that are measured at fair value in a foreign currency using the exchange rate at the date when the fair value was determined

Notes to the consolidated financial statements continued

Note 2: Basis for preparing the consolidated financial statements continued

Exchange differences arising on the settlement of, or on translating monetary items not designated as, hedging instruments, are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss.

Upon incorporation of a foreign operation into the consolidated financial statements by consolidation or the equity method, the results and financial position are translated from the functional currency of the foreign operation into € (the presentation currency) by using the step-by-step method of consolidation. Assets and liabilities are translated at the closing rate at the balance sheet date and income and expenses are translated monthly at the average exchange rates for the month and accumulated. Resulting exchange differences are recognised in other comprehensive income until the disposal of the foreign operation.

Exchange rates are quoted from Norges Bank (norges-bank.no), which is Norway's central bank.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation, are treated as assets and liabilities of that foreign operation. They are therefore expressed in the functional currency of the foreign operation and translated at the closing rate at the balance sheet date.

New standards and interpretations not yet adopted

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. However, it is not expected that these amendments will impact significantly the Adevinta Financial Statements.

Amendments to IFRS 3 Definition of a Business

The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments must be applied to transactions for which the acquisition date is on or after the annual reporting periods beginning on or after 1 January 2020. Early application is permitted. The Group does not intend to early adopt the amendments.

Amendments to IFRS 9, IAS 39 and IFRS 7 due to the IBOR reform

The amendments provide companies with temporary reliefs to certain requirements related to hedge accounting in the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). For the hedging relationships where the reliefs are applied, companies are required to disclose additional qualitative and quantitative information. However, the amendments also provide an exemption from the disclosure requirements in IAS 8.28 f related to the adjustment amounts in the current and prior period. The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. The Group does not intend to early adopt the amendments. The amendments may be applicable for 2020.

Note 3: Significant accounting judgments and major sources of estimation uncertainty

The management has made use of estimates and assumptions in preparing the consolidated financial statements. The most important areas where estimates are having an impact are listed below. Detailed information of these estimates and judgements is included in the relevant notes. The short-term impact of Covid-19 is not expected to have a material impact on significant estimates.

Note 3: Significant accounting judgments and major sources of estimation uncertainty continued

Significant estimates and judgements:

- Recognition of contracted listing fees and premium products according to normal pattern of views (note 7)
- Recognition of deferred tax assets for tax losses carried forward (note 13)
- Calculation of value in use in testing for impairment of goodwill and intangible assets (note 15)
- Capitalisation of development costs (note 16)
- Fair value of contingent consideration and liabilities related to non-controlling interests' put options (note 20)
- Calculation of present value of defined benefit pension obligations (note 21)
- Assessment of contingent liabilities (note 21)
- Liabilities measured at fair value (note 24)
- Determination of lease term and estimating the incremental borrowing rate (note 30)

Note 4: Changes in the composition of the group

Principle:

Business combinations

The acquisition method is used to account for all business combinations where Adevinta ASA or a subsidiary is the acquirer, meaning the entity that obtains control over another entity or business. When a subsidiary or business is acquired, a purchase price allocation is carried out. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at fair value at the acquisition date. Any non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. The residual value in the acquisition is goodwill. Acquisition-related costs are expensed as incurred.

Contingent consideration is recognised as part of the consideration transferred in exchange for the acquiree. Subsequent changes in the fair value of contingent consideration deemed to be a liability are recognised in profit or loss.

In business combinations achieved in stages, the previously held equity interest is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Changes in ownership interests in subsidiaries that do not result in a loss of control

Transactions with non-controlling interests are recognised in equity. In entities where Adevinta already owned interests prior to the business combination, any change in the value of earlier interests is recognised in the income statement.

When put options are granted by Adevinta to holders of non-controlling interests, Adevinta determines and allocates profit (loss), other comprehensive income and dividends paid to such non-controlling interests. Accumulated non-controlling interests are derecognised as if the non-controlling interest was acquired at the balance sheet date and a financial liability reflecting the obligation to acquire the non-controlling interest is recognised. The net amount recognised or derecognised is accounted for as an equity transaction. In the Consolidated statement of changes in equity, such amounts are included in the line item "Changes in ownership of subsidiaries that do not result in a loss of control."

Loss of control

The assets and liabilities of the subsidiary and the carrying amount of any non-controlling interests are derecognised when Adevinta loses control of a subsidiary. Any consideration received and any investment retained in the former subsidiary is recognised at their fair values. The difference between amounts recognised and derecognised is recognised as gain or loss in profit or loss. Amounts recognised in other comprehensive income related to the subsidiary are reclassified to profit or loss or transferred to equity similarly as if the parent had disposed of the assets and liabilities directly. Amounts reclassified to profit or loss (including accumulated translation differences) are included in gain or loss on loss of control of subsidiary in profit or loss.

Notes to the consolidated financial statements continued

Note 4: Changes in the composition of the group continued

Business combinations

Adevinta invested €78.6 million in 2019 (€3.0 million in 2018) related to acquisition of businesses (business combinations). The amount comprises cash consideration transferred reduced by cash and cash equivalents of the acquiree. Adevinta in addition paid €0.2 million (€0.1 million in 2018) of contingent consideration related to prior year's business combinations.

In June 2019, Adevinta completed a bolt-on acquisition of Locasun, a holiday rental and travel specialist marketplace operating across Europe (mainly in France 38%, Spain 18% and Italy 15%), through the acquisition of 100% of the shares of Locasun SARL and 100% of the shares of Locasun Spain SLU. In addition, Adevinta obtained control of PayCar; a startup specialising in P2P payments for second-hand vehicle purchases operating mainly in France; after acquiring 68.8% of the shares of PayCar SAS.

On 4 October 2019, Adevinta completed the acquisition of Argus Group, the leading player in digital marketing services to the automotive industry in France, through the acquisition of 100% of the shares of SNEEP, the French parent company of the Argus Group. Adevinta will benefit from Argus Group expertise and penetration of the professional market for second-hand car trade, particularly thanks to the second-hand vehicle pricing tool which is the number one player in the French market. As a result of this acquisition, leboncoin will enhance its strong position in the French car market segment.

In November 2018, Adevinta completed the acquisition of Videdressing.com, a general goods vertical within second-hand fashion, through the purchase of 100% of the shares of Videdressing SAS.

The subsidiaries acquired in 2019 (Locasun, PayCar and Argus Group) and in 2018 (Videdressing) are included in the France operating segment.

Acquisition-related costs of €1.0 million (€0.2 million in 2018) related to business combinations that have been closed are recognised in profit or loss in the line item "Other income and expenses" (note 11).

Note 4: Changes in the composition of the group continued

The table below summarises the consideration transferred and the amounts recognised for assets acquired and liabilities assumed after the business combinations:

	Total 2019	Total 2018
Consideration:		
Cash	90.1	8.7
Deferred consideration	6.7	–
Contingent consideration	4.4	–
Consideration transferred	**101.2**	**8.7**
Fair value of previously held equity interest	0.1	–
Total	**101.2**	**8.7**
Amounts for assets and liabilities recognised:		
Intangible assets	36.5	0.3
Property, plant & equipment	0.6	0.1
Right-of-use assets	2.1	–
Other non-current assets	0.3	0.1
Trade and other receivables	9.4	1.0
Other current assets	2.6	–
Cash and cash equivalents	11.5	5.7
Deferred tax liabilities	(10.4)	–
Lease liabilities, non-current	(0.9)	–
Other non-current liabilities	(3.2)	(0.5)
Lease liabilities, current	(1.1)	–
Current liabilities	(15.9)	(6.8)
Total identifiable net assets	**31.4**	**(0.2)**
Non-controlling interests	(0.2)	–
Goodwill	69.9	8.9
Total	**101.2**	**8.7**

The purchase price allocations for acquisitions made in 2019 are preliminary due to uncertainty in certain valuation factors. There are no significant effects from finalising preliminary purchase price allocations in any subsequent year.

The implied goodwill connected with the Argus acquisition relates to synergies with leboncoin, future customers, future technology and workforce. The synergies mainly relate to a bundled offer between leboncoin and Argus, an increased utilisation of the acquired technology, cross selling between customers of leboncoin and Argus, and cost savings when integrating the two businesses. In addition, the technology (valuation and solution) is continuously replaced and thus is the return on future technology and customers also part of goodwill.

Notes to the consolidated financial statements continued

Note 4: Changes in the composition of the group continued

Goodwill recognised in other acquisitions made in 2019 is mainly attributable to the value of expected synergies with leboncoin, and to the workforce and know-how of the companies acquired. None of the goodwill recognised is expected to be deductible for income tax purposes. The business combinations are carried out as part of Adevinta's growth strategy, and the businesses acquired are good strategic fits with existing operations within Adevinta.

The fair value of acquired receivables was €9.4 million in 2019 (€1.0 million in 2018), of which €8.0 million (€0.6 million in 2018) are trade receivables. There is no material difference between the gross contractual amount receivable and the fair value of the receivables.

Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities. In calculating the present value of lease payments, Adevinta uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

The companies acquired in business combinations have since the acquisition dates contributed €12.3 million to operating revenues in 2019 (€0.4 million in 2018) and contributed negatively to consolidated profit by €0.6 million in 2019 (negatively €0.3 million in 2018). If the acquisition date of all business combinations completed through purchase of shares was as at 1 January, the operating revenues of Adevinta would have increased by €43.7 million in 2019 (€3.5 million in 2018) and profit (loss) would have increased by €1.6 million (decreased by €1.4 million in 2018).

Contingent consideration

As part of the purchase agreement with the previous owners of Locasun SARL, a contingent consideration has been agreed. The additional cash payments will be limited to two payments made at the end of years 2020 and 2021. Each payment is capped at €2.5 million and will be calculated depending on the achievement of certain EBITDA targets for each period.

As at the acquisition date, the fair value of the contingent consideration was estimated to be €4.4 million. The fair value of the contingent consideration as at 31 December 2019 is estimated to be €4.4 million, which reflects the latest information available as well as the indicators included in the budget approved for 2020.

OTHER CHANGES IN THE COMPOSITION OF ADEVINTA

In 2019, Adevinta invested €100.2 million (€11.0 million in 2018) related to increased ownership interests in subsidiaries. The amount invested is primarily related to the acquisition of the remaining 10% ownership in Adevinta Spain, increasing the ownership to 100%. The amount invested in 2018 was primarily related to increase of ownership interest to 100% in Finderly GmbH (Shpock).

In August 2019, OLX Brazil joint venture acquired a 100% ownership in Anapro (Facher Tecnologia Ltda.), a company based in Brazil focused on CRM and Sales management solutions for the real estate market. In the consolidated financial statements, this investment has been accounted for using the equity method of accounting.

Note 4: Changes in the composition of the group continued

Changes in ownership interests in subsidiaries are accounted for as equity transactions. The effect on the equity attributable to owners of the parent is presented in the table below:

	2019	2018
Net consideration received (paid)	(100.2)	(11.0)
Financial liabilities previously recognised related to non-controlling interests' put options	100.0	10.3
Adjustment to equity	**(0.2)**	**(0.7)**
Of which adjustment to non-controlling interests	–	–
Of which adjustment to equity attributable to owner of parent	(0.2)	(0.7)

The adjustments to equity presented above are included in the line item "Changes in ownership of subsidiaries that do not result in a loss of control" in the Consolidated statement of changes in equity. That line item also includes changes in financial liabilities related to non-controlling interests' put options recognised in equity, as disclosed in note 20 (Financial liabilities related to business combinations and increases in ownership interests).

Note 5: Investments in joint ventures and associates

Principle

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement and exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as joint ventures if they are structured through separate vehicles and the parties have rights to the net assets of the arrangements.

An associate is an entity over which Adevinta, directly or indirectly through subsidiaries, has significant influence. Significant influence is normally presumed to exist when Adevinta controls 20% or more of the voting power of the investee. Significant influence can also be presumed to exist when the Group is entitled to a Board member, even in the case where ownership interests are lower than 20%.

Interests in joint ventures and associates are accounted for using the equity method.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Adevinta's share of the post-acquisition profits or losses. Adevinta's share of the investee's profit or loss is recognised in profit or loss and the share of changes in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends received reduce the carrying amount of the investment.

When Adevinta's share of losses equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Adevinta does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Notes to the consolidated financial statements continued

Note 5: Investments in joint ventures and associates continued

Changes in ownership

The use of the equity method is discontinued from the date an investment ceases to be a joint venture or an associate. The difference between the total of the fair value of any retained interest and any proceeds from disposing of a part interest in a joint venture or an associate, and the carrying amount of the investment is recognised as gain or loss in profit or loss.

If Adevinta's ownership interest in a joint venture or an associate is reduced, but the equity method is still applied, a gain or loss from the partial disposal is recognised in profit or loss. The retained interest is not remeasured.

	2019			2018		
Development in net carrying amount	**Joint ventures**	**Associates**	**Total**	**Joint ventures**	**Associates**	**Total**
As at 1 January	**367.5**	**5.8**	**373.3**	**405.1**	**5.9**	**410.9**
Change in accounting principle IFRS 15	–	–	–	(0.5)	–	(0.5)
Additions	–	5.5	5.5	–	0.9	0.9
Transition from (to) subsidiaries	–	–	–	–	0.5	0.5
Transition from (to) receivables	2.2	–	2.2	(1.8)	–	(1.8)
Share of profit (loss)	**6.3**	**(0.3)**	**5.9**	**7.5**	**(0.7)**	**6.8**
Gain	–	0.4	0.4	–	0.8	0.8
Dividends received and capital repayments	(1.1)	(0.2)	(1.4)	(0.3)	(1.7)	(2.0)
Share of transactions with the owners of joint ventures and associates	–	–	–	(0.1)	–	(0.1)
Translation differences	(5.8)	(0.1)	(5.9)	(42.4)	0.1	(42.3)
As at 31 December	**369.0**	**11.1**	**380.0**	**367.5**	**5.8**	**373.3**
Of which presented in Investments in joint ventures and associates	369.0	12.1	381.1	367.5	7.8	375.3
Of which presented in Other current liabilities	–	(1.0)	(1.0)	–	(2.0)	(2.0)

For more details on acquisitions and divestments of joint ventures and associates, see note 4 (Changes in the composition of the group).

Note 5: Investments in joint ventures and associates continued

The carrying amount of investments in joint ventures and associates comprises the following investments:

		2019			2018		
	Country of incorporation	**Interest held**	**Joint ventures**	**Associates**	**Interest held**	**Joint ventures**	**Associates**
Silver Brazil JVCO BV	Netherlands	50.00%	362.0	–	50.00%	361.8	–
willhaben internet service GmbH	Austria	50.00%	6.9	–	50.00%	5.7	–
Younited SA	France	10.94%	–	11.6	11.09%	–	7.1
Other			–	(0.6)		–	(1.4)
Carrying amount as at 31 December			**369.0**	**11.1**		**367.5**	**5.8**

Description of the business of the joint ventures and associates:

Silver Brazil JVCO BV	Operates an online classified site in Brazil (olx.com.br, 50% ownership from July 2017)
willhaben internet service GmbH	Operates online classified sites in Austria (willhaben.at, car4you.at, and autopro24.at)
Younited SA	Operates peer-to-peer lending marketplaces in France, Italy and Spain (younited-credit.com, it.younited-credit.com and es.younited-credit.com)

Notes to the consolidated financial statements continued

Note 5: Investments in joint ventures and associates continued

The following table sets forth summarised financial information for material joint ventures as at 31 December:

	2019			2018		
	Silver Brazil	willhaben	Total	Silver Brazil	willhaben	Total
Interest held as at 31 December	**50.00%**			**50.00%**		
Income statement and statement of comprehensive income:						
Operating revenues	79.0	–	–	62.6	–	–
Depreciation and amortisation	(2.0)	–	–	(1.1)	–	–
Interest income	0.7	–	–	0.4	–	–
Interest expense	(0.4)	–	–	(2.6)	–	–
Taxes	5.3	–	–	10.4	–	–
Profit (loss)	7.7	–	–	9.8	–	–
Profit (loss) attributable to owners of the parent	7.7	–	–	9.8	–	–
Total comprehensive income attributable to owners of the parent	7.7	–	–	9.8	–	–
Share of profit (loss)	**3.9**	**2.4**	**6.3**	**4.9**	**2.6**	**7.5**
Share of other comprehensive income	–	–	–	–	–	–
Share of total comprehensive income	**3.9**	**2.4**	**6.3**	**4.9**	**2.6**	**7.5**
Balance sheet:						
Non-current assets	40.7			32.5		
Other current assets	10.6			9.4		
Cash and cash equivalents	15.6			11.7		
Non-current financial liabilities (excluding trade and other payables)	(6.5)			(4.9)		
Other non-current liabilities	(17.4)			(7.6)		
Current financial liabilities (excluding trade and other payables)	–			(2.2)		
Other current liabilities	(15.4)			(19.7)		
Net assets	**27.5**			**19.2**		
Share of net assets	13.8			9.6		
Goodwill	348.3			352.2		
Carrying amount as at 31 December	**362.0**	**6.9**	**369.0**	**361.8**	**5.7**	**367.5**

The table above shows figures on a 100% basis. Adevinta's share is presented on separate line items.

Note 6: Operating segments

Principle
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.

Management has assessed operating segments according to IFRS 8 Operating Segments. Based on its internal reporting structure, Adevinta has identified France, Spain, Brazil and Global Markets as operating segments.

- France comprises primarily leboncoin (including Kudoz, which was integrated in May 2019), MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar and L'Argus.
- Spain comprises primarily InfoJobs, Coches, FotoCasa, Habitaclia, Milanuncios and Vibbo.
- Brazil comprises OLX Brazil joint venture (including Anapro) and Infojobs Brazil. In the Consolidated income statement and Consolidated statement of financial position of Adevinta, OLX Brazil is accounted for using the equity method of accounting. The segment figures for Brazil are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated income statement and Consolidated statement of financial position.
- Global Markets comprises primarily Subito and Infojobs in Italy; Daft, Done Deal and Adverts in Ireland; Hasznaltauto and Jofogas in Hungary; Fincaraiz in Colombia; Yapo in Chile; Segundamano in Mexico; Kufar in Belarus; Tayara in Tunisia; Avito in Morocco; Corotos in Dominican Republic; and Shpock in Austria, Germany, United Kingdom and Italy. In Austria, willhaben is recognised via the equity method.

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

Eliminations comprise reconciling items related to OLX Brazil and 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, operating profit (loss) is also used as a measure of operating segment profit (loss).

See Definitions and Reconciliations section for definition of Investment phase operations.

See also the explanation in note 7 (Revenue recognition) regarding disaggregation of revenues.

Notes to the consolidated financial statements continued

Note 6: Operating segments continued

Operating revenues and profit (loss) by operating segments

Full year 2019

€ million	France	Spain	Brazil	Global Markets	Other/ headquarters	Eliminations	Total
Operating revenues from external customers	356.9	182.0	86.0	123.8	10.6	(79.0)	680.3
Operating revenues from other segments	0.6	0.0	0.0	0.3	2.8	(3.7)	0.0
Operating revenues	**357.4**	**182.0**	**86.0**	**124.2**	**13.4**	**(82.7)**	**680.3**
Gross operating profit (loss) excl. Investment phase	**191.3**	**60.5**	**6.0**	**20.0**	**(63.2)**	**(5.2)**	**209.4**
Gross operating profit (loss) excl. IFRS 16	**186.9**	**57.4**	**4.8**	**6.8**	**(66.5)**	**(4.3)**	**185.2**
Gross operating profit (loss)	**191.3**	**60.5**	**6.0**	**10.1**	**(63.2)**	**(5.2)**	**199.5**
Depreciation and amortisation	(14.3)	(9.7)	(3.4)	(8.1)	(11.8)	2.0	(45.3)
Share of profit (loss) of joint ventures and associates	(1.4)	–	–	3.5	–	3.9	5.9
Impairment loss	0.0	0.0	(0.0)	(22.5)	(2.0)	0.0	(24.6)
Other income and expenses	(0.5)	(2.1)	(0.9)	(1.8)	(8.3)	0.9	(12.8)
Operating profit (loss)	**175.1**	**48.7**	**1.6**	**(18.8)**	**(85.4)**	**1.6**	**122.8**

Gross operating profit (loss) ex. investment phase excludes operations in growth phase with large investments in market positions, immature monetisation rate and where sustainable profitability has not been reached. For 2019, investment phase operations contributed operating revenues of €28.5 million and reduced gross operating profit by €9.8 million.

For information regarding "Other income and expenses," see note 11.

Note 6: Operating segments continued

Full year 2018

€ million	France	Spain	Brazil	Global Markets	Other/ Headquarters	Eliminations	Total
Operating revenues from external customers	305.6	160.0	68.9	117.9	4.7	(62.6)	594.6
Operating revenues from other segments	1.0	–	–	0.4	2.3	(3.7)	(0.0)
Operating revenues	**306.6**	**160.0**	**68.9**	**118.3**	**7.1**	**(66.2)**	**594.5**
Gross operating profit (loss) excl. Investment phase	**169.3**	**47.1**	**2.6**	**12.7**	**(34.8)**	**(2.7)**	**194.1**
Gross operating profit (loss)	**169.3**	**47.1**	**2.6**	**(30.4)**	**(34.8)**	**(2.7)**	**151.0**
Depreciation and amortisation	(5.7)	(6.3)	(2.1)	(6.5)	(6.9)	1.1	(26.5)
Share of profit (loss) of joint ventures and associates	(1.9)	–	–	3.8	–	4.9	6.8
Impairment loss	–	–	(0.1)	(47.9)	(8.7)	–	(56.6)
Other income and expenses	0.6	(2.1)	(0.0)	(3.0)	(1.8)	–	(6.3)
Operating profit (loss)	**162.2**	**38.7**	**0.4**	**(84.0)**	**(52.2)**	**3.3**	**68.4**

Gross operating profit (loss) ex. Investment phase excludes operations in growth phase with large investments in market positions, immature monetisation rate and where sustainable profitability has not been reached. For 2018, investment phase operations contributed operating revenues of €27.1 million and reduced gross operating profit by €43.1 million.

For information regarding "Other income and expenses," see note 11.

Notes to the consolidated financial statements continued

Note 6: Operating segments continued

Operating revenues and non-current assets by geographical areas

In presenting geographical information, attribution of operating revenues is based on the location of the companies. There are no significant differences between the attribution of operating revenues based on the location of companies and an attribution based on the location of customers. Operating revenues presented in the table below are revenues from external customers. Non-current assets are attributed based on the geographical location of the assets.

€ million	Full year 2019	Full year 2018
Operating revenues		
France	356.6	305.6
Spain	182.4	160.3
Other Europe	111.0	100.2
Other countries	30.3	28.4
Total	**680.3**	**594.6**
Non-current assets		
France	684.4	555.3
Spain	521.9	487.0
Other Europe	192.4	168.9
Other countries	463.1	484.8
Total	**1,861.7**	**1,696.1**

The non-current assets comprise assets, excluding deferred tax assets and financial instruments, expected to be recovered more than twelve months after the reporting period. Other countries consist primarily of Adevinta's businesses in Latin America.

Note 7: Revenue recognition

Principles

Adevinta recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Adevinta has applied the following principles for revenue recognition for the different categories of products and services:

Advertising

Advertising revenues are from sales of advertisement space on online sites. Advertising revenues are recognised as the ads are displayed.

Note 7: Revenue recognition continued

Classifieds
Listing fees in contracts entitling the customer to have an ad displayed for a defined maximum period of time are recognised over that period, reflecting the normal pattern of views of such ads. Revenue from premium products that are active for a defined maximum period is recognised over that period. Revenue from other premium products benefiting the customer in a pattern similar to that of a listing fee is recognised over the applicable period similar to listing fees.

Revenue is measured at the fair value of the goods or services delivered or received, depending on which item that can be measured reliably.

Management expects that incremental commission fees paid to intermediaries as a result of obtaining customer contracts are recoverable. The Group has therefore applied the principle to capitalise contract costs. Capitalised commission fees are amortised over the period during which related revenues are recognised.

Estimation uncertainty
For classified revenues from certain listing fees and premium products recognised over time, judgement is required in determining the normal pattern of views for ads displayed for a defined maximum period of time. The management believes that, based on past experience, a declining rate is the most appropriate reflection of the normal pattern of views, meaning that ads are viewed more frequently in the beginning of the display period than towards the end of the maximum period. Relevant contracts applying this recognition principle normally have a duration of between 30 and 60 days.

Revenue from contracts with customers

	2019	2018
Revenue from contracts with customers	678.3	594.3
Other revenues	2.0	0.3
Operating revenues	**680.3**	**594.6**

Contracts with customers typically have a contract period of one year or less and do not contain significant variable consideration.

Revenue is measured at the transaction price agreed under the contract. No element of financing is deemed present as the sales are mainly made with a credit term of 30 to 40 days, which is consistent with market practice. While deferred payment terms exceeding normal credit terms may be agreed in rare circumstances, the deferral never exceeds 12 months.

Adevinta has no significant obligations for refunds, warranties or other similar obligations.

Notes to the consolidated financial statements continued

Note 7: Revenue recognition continued

Disaggregation of revenues

In the following table, revenue is disaggregated by category.

2019	France	Spain	Brazil	Global Markets	Other/HQ	Total
Advertising revenues	73.9	22.7	0.9	37.5	0.0	135.0
Classified revenues	276.9	159.2	6.0	85.2	0.1	527.4
Other revenues	6.0	0.2	0.0	0.7	9.0	15.9
Revenues from contracts with customers	**356.8**	**182.0**	**7.0**	**123.4**	**9.1**	**678.3**
Revenues from lease contracts, government grants and others	0.0	0.0	0.0	0.4	1.5	2.0
Operating revenues from external customers	**356.9**	**182.0**	**7.0**	**123.8**	**10.6**	**680.3**

2018	France	Spain	Brazil	Global Markets	Other/HQ	Total
Advertising revenues	72.0	21.6	0.9	40.1	0.0	134.6
Classified revenues	232.8	136.7	5.4	75.9	0.0	450.8
Other revenues	0.8	1.7	0.0	1.7	4.7	8.8
Revenues from contracts with customers	**305.6**	**160.0**	**6.4**	**117.7**	**4.7**	**594.3**
Revenues from lease contracts, government grants and others	0.0	0.0	0.0	0.2	0.1	0.3
Operating revenues from external customers	**305.6**	**160.0**	**6.4**	**117.9**	**4.7**	**594.6**

Brazil revenues exclude Silver Brazil joint venture as we don't consolidate joint ventures under IFRS 15 owing to our use of the equity method. The Operating segments note includes Brazil at 100% in order to comply with IFRS 8 Operating Segments disclosure.

Contract assets and liabilities

The contract assets primarily relate to Adevinta's rights to consideration for advertisements delivered but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. It is expected that there will be insignificant credit loss on contract assets.

The contract liabilities relate to payments received in advance of performance under advertising and classified contracts. Contract liabilities are recognised as revenue when Adevinta performs under the contract.

Note 7: Revenue recognition continued

The following table provides information about receivables and significant changes in contract assets and contract liabilities from contracts with customers.

	Receivables from contracts with customers	Contract assets	Contract liabilities
Balance as at 1 January 2019	**81.6**	**2.0**	**51.2**
Net of cash received and revenues recognised during the period	13.0	4.4	5.6
Business combination	5.4	1.2	–
Impairment losses recognised	(5.3)	–	–
Currency translation	(0.1)	(0.1)	(0.1)
Balance as at 31 December 2019	**94.6**	**7.5**	**56.8**

	Receivables from contracts with customers	Contract assets	Contract liabilities
Balance as at 1 January 2018	**76.6**	**0.9**	**45.1**
Net of cash received and revenues recognised during the period	5.7	2.0	6.4
Transfer from contract assets recognised at the beginning of the period to receivables	0.9	(0.9)	–
Business combination	0.6	–	–
Impairment losses recognised	(1.9)	–	–
Currency translation	(0.2)	(0.1)	(0.3)
Balance as at 31 December 2018	**81.6**	**2.0**	**51.2**

All contracts have duration of one year or less, hence contract liability at the beginning of the period is recognised as revenue during the period. Remaining performance obligations at the reporting date have original expected durations of one year or less. The Group applies the practical expedient in IFRS15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Contract costs

In 2019, no significant incremental commission fees were capitalised and no impairment loss related to capitalised contract costs was recognised.

Notes to the consolidated financial statements continued

Note 8: Other operating expenses

	2019	2018
Commissions	13.8	12.3
Rent, maintenance, office expenses and energy	12.5	18.4
Marketing spend	96.6	116.9
Professional fees	50.5	33.3
Travelling expenses	8.8	8.5
IT expenses	49.4	38.3
Other operating expenses	14.3	14.7
Total	**246.0**	**242.3**

The decrease in marketing spend is mainly due to a strategic shift in Shpock and Mexico.

Note 9: Personnel expenses and remuneration

	2019	2018
Salaries and wages	183.3	158.5
Social security costs	51.1	43.3
Net pension expense	2.0	2.2
Share-based payment	6.0	(0.6)
Other personnel expenses[1]	(7.6)	(2.2)
Total	**234.8**	**201.3**
Average number of full-time equivalents	3,619	3,401

[1] Other personnel expenses are deducted with amount of capitalised salaries, wages and social security.

The Board of Directors' Statement of Executive Compensation

Pursuant to section 6-16a of the Public Limited Liability Companies Act (the "Act"), the Board of Directors must draw up a special statement of guidelines for the pay and other remuneration of senior executives. According to section 5-6 (3) of the Act, the Annual General Meeting shall hold an advisory vote on the Board of Directors' guidelines for the remuneration of the executive management employees for the coming financial year (section 1 below), and a binding vote on guidelines concerning share-related incentive programmes (section 2 below).

The Board of Directors has appointed a dedicated Remuneration Committee in order to ensure thorough consideration of matters relating to the remuneration of the CEO and other members of the Adevinta Executive Team. In addition, the Committee advises the Board of Directors and CEO in the work on the philosophy, principles and strategy for the compensation of senior executives at Adevinta.

Note 9: Personnel expenses and remuneration continued

1. Guidelines for determination of salary and other remuneration for the financial year 2020

The Board of Directors and its Remuneration Committee seek to ensure that the remuneration packages of the employees in its remit are appropriate, well balanced, and competitive in order to motivate, attract and retain key talent which is crucial to the business.

A competitive base salary forms the basis of the remuneration package (along with benefits and pension, where applicable). Individuals may also participate in short-term and long-term incentive schemes for which payments are subject to performance, aligning and motivating participants to drive business performance and value creation for shareholders. The remuneration of executives is regularly assessed taking into account market positioning, the scope and responsibilities of the role and performance in the role.

The Remuneration Committee has adopted the following principles when approaching executive remuneration:

Performance Driven
Incentive arrangements will be designed to drive both individual and organisational long-term sustainable performance, ensuring that the interests of executives are closely aligned with those of shareholders.

Highly Competitive
Reward levels will be highly competitive on a total remuneration basis in order to attract and retain top talent in a diverse global marketplace.

Fair and Equitable
Remuneration structures will be compliant with the listing location of Adevinta and its shareholder base, but will be sensitive to talent environment(s) in a diverse global marketplace. A consistent approach will be taken to remuneration internationally to ensure fair and equitable reward decisions across Adevinta, albeit that local custom and practice will be considered to ensure that reward practice remains relevant in each country.

Simple and Measurable
Reward structures and policies will be simple to administer, understand and will be easily measured. Where reward structures vary across geographies, policies and processes will be aligned where possible and will be compliant with local jurisdictions.

Flexible
The Remuneration Policy will be tailored to the requirements of Adevinta and will be flexible to support the evolving business.

Notes to the consolidated financial statements continued

Note 9: Personnel expenses and remuneration continued

The table below summarises the elements of remuneration applicable to executives.

Element and purpose	Operation	Maximum opportunity
Base Salary *Foundation of remuneration package that reflects the individual's role, responsibilities and performance.* *A competitive base salary allows us to attract, retain and motivate high-calibre executives with the skills to achieve our key aims while managing costs.*	Base salaries are typically reviewed annually and set in January of each year, although the Remuneration Committee may undertake an out-of-cycle review if it determines this to be appropriate. When reviewing base salaries, the Remuneration Committee typically takes the following into account: • the level of skill, experience and scope of responsibilities, individual and business performance, economic climate, and market conditions; • the upper quartile market pay in the context of companies of a similar size and complexity to Adevinta; and • general base salary movements across the Group.	When determining salary increases, the Remuneration Committee will consider the factors outlined in this table under 'Operation'.
Pension *To remain competitive and to encourage retirement planning .*	The Adevinta Executive Team may be eligible to participate in a defined benefit or defined contribution pension scheme, or alternatively may receive cash in lieu of pension. Contributions to defined contribution schemes or cash in lieu of pension are linked to base salary only.	The CEO continues to participate in the Schibsted defined benefit pension plan which entitles him to a disability pension, early retirement pension from the age of 62 and thereafter a lifelong retirement pension. In addition, the CEO participates in a defined contribution pension plan. The CEO of Spain receives a cash payment equal to 8% of his salary in lieu of pension. The CEO of France participates in a defined benefit pension plan. The SVP People & Communications participates in a defined contribution scheme with employer contributions equal to 6% of salary. Other members of the Adevinta Executive Team do not currently receive pension contributions (other than any applicable State pension contributions in the applicable country). However, the Committee intends to review this during the coming year. Any pension arrangements will be viewed in connection with the overall salary and employment conditions, and will be aligned with market practice in the relevant country. Local rules governing pension entitlement, social security entitlement and taxation are taken into account when designing individual pension plans.

Note 9: Personnel expenses and remuneration continued

Element and purpose	Operation	Maximum opportunity
Annual Variable Incentive	The Adevinta Executive Team participates in the Annual Variable Incentive (AVI). This is a cash-based plan, based on performance over a one year period. Payouts are based on the achievement of financial, strategic and operational objectives, which are set by the Remuneration Committee and Board of Directors, at the start of the financial year. In addition, special incentive plans can be agreed with the Executive team members.	The maximum AVI opportunity for the Adevinta Executive Team are as follows: • CEO: 50% of salary • Between 40% to 50% for other members of the Adevinta Executive Team.

Severance pay

The CEO is entitled to a severance payment equal to 18 months' base salary in addition to the 6-months' notice period. The other members of the Adevinta Executive Team are entitled to a 6-months' notice period. Some members of the Adevinta Executive Team are also entitled to severance payments equal to 6 months' salary, as set out in the table below, in addition to legal requirements.

	Position	Notice period (months)	Severance pay entitlement (month's salary)
Rolv Erik Ryssdal	Chief Executive Officer	6	18
Uvashni Raman	Chief Financial Officer	6	–
Gianpaolo Santorsola	Chief Executive Officer (Spain)	6	–
Antoine Jouteau	Chief Executive Officer (France)	6	6
Ovidiu Solomonov	SVP (Global Markets)	6	6
Renauld Bruyeron	SVP (Product & Technology)	6	–
Nicki Dexter	SVP (People & Communications)	6	6

Notes to the consolidated financial statements continued

Note 9: Personnel expenses and remuneration continued

2. Guidelines for share based programmes for the financial year 2020

2.1. Performance Share Plan

The Performance Share Plan (PSP), first operated in 2019 following Adevinta's demerger from Schibsted in April 2019, is proposed to continue during 2020 subject to shareholder approval at the 2020 Annual General Meeting.

The table below outlines the operation of the plan for 2020.

Element and purpose	Operation	Maximum opportunity
Performance Share Plan *To aid retention and align the interests of participants with those of shareholders to motivate and incentivise delivering sustained business performance over the long term.*	The PSP is an annual 3-year rolling plan, delivered in Adevinta shares. For the Adevinta executive management team the vesting period is 5 years. For 2020, it is proposed to be offered to the CEO, the members of Adevinta's Executive Team and other senior managers. The number of shares the employee receives will depend on the Adevinta share price performance against a peer group (relative Total Shareholder Return (TSR)). The payout mechanism related to the PSP is as follows: • Below median performance – 0% of the award vests • Median performance – 25% of the award vests • Between median and upper quartile performance – straight line vesting between 25% and 100% of the award • Upper quartile performance – 100% of the award vests The peer group used is the companies in the STOXX Europe 600 index with a market capitalisation of half to double that of Adevinta 30 days prior to the end of the calendar year. This currently includes over 300 companies across a variety of sectors.	Under the PSP, participants will be granted an Award equivalent to a percentage of their base salary at the time of granting as follows: • CEO – 300% of base salary • Other Adevinta Executive Team – 175% to 300% of base salary • Senior employees – 75% to 175% of base salary For the Adevinta Executive Team (including the CEO), vesting of awards is on a phased basis as follows: • 50% of the award vests after 3 years • 25% of the award vests after 4 years • 25% of the award vests after 5 years

The PSP is governed by a set of Plan rules, approved by the Board, which ensure fair and consistent governance of the Plan. The rules include change of control and "good leaver"/"bad leaver" provisions.

The PSP also includes malus and clawback provisions which permit Adevinta to cancel unvested shares and/or to require already transferred shares to be delivered back to the Company in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts or the audited accounts of any Group Member; and/or
- action or conduct of participant which, in the reasonable opinion of the Board of Directors, amounts to employee misbehaviour, fraud or gross misconduct.

Note 9: Personnel expenses and remuneration continued

Agreements entered into with employees under previous plans (including those which transferred to Adevinta as part of the demerger process) will continue together with some modifications as explained in note 10 (Share-based payment).

2.2 Mandatory shareholding requirements
The Adevinta Executive Team are subject to the following shareholding requirements:

- CEO: 300% of base salary (within 5 years of 10 April 2019)
- Other Adevinta Executive Team: 200% of base salary (within 5 years of 10 April 2019)

2.3 Adevinta Share Purchase Plan for all Group employees
In order to motivate and retain employees, all Group employees are invited annually to save up to 5% of their basic annual salary, subject to a maximum of €7,500, through payroll deductions in order to purchase shares in Adevinta.

The share purchase is made on market terms four times a year. Employees who continue to hold their shares for two years after purchase (the "Holding Period") and who are still employed by the Group at the end of the Holding Period, are entitled to receive one free bonus share from Adevinta for every one share purchased and held during the Holding Period.

3. Agreements entered into or amended in 2019 and their impact on the company and the shareholders
In 2019, Adevinta entered into agreements with selected executives regarding participation in the share-based long-term incentive plan (the PSP), the Transition Award and modifications to legacy Schibsted plans. For further details see below.

4. Remuneration for the financial year ending 31 December 2019
As Adevinta demerged from Schibsted in April 2019 and was part of Schibsted Group up to this point, shareholders have not previously been presented with a Statement of Executive Compensation in respect of Adevinta arrangements.

However, the core elements of the remuneration structure implemented in 2019 are consistent with those outlined in section 2 above for 2020. In addition, the Adevinta Executive Team (and other senior employees) were participants in existing incentive schemes at Schibsted prior to the demerger, namely:

- The Senior Executive Plan (SEP) and Key Contributor Plan (KCP) both established in 2015; and
- The Schibsted Long Term Incentive (LTI) plan which was established in 2018.

Existing awards under these schemes held by participants who transferred to Adevinta as part of the demerger were settled in connection with the demerger so as to align their incentives with Adevinta as follows:

- Awards under the KCP will be settled in two equal cash tranches on or about the following dates:
  - 10 April 2019 (payment already made); and
  - 10 April 2020.

  Participants must remain employed at the time of the payment to be eligible to receive it.
- Awards under the SEP will vest according to the existing schedule, with vesting dates in December 2019, 2020 and 2021. Settlement will be made in cash. Participants must remain employed at the time of the payment to be eligible to receive it.
- Performance under the 2018 Schibsted LTI plan was measured at the demerger date and was determined to be at the maximum level. Awards under the 2018 Schibsted LTI were divided into two parts:
  - *Pro-rata LTI:* The maximum opportunity was pro-rated for time from the start of the performance period (1 January 2018) to the demerger date and converted to a number of Adevinta shares. These shares will vest on 10 April 2020, subject to continued employment.

Notes to the consolidated financial statements continued

Note 9: Personnel expenses and remuneration continued

- *Transition Award:* To compensate for awards which would otherwise be forefeited as a result of the demerger, a Transition Award was granted in Adevinta shares equal in value to the sum of:
  - The part of the original LTI value not included in the Pro-rata LTI (i.e. the portion in respect of the period from the demerger date to the end of the original performance period); and
  - An additional value reflecting a 3 month period in which the Adevinta employees were not eligible to participate in the subsequent 2019 Schibsted LTI plan.

  These shares will vest on 10 April 2021, subject to continued employment.

- Matching awards granted under the Schibsted Employee Share Saving Plan were crystallised and valued at the demerger. Settlement will be made in cash, subject to continued employment at the time of the payment, in six monthly installments. The first installment paid in June 2019 related to matching awards for shares purchased under the ESSP in March and June 2017. The second installment in December 2019 relates to matching awards for shares purchased under the ESSP in September and December 2017, and so on. The final payment will be in December 2020.

Details of salary, variable pay and other benefits provided to Group management in 2019 (in € 1,000):

Members of Group management[1]	Salary including holiday pay	Variable pay	Share-based payment (earned 2019) [2,3]	Other benefit[4]	Total remuneration	Accrued pension expenses
Rolv Erik Ryssdal	467	227	694	26	1,414	330
Uvashni Raman[5]	260	324	160	78	822	–
Nicki Dexter	206	71	141	1	420	12
Gianpaolo Santorsola	325	140	704	57	1,226	–
Antoine Jouteau	328	174	384	40	927	14
Ovidiu Solomonov	240	75	227	209	751	–
Renaud Bruyeron	185	62	148	108	503	–

(1) Some of the members receive salary in other currencies than €. Average annual exchange rates are used to translate the numbers in the table above in €.
(2) Cost details and valuation of share-based payment are disclosed in note 10 (Share-based payment).
(3) Shared-Based payment is the accrued amounts related to 2019 (the amounts do not necessarily reflect actual shares transferred or cash payments) for the Schibsted legacy programmes and Adevinta programmes. For further details see note 10 (Share-based payment).
(4) Gianpaolo Santorsola receives a cash payment equal to 8% of his salary in lieu of pension.
(5) Uvashni Raman joined Adevinta as Group CFO in April 2019 and hence the remuneration presented in this table is for April-December 2019.

Note 9: Personnel expenses and remuneration continued

The development in number of shares not-vested in share-based payment programmes for the Group management in 2019 is as follows:

	Shares not-vested 1 January 2019[1]	Shares granted[2]	Adjustment shares granted	Shares vested	Shares not-vested 31 December 2019
Rolv Erik Ryssdal	–	268,045	–	–	268,045
Uvashni Raman	–	118,059	–	–	118,059
Nicki Dexter	–	67,034	–	–	67,034
Gianpaolo Santorsola	–	212,335	–	–	212,335
Antoine Jouteau	–	177,698	–	–	177,698
Ovidiu Solomonov	–	115,082	–	–	115,082
Renaud Bruyeron	–	63,934	–	–	63,934

[1] The Schibsted legacy programmes are excluded from the table.
[2] Shares granted include Schibsted legacy programmes converted into Adevinta programmes.

Remuneration[1] to the Board of Directors in 2019 (in €1,000):

	Board remuneration	Remuneration Committee	Audit Committee	Total remuneration
Members of the Board and Committees:				
Orla Noonan, Chairman of the Board and the Remuneration Committee[2]	118	13	–	130
Kristin Skogen Lund, Member of the Board and the Remuneration Committee	50	8	–	59
Peter Brooks – Johnson, Member of the Board and the Audit Committee	61	–	11	72
Terje Seijeseth, Member of the Board and the Audit Committee	50	–	11	62
Sophie Javary, Member of the Board and the Remuneration Committee	61	8	–	69
Fernando Abril – Martorell Hernández, Member of the Board and Chairman of the Audit Committee	61	–	19	79
Total	**400**	**29**	**42**	**471**

[1] The 2019 remuneration refers to agreed remuneration for 2019 that is due to be paid in 2020. No remuneration was paid in 2019.
[2] Orla Noonan received 5,000 consideration shares upon demerger from Schibsted.

Notes to the consolidated financial statements continued

Note 10: Share-based payment

Principle

In equity-settled share-based payment transactions with employees, the employee services and the corresponding equity increase are measured by reference to the fair value of the equity instruments granted. The fair value of the equity instruments is measured at grant date and is recognised as personnel expenses and equity increase immediately or over the vesting period when performance vesting conditions require an employee to serve over a specified time period.

At each reporting date the entities remeasure the estimated number of equity instruments that are expected to vest. The amount recognised as an expense is adjusted to reflect the number of equity instruments which are expected to be, or actually become, vested.

In cash-settled share-based payment transactions with employees, the employee services and the incurred liability are measured at the fair value of the liability. The employee services and the liability are recognised immediately or over the vesting period when performance vesting conditions require an employee to serve over a specified time period. Until the liability is settled, the fair value of the liability is revised at each balance sheet date and at settlement date, with changes in fair value recognised in profit or loss.

Long-term incentive plans

Some members of management and other key employees in Adevinta have historically been included in Schibsted's share-based payment scheme. The schemes in question are the Senior Executive Plan and the Key Contributor Plan, both established in 2015, and the Long-term Incentive Plan (LTI), which was established in 2018. These programmes have been modified during 2019 (see below). The senior employees of Adevinta including the Adevinta executive management team were granted in June 2019 (with effect from 10 April 2019) a so-called Transition Award and the Adevinta Performance Share Plan (PSP). In addition, some members of the Adevinta executive management team have individual share-based programmes.

All amounts presented below related to long-term incentives are in connection with these schemes and local programmes in Finderly GmbH and Distilled Sch Ltd.

	2019	2018
Share-based cost (included in personnel expenses)	**6.0**	**(0.6)**
Of which is equity-settled	5.5	0.9
Of which is cash-settled	0.5	(1.4)

In 2019, the changes in the existing performance awards in the LTI 2018 and the Transition Award programmes affected the equity-settled share-based cost by €1.3 million and new Adevinta programmes affected the equity-settled share-based cost by €2.2 million.

In 2018, a value adjustment of a local programme affected the cash-settled share-based cost positively by €1.8 million. The programme was settled in 2019.

	2019	2018
Liabilities arising from share-based payment transactions	2.1	2.6

Settlement of rights under the Schibsted schemes (Key Contributor Plan ("KCP"), Senior Executive Plan ("SEP"), Long-term incentive plan 2018 ("LTI") and Employee Share-Saving Program ("ESSP")) and grant of Adevinta Transition Award

During Q2 2019 there were certain modifications to the settlement of rights under the Schibsted schemes. In addition, Adevinta's Board decided that awards accruing to Adevinta employees from the Schibsted employee share-saving programme will be settled in cash. Existing performance awards in the LTI programme were pro-rated and measured just prior to the demerger date and resulted in a maximum pay-out to employees amounting to €1.6 million. This will be settled in the form of a fixed number of Adevinta shares just after the first anniversary of the IPO subject to the relevant employee remaining in continuous employment with Adevinta up until this date. Existing awards in the KCP and SEP programmes will be settled in cash and the expected pay-out is €0.5 million and €0.7 million respectively. The KCP pay-out has been divided into two tranches with vesting dates in May 2019 and April 2020 respectively. The SEP has maintained its initial vesting dates that would correspond to each of the remaining tranches.

In June 2019 (with effect from 10 April 2019), the Company granted to some senior employees a so-called Transition award. The award will be paid out in Adevinta shares just after the second anniversary of the IPO on the condition the relevant employee remains in continuous employment with Adevinta up until that date. This award contains two elements. The first element mainly comprises a fixed number of shares corresponding to the maximum pay-out related to the existing LTI awards that would have vested after the IPO date and at the Adevinta share price during the first 30 days after the IPO. The total grant value of this element is €3.1 million. The second element is an amount corresponding to three months of the Adevinta Performance Share Plan (or PSP) (see below for more information about PSP) at a 62.5-percentile pay-out. The total grant value of this element is €0.5 million. The accounting effects of the modifications of the Schibsted schemes and the grant of the Transition award are included in this annual report in accordance with IFRS 2 based on a total incremental value of €1.6 million and an estimated fair value of new grants of €1.4 million, both of which will be expensed over the remaining vesting period in addition to the original grant value of the Schibsted schemes.

The Adevinta Performance Share Plan ("PSP")

In June 2019 (with effect as from 10 April 2019), the PSP was granted to senior employees of Adevinta including the Adevinta executive management team. Under the PSP, the employees will be granted awards of Adevinta shares on an annual basis. These shares will be subject to a three-year vesting period (for the Adevinta executive management team the vesting is subject to an additional holding and employment period meaning that 50% of their awards vests after 3 years, 25% of their awards vests after 4 years and the remaining 25% of their awards vests after 5 years), at the end of which they will be transferred to the employee. Under the PSP, the employee will be granted an award over Adevinta shares based on their prescribed maximum opportunity under the plan (for the Adevinta executive management team the maximum amount is in the range of 175% and 300% of his/her base salary). The number of shares the employee receives will depend on the Adevinta share price performance against a peer group (relative Total Shareholder Return (TSR)) over a three-year performance period. The payout mechanism related to the PSP is as follows:

- For minimum payout, Adevinta shares must perform better than 50% of Adevinta's peers ("median" relative TSR). If this is achieved, 25% of the shares granted to the employees under the PSP award will be transferred to the employee after the performance period. Total payout will in this case be €3.1 million based on the total initial grant.
- For maximum payout, Adevinta shares must perform better than 75% of Adevinta's peers ("upper quartile" relative TSR). If this is achieved, 100% of the shares granted to the employee under the PSP award will "vest" and be transferred to the employee. Total payout will in this case be €12.5 million based on the total initial grant.
- The payout is linear between the minimum and maximum payout.

The fair value of shares granted has been estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options have been granted. The model simulates the TSR and compares it against a group of peers. It takes into account the projection period, the share price (Adevinta share price) at grant date, the risk free interest rate, the dividend yield, the share price volatility of both Adevinta and the peer group, future expected correlation of comparators' TSR and initial TSR performance. The fair value of the shares granted measured at grant date was of 59.5 NOK.

Notes to the consolidated financial statements continued

Note 10: Share-based payment continued

The peer group regarding the PSP is the group of companies in the STOXX Europe 600 Index (Europe's 600 largest listed companies that are between half and twice the size of Adevinta, as measured by market capitalisation at date of grant). The accounting effects of the PSP are included in this annual report in accordance with IFRS 2. The total fair value of the initial PSP grant is estimated to be €8.8 million, which will be expensed over the vesting period. In 2019, the effect of the PSP is a personnel cost of €2.5 million and a corresponding increase in equity of €2.2 million and increase in current liabilities of €0.3 million as per 31 December 2019.

Number of Adevinta shares in the LTI, Transition Award and PSP programmes:	2019
Number of shares granted, not-vested at 1 January	–
Number of shares granted[(1)]	2,279,605
Number of shares forfeited	(133,949)
Number of shares vested during the period	–
Number of shares not-vested at 31 December	**2,145,656**
Average share price at vesting date (NOK per share)	–
Weighted average fair value at grant date (NOK per share)	69.6

(1) Shares granted include Schibsted legacy programmes converted into Adevinta programmes.

The number of granted shares include granted shares and adjustment of performance. The fair value of shares granted in 2019 is measured at grant date by adjusting the quoted price by expected dividend yield.

The table above includes the development in shares for the programmes that have been granted in Adevinta shares during 2019: the Long-term incentive plan 2018 ("LTI"), the Adevinta Transition Award and the PSP. It does not include the KCP and the SEP programmes as they will be settled in cash according to the value of the outstanding Schibsted shares held by the participants as of the date of modification of these schemes. However, the development of Schibsted shares of these programmes (KCP, SEP) as well as LTI in 2018 are included in the table below.

Number of Schibsted shares in the LTI Plan, SEP and KCP programmes:	2018
Number of shares granted, not-vested at 1 January	122,914
Number of shares granted	155,635
Number of shares forfeited	(8,533)
Number of shares vested during the period	(112,756)
Number of shares not-vested at 31 December	**157,260**
Average share price at vesting date (NOK per share)	205.0
Weighted average fair value at grant date (NOK per share)	218.0

The Adevinta Share Purchase Plan ("ASPP")

As from 14 May 2019 Adevinta employees can participate in the Adevinta Share Purchase Plan (ASPP). As a participant of the ASPP, Adevinta employees have the opportunity to purchase Adevinta shares through contributions from their salary ("Purchased Shares") and receive a Company matching award of free shares in proportion to their Purchased Shares ("Matching Share Award"), subject to the employee remaining an Adevinta employee and not selling the Purchased Shares for a period of two years. The maximum contribution an employee may make each year will be €7,500 or an amount equal to 5% of their gross salary (if lower). For the enrolment in the ASPP until mid-September 2019 the employees' Matching Share Award will comprise two shares for every Purchased Share. Thereafter, the Matching Share Award will comprise one share for every Purchased Share. The accounting effects of the ASPP have been assessed in accordance with IFRS 2 and have been included in this annual report. In 2019, the effect of the ASPP is a personnel cost of €0.1 million and a corresponding increase in equity of €0.1 million.

Note 11: Other income and expenses

Principle
Income and expenses of a special nature are presented on a separate line within operating profit (loss). Such items are characterised by being transactions and events not considered to be part of operating activities and not being reliable indicators of underlying operations. Other income and expenses include items such as restructuring costs, acquisition-related costs, gains or losses on sale or remeasurement of assets, investments of operations and other expenses. Acquisition-related costs may include both costs related to acquisitions done and transactions that were not completed.

€ million	Full year 2019	Full year 2018
Gain (loss) on sale and remeasurement of subsidiaries, joint ventures and associates	0.4	1.3
Gain (loss) on amendment of pension plans	0.0	0.0
Other	0.6	0.0
Other income or gain	**1.0**	**1.3**
Restructuring costs	(6.8)	(7.0)
IPO-related costs	(5.6)	0.0
Acquisition-related costs (note 4)	(1.0)	(0.2)
Gain (loss) on sale of intangible assets, property, plant & equipment and investment property	(0.0)	(0.0)
Other	(0.4)	(0.4)
Other expenses or loss	**(13.8)**	**(7.6)**
Total	**(12.8)**	**(6.3)**

Restructuring costs of €(6.8) million in 2019 consist primarily of costs from restructuring processes in Other/Headquarters, Spain and Global Markets. IPO-related costs of €(5.6)million consist mainly of expenses related to Adevinta’s listing process.

Restructuring costs of €(7.0) in 2018 are mainly related to personnel expenses and provisions for loss on office rental contracts.

Notes to the consolidated financial statements continued

Note 12: Financial items

Financial income and expenses consists of:

	2019	2018
Interest income	0.2	1.1
Net foreign exchange gain	1.4	–
Other financial income	0.1	0.1
Total financial income	**1.7**	**1.2**
Interest expenses	(6.2)	(13.1)
Net foreign exchange loss	–	(1.9)
Impairment loss financial assets available for sale	–	(0.0)
Loss on sale of financial assets available for sale	(0.1)	–
Other financial expenses	(1.5)	(0.3)
Total financial expenses	**(7.8)**	**(15.3)**
Net financial items	**(6.1)**	**(14.1)**

Interest expenses in 2019 and 2018 includes €0.1 million and €0.9 million related to put options, see note 20 (Financial liabilities related to business combinations and increases in ownership interests) and in note 24 (Financial instruments by category). Interest expenses in 2019 include €1.7 million related to lease liabilities.

In 2019, net foreign exchange gain (loss) is mainly related to the change of functional currency in some Norwegian entities from NOK to €. In 2018, net foreign exchange gain (loss) was largely related to currency effects in Adevinta's business in Latin America.

Note 13: Income taxes

Principle

Current tax liabilities and assets are measured at the amount that is expected to be paid to or recovered from the tax authorities.

Deferred tax liabilities and assets are computed for all temporary differences between the tax basis and the carrying amount of an asset or liability in the consolidated financial statements and the tax basis of tax losses carried forward. For deferred tax assets and liabilities, the nominal tax rates expected to apply when the asset is realised, or the liability is paid, will be used.

Deferred tax assets relating to tax deficits and other tax-reducing temporary differences are recognised to the extent that it is probable that they can be applied against future taxable income.

Deferred tax liabilities for temporary differences associated with investments in subsidiaries, associates and joint ventures are recognised when it is probable that the temporary difference will reverse in the foreseeable future. Deferred tax liabilities are not recognised for the initial recognition of goodwill.

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Any amounts recognised as current tax assets or liabilities and deferred tax assets or liabilities are recognised in profit or loss, except to the extent that the tax arises from a transaction or event recognised in other comprehensive income or directly in equity or arises from a business combination.

Note 13: Income taxes continued

Estimation uncertainty
Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with tax planning strategies. For unrecognised deferred tax assets see table below.

Adevinta's income tax expense comprises the following:

	2019	2018
Current income taxes	50.2	58.5
Deferred income taxes	1.0	2.7
Taxes	**51.3**	**61.2**
Of which recognised in profit or loss	49.6	61.3
Of which recognised in other comprehensive income	0.1	(0.1)
Of which recognised in equity	1.5	–

Adevinta's underlying tax rate differs from the nominal tax rates in countries where Adevinta has operations. The relationship between tax expense and accounting profit (loss) before taxes is as follows:

	2019	2018
Profit (loss) before taxes	**116.7**	**54.3**
Estimated tax expense based on nominal tax rate in Norway of 22% (23% in 2018)	25.7	12.5
Tax effect share of profit (loss) of joint ventures and associates	(1.3)	(1.6)
Tax effect impairment loss goodwill	5.0	11.0
Tax effect gain from sale and remeasurement of subsidiaries, joint ventures and associates	(0.1)	–
Tax effect other permanent differences	1.8	1.6
Change in unrecognised deferred tax assets	2.7	21.3
Effect of tax rate differentials abroad	15.8	16.5
Effect of changes in tax rates	0.1	–
Taxes recognised in profit or loss	**49.6**	**61.3**

Permanent differences include, in addition to non-deductible operating expenses, tax-free dividends and gains (losses) on sale of subsidiaries, joint ventures and associated companies. Such gains (losses) are recognised in Other income and expenses.

Tax expense for 2019 is positively affected by €7.8 million from the subsequent recognition of previously unrecognised deferred tax benefits acquired in business combinations. The recognition is based on obtaining assurance that the related pre-acquisition tax benefits can be utilised against taxable profits of the tax group including the acquiree.

Notes to the consolidated financial statements continued

Note 13: Income taxes continued

Adevinta's net deferred tax liabilities (assets) are made up as follows:

	2019	2018
Current items	(1.6)	(3.3)
Intangible assets	93.4	82.5
Other non-current items	(6.5)	(1.7)
Unused tax losses	(136.6)	(126.1)
Calculated net deferred tax liabilities (assets)	**(51.3)**	**(48.6)**
Unrecognised deferred tax assets	132.6	117.1
Net deferred tax liabilities (assets) recognised	**81.2**	**68.5**
Of which deferred tax liabilities	82.9	72.3
Of which deferred tax assets	(1.6)	(3.7)

Adevinta's unused tax losses are mainly related to operations in United Kingdom, Mexico, Austria and Italy as well as other countries in which online classified operations have been established. The majority of these tax losses can be carried forward for an unlimited period. Approximately 25% of the unused tax losses expire during the first ten years.

The development in the recognised net deferred tax liabilities (assets):

	2019	2018
As at 1 January	**68.5**	**66.3**
Change in accounting policy	(0.2)	(1.3)
Change included in tax expense	1.0	2.7
Changes from transactions with owners (Schibsted)	(0.4)	–
Change from purchase and sale of subsidiaries	11.7	–
Reclassified to/from current income taxes	1.7	1.2
Reclassified to/from current liabilities	(1.1)	–
Translation differences	(0.1)	(0.4)
As at 31 December	**81.2**	**68.5**

Adevinta's unrecognised deferred tax assets are mainly related to foreign operations with recent tax losses where future taxable profits may not be available before unused tax losses expire. Deferred tax liabilities and assets are offset for liabilities and assets in companies which are included in local tax groups.

Note 14: Earnings per share

Principle:
Earnings per share and diluted earnings per share are presented for ordinary shares. Earnings per share is calculated by dividing profit (loss) attributable to owners of the parent by the weighted average number of shares outstanding. Diluted earnings per share is calculated by dividing profit (loss) attributable to owners of the parent by the weighted average number of shares outstanding, adjusted for all dilutive potential shares.

The dilutive effect is calculated as the difference between the number of shares which can be acquired upon exercise of outstanding options and the number of shares which could be acquired at fair value (calculated as the average price of the Adevinta share in the period) for the consideration which is to be paid for the shares that can be acquired based on outstanding options.

Adjusted earnings per share is calculated as profit (loss) attributable to owners of the parent adjusted for items reported in the income statement as Other income and expenses and Impairment loss, adjusted for taxes and non-controlling interests. The number of shares included in the calculation is the same as the number for earnings per share and diluted earnings per share, as described above.

As described in the demerger plan and information brochure of 24 January 2019, the separation of the Adevinta Business from Schibsted was effected through two demergers: 1) the demerger of Schibsted and transfer of 35% of the Adevinta Business to Adevinta against transfer of consideration shares to the shareholders of Schibsted; and 2) the demerger of Schibsted Multimedia AS and transfer of 65% of the Adevinta Business to Adevinta against transfer of consideration shares to Schibsted (the “SMM Demerger”). Consequently, after completion of the two demergers, Adevinta’s share capital consisted of 681,147,889 Shares, divided by 307,849,680 A-Shares and 373,298,209 B-Shares. For comparative purposes, this number of shares has been used as the weighted average number of shares outstanding for 2018. On 24 October 2019, an Extraordinary General Meeting of Adevinta ASA was held and approved the Board’s proposal to collapse the Company’s A shares and B shares and combine them into one single, joint share class. Each holder of A shares in the Company as of 24 October 2019, as registered in the Norwegian Central Securities Depository on 28 October 2019 (the “Record Date”), has been granted one subscription right for every A share held in the Company on the Record Date. After final allocation of the new shares in the rights issue that was completed on 14 November 2019, a total of 3,749,575 new shares were allocated to subscribers. The remaining 51,038 shares that were not allocated, were subscribed by the underwriter Skandinaviska Enksilda Banken AB (publ) Oslo branch, who sold the subscribed amount of new shares in the market and distributed the net proceeds from such sale to holders of subscription rights held upon expiry of the subscription period (subject to that the net proceeds for the respective holder of subscription rights exceeded 50 NOK). On 21 November 2019, Adevinta has registered a capital increase through the issuance of 3,800,613 new shares, amounting to €0.1 million. Following the registration of the share capital increase in the Norwegian Register of Business Enterprises, Adevinta’s share capital consists of 684,948,502 ordinary shares.

Notes to the consolidated financial statements continued

Note 14: Earnings per share continued

€ million	Full year 2019	2018
Weighted average number of shares outstanding	681,564,395	681,147,889
Effects of dilution	1,696,733	–
Weighted average number of shares outstanding – diluted	**683,261,127**	**681,147,889**
Profit (loss) attributable to owners of the parent	64.0	(7.4)
Earnings per share (€)	0.09	(0.01)
Diluted earnings per share (€)	0.09	(0.01)
Calculation of adjusted earnings per share		
Profit (loss) attributable to owners of the parent	64.0	(7.4)
Other income and expenses	12.8	6.3
Impairment loss	24.6	56.6
Taxes and non-controlling effect of Other income and expenses and Impairment loss	(1.0)	(1.0)
Profit (loss) attributable to owners of the parent – adjusted	**100.4**	**54.6**
Earnings per share – adjusted (€)	0.15	0.08
Diluted earnings per share – adjusted (€)	0.15	0.08

Note 15: Impairment assessments

Principle

Property, plant, equipment, intangible assets and goodwill are reviewed for impairment whenever an indication that the carrying amount may not be recoverable is identified. Impairment indicators will typically be changes in market developments, competitive situation or technological developments. Goodwill and other intangible assets that have an indefinite useful life are tested annually for impairment.

An impairment loss is recognised in the income statement if the carrying amount of an asset (cash-generating unit) exceeds its recoverable amount. The recoverable amount 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. Estimated cash flows are based on management's experience and market knowledge for the given period, normally five years. For subsequent periods growth factors are used that do not exceed the long-term average rate of growth for the relevant market. Expected cash flows are discounted using an after-tax discount rate that takes into account the expected long-term interest rate with the addition of a risk margin appropriate for the assets being tested.

For the purpose of impairment testing, assets, except goodwill, are grouped together into the smallest group of assets that generates independent cash flows (cash-generating units). Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Testing for impairment of goodwill is done by comparing recoverable amount and carrying amount of the same groups of cash-generating units as to which goodwill is allocated.

Note 15: Impairment assessments continued

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill. Any remaining amount is then allocated to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses are reversed if the loss no longer exists for all property, plant & equipment and intangible assets except for goodwill where impairment losses are not reversed.

Estimation uncertainty

The valuation of intangible assets in connection with business combinations and the testing of intangible assets for impairment will to a large extent be based on estimated future cash flows. Correspondingly, the expected useful lives and residual values included in the calculation of depreciation and amortisation will be based on estimates.

Estimates related to future cash flows and the determination of discount rates to calculate present values are based on management's expectations on market developments, the competitive situation, technological development, the ability to realise synergies, interest rate levels and other relevant factors.

The risk of changes in expected cash flows that affect the financial statements will naturally be higher in markets in an early phase and be more limited in established markets. Furthermore, the risk of changes will be significantly higher in periods with uncertain macroeconomic prognosis.

Goodwill and trademarks with indefinite expected useful life specified on cash-generating units

		Goodwill		Trademarks, Indefinite	
	Operating segment	**2019**	**2018**	**2019**	**2018**
Online classifieds France	France	502.3	436.1	98.3	94.1
Online classifieds Italy, Austria, Germany and UK	Global Markets	6.9	4.9	22.9	22.9
Online classifieds Spain	Spain	345.4	345.4	18.9	18.1
Online classifieds Chile	Global Markets	58.2	60.4	6.1	6.3
Online classifieds Ireland	Global Markets	37.5	37.6	16.1	16.1
Online classifieds Hungary	Global Markets	26.0	26.8	1.9	0.0
Online classifieds Morocco	Global Markets	21.7	21.3	2.5	0.0
Online classifieds Spain, Italy and Mexico	Spain/Global Markets	–	–	128.9	128.9
Online classifieds Mexico	Global Markets	7.8	28.8	0.0	0.0
Other CGUs		–	2.0	–	4.4
Total		**1,005.8**	**963.3**	**295.6**	**290.9**

Notes to the consolidated financial statements continued

Note 15: Impairment assessments continued

Impairment testing/Impairment assessments

Adevinta recognised impairment losses related to goodwill of €22.6 million in 2019 and €47.9 million in 2018.

The carrying amounts of goodwill and other intangible assets with indefinite useful lives are disclosed above. Recoverable amounts of cash generating units are estimated based on value in use. Discount rates applied takes into consideration the risk-free interest rate and risk premium for the relevant country as well as any business specific risks not reflected in estimated cash flows. Expected sustained growth reflects expected growth for the relevant market.

In estimating cash flows used in calculating value in use, consideration is given to the competitive situation, current developments in revenues and margins, trends and macroeconomic expectations for the relevant area of operations. Marketplace operations experience good growth.

Adevinta has goodwill related to cash-generating units in certain markets that presently recognise negative or low profitability due to large investments in market positions and immature monetisation rates. Such units are dependent on future growth in profitability to recover goodwill.

For the marketplace operations in France and Spain, recoverable amounts are significantly higher than the carrying amount.

The impairment losses of €22.6 million related to goodwill in 2019 are impairment loss related to the cash-generating unit marketplace operations in Mexico. After the impairment, the carrying amount is equal to value in use.

Value in use of the marketplace operations in Mexico is calculated using a pre-tax weighted average discount rate of 16.29% and sustained growth of 2.5% after the budget period. Changes in significant assumptions would have increased (decreased) the recoverable amount (€ million) of those operations as at 31 December 2019 as follows:

Pre-tax discount rate	+1%	(1.2)
	-1%	1.5
Sustained growth	+1%	0.7
	-1%	(0.6)

Value in use of the marketplace operations in Morocco is calculated using a pre-tax weighted average discount rate of 12.54% and sustained growth of 2.5% after the budget period. Changes in significant assumptions would have increased (decreased) recoverable amount (€ million) of those operations as at 31 December 2019 as follows:

Pre-tax discount rate	+1%	(3.2)
	-1%	3.9
Sustained growth	+1%	2.9
	-1%	(2.2)

An increase in pre-tax discount rate of one percentage point or a decrease in sustained growth of one percentage point in Morocco would have resulted in an impairment loss to be recognised of €1.3 million and €0.3 million respectively. The recoverable amount is also significantly affected by assumptions used for future cash flows which are uncertain.

Note 15: Impairment assessments continued

Value in use of the marketplace operations in Chile is calculated using a pre-tax weighted average discount rate of 10.26% and sustained growth of 2.5% after the budget period. Changes in significant assumptions would have increased (decreased) recoverable amount (€ million) of those operations as at 31 December 2019 as follows:

Pre-tax discount rate	+1%	(11.1)
	-1%	14.5
Sustained growth	+1%	11.9
	-1%	(8.5)

An increase in pre-tax discount rate of one percentage point or a decrease in sustained growth of one percentage point in Chile would have not resulted in any impairment loss having to be recognised. The recoverable amount is also significantly affected by assumptions used for future cash flows which are uncertain.

Pre-tax discount rates are determined by country and are in the range between 7.9% and 16.29%. Sustained growth is determined by cash generating unit and are in the range between 1.5% and 2.5%.

Note 16: Intangible assets

Principle

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of intangible assets with a definite useful life is allocated on a systematic basis over their useful life. Intangible assets with an indefinite useful life are not amortised. Costs of developing software and other intangible assets are recognised as an expense until all requirements for recognition as an asset are met. The requirements for recognition as an asset include, among other requirements, the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Costs incurred after the time that all the requirements for recognition as an asset are met are recognised as an asset. The cost of an internally generated intangible asset is the sum of expenditure incurred from the time all requirements for recognition as an asset are met and until the time the asset is capable of operating in the manner intended by management.

Subsequent expenditure incurred in the operating stage to enhance or maintain an intangible asset are normally recognised as an expense as the requirement to demonstrate probable increased economic benefits will normally not be met.

Intangible assets with a finite expected useful life are as a general rule amortised on a straight-line basis over the expected useful life. The amortisation period of software and licenses is normally 3 years, and for other intangible assets it is between 1.5 and 10 years. The amortisation method, expected useful life and any residual value are assessed annually.

Notes to the consolidated financial statements continued

Note 16: Intangible assets continued

Estimation uncertainty

Adevinta has significant activities related to developing new technology to deliver digital classified and advertising products for our customers and users. The costs of developing such technology are expensed until all requirements for recognition as an asset are met. When requirements for recognition as an asset are met, the sum of personnel and other operating expenses incurred are capitalised. The requirements for recognition as an asset include the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Determining whether cost shall be charged to expense or be recognised as an asset based on the existing requirements involves the use of judgement by management.

Development in net carrying amount in 2019	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	963.3	290.9	1.0	34.1	11.8	1,301.0
Additions	0.6	–	–	35.4	–	36.0
Acquired through business combinations	69.9	4.1	1.7	26.4	4.3	106.4
Disposals	(1.3)	–	–	(0.2)	–	(1.5)
Reclassification	(3.0)	0.8	(0.3)	4.2	(0.2)	1.5
Amortisation	–	–	(0.2)	(18.4)	(4.2)	(22.8)
Impairment losses	(22.6)[1]	–	–	(2.0)	–	(24.6)
Translation differences	(1.1)	(0.2)	–	0.0	–	(1.2)
As at 31 December	**1,005.8**	**295.6**	**2.2**	**79.5**	**11.7**	**1,394.8**
Of which accumulated cost	1,251.3	295.6	11.3	216.8	38.6	1,813.6
Of which accumulated amortisation and impairment loss	(245.5)	–	(9.1)	(137.3)	(26.9)	(418.8)

[1] See note 15 (Impairment assessments)

Note 16: Intangible assets continued

Development in net carrying amount in 2018	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	1,008.5	291.4	0.8	36.7	16.5	1,354.0
Additions	–	–	0.0	22.6	0.2	22.7
Acquired through business combinations	8.9	–	–	0.3	–	9.2
Disposals	–	–	–	(0.4)	–	(0.4)
Disposals on sale of businesses	–	–	–	(0.0)	–	(0.0)
Reclassification	0.0	–	0.2	(0.2)	–	0.0
Amortisation	–	–	(0.1)	(15.5)	(4.8)	(20.3)
Impairment losses	(47.9)[1]	–	–	(8.7)	–	(56.6)
Translation differences	(6.3)	(0.5)	(0.0)	(0.7)	(0.1)	(7.5)
As at 31 December	**963.3**	**290.9**	**1.0**	**34.1**	**11.8**	**1,301.0**
Of which accumulated cost	1,187.8	291.4	24.6	141.8	34.4	1,680.0
Of which accumulated amortisation and impairment loss	(224.5)	(0.5)	(23.6)	(107.7)	(22.6)	(379.0)

[1] See note 15 (Impairment assessments)

Additions in Software and licenses mainly consists of internally developed intangible assets.

Research and development expenditure that does not meet the criteria for recognition as intangible assets is recognised as an expense when incurred.

Impairment losses of €2.0 million in 2019 from Software and licenses correspond to the discontinuation of certain projects. Impairment losses of €8.7 million in 2018 from Software and licenses are related to closure of the joint generalist platform project Rocket and certain other projects.

Notes to the consolidated financial statements continued

Note 17: Property, plant & equipment

Principle
Property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount (cost less residual value) of property, plant & equipment is allocated on a systematic basis over its useful life. Each part of an item of property, plant & equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

Costs of repairs and maintenance are recognised in profit or loss as incurred. Cost of replacements and improvements are recognised in the carrying amount of the asset.

The carrying amount of an item of property, plant & equipment is derecognised on disposal or when no economic benefits are expected from its use or disposal. Gain or loss arising from derecognition is included in profit or loss when the item is derecognised.

Property, plant & equipment are depreciated on a straight-line basis over their estimated useful life. Depreciation schedules reflect the assets' residual value. Items of property, plant & equipment where material components can be identified with different useful life are depreciated over the individual component's expected useful life. Buildings (25-50 years), Plant and machinery (5-20 years), Equipment, furniture and similar assets (3-10 years). The depreciation method, expected useful life and any residual value are reviewed annually.

Development in net carrying amount in 2019	Buildings and land	Equipment, furniture and similar assets	Total
As at 1 January	2.1	17.6	19.7
Additions	–	14.4	14.4
Acquisitions through business combinations	–	0.6	0.6
Disposals	–	(0.3)	(0.3)
Reclassification	(2.0)	2.0	–
Depreciation	(0.1)	(9.2)	(9.3)
Translation differences	0.0	0.1	0.1
As at 31 December	**–**	**25.3**	**25.3**
Of which accumulated cost	0.1	62.3	62.4
Of which accumulated depreciation and impairment loss	(0.1)	(37.0)	(37.1)

Note 17: Property, plant & equipment continued

Development in net carrying amount in 2018	Buildings and land	Equipment, furniture and similar assets	Total
As at 1 January	2.4	16.6	19.0
Additions	0.1	7.8	7.9
Acquisitions through business combinations	–	0.1	0.1
Disposals	–	(0.6)	(0.6)
Depreciation	(0.4)	(5.7)	(6.1)
Translation differences	–	(0.6)	(0.6)
As at 31 December	**2.1**	**17.6**	**19.7**
Of which accumulated cost	2.8	48.9	51.7
Of which accumulated depreciation and impairment loss	(0.7)	(31.4)	(32.1)

Additions of €14.4 million in 2019 mainly comprise improvements and new equipment for the new offices in Spain, France and Italy.

Note 18: Other non-current and current assets

	Non-Current		Current	
	2019	**2018**	**2019**	**2018**
Trade receivables, net (note 19)	–	–	94.6	81.6
Prepaid expenses	1.6	2.2	27.0	23.0
Gross debit positions in Schibsted cash-pooling arrangement (note 22)	–	–	–	236.8
Other receivables	13.2	7.2	29.9	42.7
Total	**14.8**	**9.4**	**151.6**	**384.1**

Note 19: Trade receivables

	2019	2018
Trade receivables	105.9	89.7
Less provision for impairment of trade receivables	(11.3)	(8.0)
Trade receivables (net)	**94.6**	**81.6**

The breakdown of trade receivables by due date is as follows:

	2019	2018
Not due	66.4	58.5
Past due 0-45 days	18.9	14.9
Past due 46-90 days	5.6	5.5
Past due more than 90 days	15.0	10.8
Total	**105.9**	**89.7**

Notes to the consolidated financial statements continued

Note 20: Financial liabilities related to business combinations and increases in ownership interests

Principle
Contingent and deferred considerations in business combinations and the present value of future consideration to be paid related to non-controlling interests' put options over shares in subsidiaries are recognised as financial liabilities. If the agreement with non-controlling interests implies that Adevinta may be required to acquire the shares and settle the liability within a period of twelve months from the balance sheet date, the liability is classified as current. Other liabilities related to put options are classified as non-current. The requirement to settle the liability is contingent on the non-controlling interests actually exercising their put options. For agreements where the option can be exercised over a defined period, the actual settlement may therefore occur in later periods than presented in the maturity profile below. See note 24 (Financial instruments by category) for principles related to financial instruments.

Estimation uncertainty
The liabilities are measured at fair value based on the best estimate of future considerations. The estimates take into account the principles for determination of the consideration in the existing agreements. The estimates take further into account, when relevant, management's expectations regarding future economic development used in determining recoverable amount in impairment tests. The estimate can be changed in future periods as the consideration to be paid is dependent upon future fair value as well as future results.

	Non-controlling interests' put options		Contingent considerations		Deferred considerations	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Development in net carrying amount						
As at 1 January	101.5	90.0	–	0.1	–	–
Additions	0.8	–	4.4	–	6.7	–
Settlement (note 4)	(100.0)	(10.3)	–	(0.1)	–	–
Change in fair value recognised in equity	–	20.9	–	–	–	–
Interest expenses	0.1	0.9	–	–	–	–
As at 31 December	**2.4**	**101.5**	**4.4**	**–**	**6.7**	**–**
Of which non-current (note 21)	2.4	–	2.0	–	–	–
Of which current (note 21)	–	101.5	2.4	–	6.7	–
Maturity profile of the financial liabilities						
Maturity within 1 year	–	101.5	2.4	–	6.7	–
Maturity between 1 and 2 years	2.4	–	2.0	–	–	–

In 2019, the settlement amounting to €100 million is related to Adevinta Spain, S.L. The non-controlling interests' put option related to Finderly GmbH was settled in 2018.
As at 31 December 2019, the non-controlling interest's put options amount of € 2.4 million is related to Infobras Spain S.L. and Paycar SAS.
The contingent consideration recognised as of December 2019 amounting to €4.4 million is related to the acquisition of Locasun SARL; whereas the deferred consideration amounting €6.7 million corresponds to the Argus Group acquisition.

Note 21: Other non-current and current liabilities

Principle

Provisions are recognised when Adevinta has a present legal or constructive obligation as a result of past events, it is probable an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The provision is calculated based on the best estimate of anticipated expenses. If the effect is material, anticipated future cash flows will be discounted, using a current pre-tax interest rate that reflects the risks specific to the provision.

A provision for restructuring costs is recognised when a constructive obligation arises. Such an obligation is assumed to have arisen when the restructuring plan is approved and the implementation of the plan has begun or its main features are announced to those affected by it.

Contingent liabilities are possible obligations arising from past events whose existence depends on the occurrence or not of uncertain future events; or present obligations arising from past events and for which it is not probable that an economic outflow will be required to settle the obligation, or where the amount of the obligation cannot be measured reliably. Adevinta classifies as contingent liabilities those events where it is less likely than not that an outflow of resources will be required from the Group. Contingent liabilities are not recognised in the financial statements, except for those arising from business combinations. Contingent liabilities are disclosed, unless the probability that an economic outflow will be required to settle the obligation is remote.

Contingent assets are possible assets that will be confirmed depending on the occurrence or not of uncertain future events. Contingent assets are disclosed only where an inflow of economic benefits is probable.

Liabilities included in the normal operating cycle and liabilities due to be settled within twelve months after the reporting period are classified as current liabilities. Other liabilities are classified as non-current.

Estimation uncertainty

It is in the nature of a provision that it involves some degree of uncertainty. A provision is made and calculated based on assumptions at the time the provision is made and will be routinely updated when new information is available. The financial implications of litigations are constantly monitored and a liability is recognised when it is probable that the litigation will result in a future payment and a reliable estimate of the liability can be made.

Management applies judgment when assessing contingent liabilities, by considering the likelihood of occurrence of future events that are uncertain, and the valuation of any potential future obligation derived from them. Contingent liabilities require a continued assessment to determine whether circumstances have changed, especially whether an outflow of resources has become probable.

For pension plans, defined benefit plans are calculated based on a set of selected financial and actuarial assumptions. Changes in parameters such as discount rates, mortality rates, future salary adjustments, etc., could have substantial impacts on the estimated pension liability.

Notes to the consolidated financial statements continued

Note 21: Other non-current and current liabilities continued

The table below shows other non-current and current liabilities as of year-end:

	Non-current		Current	
	2019	2018	2019	2018
Financial liabilities related to non-controlling interests' put options (note 20)	2.4	–	–	101.5
Contingent considerations related to business combinations (note 20)	2.0	–	2.4	–
Trade payables	–	–	34.2	42.9
Public duties payable	–	–	29.6	21.9
Accrued salaries and other employment benefits	2.0	1.8	30.9	24.6
Accrued expenses	–	–	25.9	8.2
Provision for restructuring costs	–	–	2.9	2.2
Pension liabilities (note 21.1.2)	4.0	1.7	–	–
Other liabilities	1.4	0.8	30.8	34.3
Total	**11.8**	**4.3**	**156.6**	**235.6**

21.1 Pension plans

Adevinta has both defined contribution plans and defined benefit plans.

21.1.1 Defined contribution pension plans

In the defined contribution plans the company pays an agreed annual contribution to the employee's pension plan, but any risk related to the future pension is borne by the employee. For these plans, the pension cost will be equal to the contribution paid to the employees' pension plan. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension, hence no liability is recognised in the statement of financial position.

Line item "Personnel expenses" in the statement of profit and loss includes an expense of €1.0 million in 2019 (€2.2 million in 2018) related to defined contribution pension plans or multi-employer pension plans accounted for as defined contribution plans.

21.1.2 Defined benefit pension plans

In a defined benefit plan the company is responsible for paying an agreed pension to the employee based on his or her final pay, and the risk related to the future pension is hence borne by Adevinta.

In a defined benefit plan, the net liability recognised is the present value of the benefit obligation at the balance sheet date, less fair value of plan assets. The present value of defined benefit obligations, current service cost and past service cost is determined using the projected unit credit method and actuarial assumptions regarding demographic variables and financial variables. Net pension expense includes service cost and net interest on the net defined benefit liability recognised in profit or loss and remeasurements of the net defined benefit liability recognised in other comprehensive income.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service cost is recognised at the earlier date of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

Note 21: Other non-current and current liabilities continued

Pension liabilities are defined benefit obligations from companies in France and Norway. The net pension expense related to defined benefit pension plans is as follows:

	2019	2018
Net pension expense defined benefit plans	**0.8**	**0.5**
Of which recognised in Profit and loss – Personnel expenses	1.0	-
Of which recognised in Profit and loss – Financial expenses	0.0	–
Of which recognised in Other Comprehensive Income – remeasurements of defined benefit pension liabilities	(0.3)	0.5

Changes in defined benefit obligations:

	2019	2018
Liability as of 01 January	**1.7**	**1.2**
Reclassified from non-current liabilities	0.5	–
Acquired through business combinations	0.9	–
Current and past service cost	1.0	-
Interest expenses	0.0	–
Remeasurements	(0.3)	0.5
Liability as of 31 December	**4.0**	**1.7**

21.2 Contingent liabilities: Digital services tax in France

The French digital services tax legislation (DST) was signed by the French President on 24 July and published in the French official gazette on 25 July 2019 and hence the DST legislation is enacted.

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 of 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.

Notes to the consolidated financial statements continued

Note 21: Other non-current and current liabilities continued

As enacted, the DST retrospectively applies to digital services revenue as of 1 January 2019. For 2019, DST is only applicable if both thresholds above were exceeded for 2018. If applicable, the DST will negatively impact Adevinta Group's EBITDA. The DST amount payable is deductible for corporate income tax purposes.

The French tax authorities have not yet published final administrative guidelines regarding the scope of the DST law. Due to the complexity of the law and the absence of final guidelines, which define the scope of the taxable services, the assessment of whether DST is applicable to Adevinta Group is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that DST is applicable to Adevinta Group and hence no provision has been recognized for DST as per 31 December 2019.

The main uncertainties relate to whether the services which Schibsted Group (including Adevinta Group) provide 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.

It is expected that should the final guidelines and interactions with the French Tax Authorities conclude differently, the DST applicable to the Adevinta Group should not exceed €9 million for 2019. Management will continue to work with the French tax authorities to obtain further clarification on this matter.

Note 22: Financial risk management

Capital management and funding

For the periods presented in the consolidated financial statements, risk management activities have been carried out by Schibsted Treasury department on Adevinta's behalf. Adevinta has in parallel been ramping up its Treasury capabilities and reliance on Schibsted is expected to end by the second quarter of 2020. The information in this section describes risk management practices of Adevinta. Adevinta's approach to risk management includes identifying, evaluating and managing risk in all activities using a top-down approach.

Adevinta's strategy and vision imply a high rate of change and development of Adevinta's operations. Adevinta's capital structure must be sufficiently robust in order to maintain the desired freedom of action and utilise growth opportunities based on strict assessments relating to allocation of capital. The financial policy in this respect shall be to keep a minimum amount of liquidity of 10% of LTM (last 12 months) revenues.

Adevinta's revolving credit facility contains financial covenants regarding the ratio of net interest-bearing debt (NIBD) to gross operating profit (EBITDA). The ratio shall normally not exceed 3, but can be reported at higher levels up to three quarters during the loan period, as long as the ratio stays below 4. The facility has been refinanced in early 2020, bringing the allowed number of quarters with leverage exceeding 3.0x up to four, from three previously.

	31 December 2019	31 December 2018
Non-current interest-bearing borrowings	201.7	1.8
Non-current interest-bearing borrowings from Schibsted ASA	–	317.9
Gross credit positions in Schibsted cash-pooling arrangement	–	128.9
Gross debit positions in Schibsted cash-pooling arrangement[1]	–	(236.8)
Current interest-bearing borrowings	0.3	0.0
Cash and cash equivalents	(71.8)	(55.1)
Net interest-bearing debt	130.2	156.5
Equity	1,538.8	1,331.7
Net gearing (net interest-bearing debt/equity)	0.08	0.12

(1) Gross debit positions in Schibsted cash-pooling arrangement is included in Trade receivables and other current assets in the balance sheet.

Note 22: Financial risk management continued

Adevinta ASA was listed on the Oslo Stock Exchange on 10 April 2019. The spin-off of the Adevinta business from Schibsted was carried out as described in the listing prospectus, published on 1 April 2019. The demerger was completed on 9 April 2019 during which net assets transferred from Schibsted ASA to Adevinta ASA amounted to €145.2 million (€144.6 million after deduction of transaction costs net of tax effect amounting to €0.6 million) and net interest bearing debt decreased by €40.1 million. Adevinta has entered into a non-current Revolving Credit facility of €300 million. The new facility was drawn by €150 million as of 12 April 2019 and on the same day all outstanding interest-bearing debt from Schibsted was repaid (totalling €151 million). This facility was additionally drawn by €50 million during Q4 2019.

Financial risks

Adevinta is exposed to financial risks, such as currency risk, interest rate risk, credit risk and liquidity risk. Adevinta's exposure to financial risks is maintained in accordance with the financial policy.

Currency risk

Adevinta has € as its presentation currency, but through its operations in other currencies is also exposed to fluctuations in exchange rates. Adevinta has currency risks linked to both balance sheet monetary items and net investments in foreign operations. The biggest exposures for Adevinta are fluctuations in Brazilian real (BRL), Pound sterling (GBP) and US dollar ($). Adevinta has for the periods presented been part of Schibsted's risk management policy, and currency risk has been handled centrally. If € changes by 10% compared to the actual rate as at 31 December 2019 for BRL, Adevinta's net foreign exchange effect would change approximately €2.5 million. As at 31 December 2018 and 31 December 2019 the Group has not entered into any interest rate or foreign currency derivative transactions.

Interest rate risk

Adevinta's interest rate risk is mainly related to Adevinta's interest-bearing liabilities and assets. Adevinta's policy is that all intra-group loans and deposits should be on the basis of floating interest rates. An increase of 1 percentage point in the floating interest rate would mean a change in Adevinta's net interest expenses of approximately €1.2 million. As at 31 December 2018 and 31 December 2019 the Group has not entered into any interest rate or foreign currency derivative transactions.

Credit risk

Trade receivables are dispersed over new and regular customers. Trade receivables consist of receivables from advertisements and other sales. Credit risk will vary among countries in which Adevinta operates. In total the credit risk is considered as low. Net carrying amount of Adevinta's financial assets, except for equity instruments and receivables from Schibsted, represents maximum credit exposure. The exposure as at 31 December 2019 is disclosed in note 24 (Financial instruments by category). Exposure related to Adevinta's trade receivables is disclosed in note 19 (Trade receivables).

Liquidity risk

Liquidity risk is the risk that Adevinta is not able to meet its payment obligations. At year-end Adevinta's portfolio of loans and loan facilities consisted of a €300 million revolving credit facility with a consortium of six banks. Adevinta has strong cash flow from operating activities and the liquidity risk is considered limited as liquidity is kept well above 10% of LTM (last 12 months) revenues. As of 31 December 2019, Adevinta had a liquidity reserve of €171.8 million and net interest-bearing debt was €130.2 million. The liquidity reserve corresponds to 25% of Adevinta's revenues. As of 31 December 2018, Adevinta had a liquidity reserve of €55.1 million and net interest-bearing debt of €156.5 million. The liquidity reserve corresponded to 9% of Adevinta's revenues.

Notes to the consolidated financial statements continued

Note 23: Interest-bearing borrowings

	Carrying Amount		Fair Value	
	2019	2018	2019	2018
Non-current interest-bearing liabilities				
Bank loans	201.7	1.8	201.7	1.8
Non-current interest-bearing borrowings from Schibsted ASA	–	317.9	–	317.9
Gross credit positions in Schibsted cash-pooling arrangement	–	128.9	–	128.9
Total non-current interest-bearing liabilities	**201.7**	**448.6**	**201.7**	**448.6**
Current interest-bearing liabilities				
Bank loans, overdrafts	0.3	0.0	0.3	0.0
Total current interest-bearing liabilities	**0.3**	**0.0**	**0.3**	**0.0**
Total interest-bearing liabilities	**201.9**	**448.6**	**201.9**	**448.6**

The Bank Loans are denominated in € currency.

Net Interest-bearing liability

As a result of the IPO in April, and the completion of the demerger from Schibsted, Adevinta settled the non-current interest-bearing borrowings from Schibsted ASA as well as the liabilities related to gross credit positions in Schibsted's cash-pooling system.

Maturity profile interest-bearing liabilities and unutilised credit facilities (contractual amounts):

	Interest-bearing liabilities 2019	Unutilised credit facilities 2019
Maturity <3 months	0.5	–
Maturity 3 months-1 year	1.6	–
Maturity 1-2 years	3.7	–
Maturity 2-5 years	201.8	101.1
Maturity >5 years	0.0	–
Total contractual amount	**207.6**	**101.1**

Credit facility

Adevinta has a long-term revolving credit facility of €300 million. The lenders consist of Nordic and international banks. The facility has interest terms based on EURIBOR with the addition of a margin of between 0.90% and 2.10%, and Adevinta pays a commitment fee to maintain the facility's availability. The facility was drawn €200 million as at 31 December 2019 and is the main source of external funding.

Please see note 31 (Events after the balance sheet date) regarding changes in credit facilities in 2020.

Note 24: Financial instruments by category

Principle

Adevinta initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets and financial liabilities (including financial assets designated at fair value through profit or loss or other comprehensive income) are recognised initially on the trade date at which Adevinta becomes a party to the contractual provisions of the instrument. All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Adevinta classifies at initial recognition its financial instruments in one of the following categories:
- Financial assets or financial liabilities at fair value through profit or loss
- Financial assets at amortised cost
- Equity instruments designated at fair value through Other Comprehensive Income (OCI)
- Financial liabilities at amortised cost

The classification depends on both the entity’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial assets or financial liabilities at fair value through profit or loss are financial assets or liabilities held for trading and acquired or incurred primarily with a view of selling or repurchasing in the near term. These financial assets and liabilities are measured at fair value when recognised initially, and transaction costs are charged to expense as incurred. Subsequently, the instruments are measured at fair value, with changes in fair value, including interest income, recognised in profit or loss as financial income or financial expenses.

Financial assets at amortised cost are assets giving rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The category is included in the balance sheet items “Other non-current assets,” “Trade receivables and other current assets” and “Cash and cash equivalents.” Financial assets at amortised cost are recognised initially at fair value plus directly attributable transaction costs. After initial measurement, these financial assets are measured at amortised cost using the effective interest method, reduced by any impairment loss. Effective interest related to financial assets at amortised cost is recognised in profit or loss as “Financial income.”

The carrying amounts of trade and other current payables are assumed to be the same as their fair values, due to their short-term nature. Short-term loans and receivables are for practical reasons not amortised.

Adevinta classifies its investments in equity instruments as Financial assets at fair value through profit or loss unless an irrevocable election is made at initial recognition to classify the investments as equity instruments designated at fair value through OCI (FVOCI). Currently all equity instruments are classified as FVOCI. When designated at FVOCI, gains and losses are not recycled through profit and loss. Dividends are recognised as financial income in the statement of profit and loss. The carrying amount of investments in equity instruments is included in the balance sheet item “Other non-current assets.” Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial liabilities not included in any of the above categories are classified as financial liabilities at amortised cost. Financial liabilities at amortised cost are included in the balance sheet items “Non-current interest-bearing borrowings,” “Non-current lease liabilities “, “Other non-current liabilities,” “Current interest-bearing borrowings,” “Current lease liabilities,” and “Other current liabilities.” After initial measurement, these liabilities are measured at amortised cost using the effective interest method. Effective interest is recognised in income as financial expenses. Short-term financial liabilities are for practical reasons not amortised.

Notes to the consolidated financial statements continued

Note 24: Financial instruments by category continued

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire and Adevinta has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or it expires. Any rights and obligations created or retained in such a transfer are recognised separately as assets or liabilities.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position, when Adevinta has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

From 1 January 2018, Adevinta assesses at each balance sheet date the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of Expected Credit Loss (ECL) recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. The simplified approach using lifetime ECL forms the basis for the assessment.

For “Trade receivables and other current assets,” Adevinta has applied the practical expedient to the carrying amount through the use of an allowance account reflecting the lifetime expected credit losses. The loss is recognised as other operating expenses in the income statement. Impairment of all other financial assets is recognised as financial expenses.

Fair value of financial instruments is based on quoted prices at the balance sheet date in an active market if such markets exist. If an active market does not exist, fair value is established by using valuation techniques that are expected to provide a reliable estimate of the fair value. The fair value of listed securities is based on current bid prices. The fair value of unlisted securities is based on cash flows discounted using an applicable risk-free market interest rate and a risk premium specific to the unlisted securities. Fair value of forward contracts is estimated based on the difference between the spot forward price of the contracts and the closing rate at the date of the balance sheet. The forward rate addition and deduction is recognised as interest income or interest expense. Fair value of interest and currency swaps is estimated based on discounted cash flows, where future interest rates are derived from market-based future rates.

Financial assets and liabilities measured at fair value are classified according to their valuation method:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Valuation based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Valuation based on inputs for the asset or liability that are unobservable market data.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Changes in fair value recognised in other comprehensive income are recognised in the line item “Changes in fair value of equity instruments.” Changes in fair value recognised in profit or loss are presented in the line items “Financial Income,” “Financial expenses” and “Other income and expenses.”

Note 24: Financial instruments by category continued

Estimation uncertainty

Certain financial instruments are measured at fair value. When no quoted market price is available, fair value is estimated using different valuation techniques. Estimation uncertainty has significantly been reduced due to settlement of a non-controlling interests' put option in January 2019, see note 20 for further information.

Carrying amount of assets and liabilities divided into categories:

31 December 2019	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
Other non-current assets	18	6.8	7.9	–	–	14.8
Trade and other receivables	18	151.6	–	–	–	151.6
Cash and cash equivalents		71.8	–	–	–	71.8
Total assets		**230.1**	**7.9**	**–**	**–**	**238.1**
Non-current interest-bearing borrowings	23	–	–	201.7	–	201.7
Other non-current liabilities	21,30	–	–	57	2.0	59.0
Current interest-bearing borrowings	23	–	–	0.3	–	0.3
Other current liabilities	21,30	–	–	133.8	2.4	136.2
Total liabilities		**–**	**–**	**392.7**	**4.4**	**397.1**

31 December 2018	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
Other non-current assets	18	7.1	2.3	–	–	9.4
Trade and other receivables	18	384.1	–	–	–	384.1
Cash and cash equivalents		55.1	–	–	–	55.1
Total assets		**446.4**	**2.3**	**–**	**–**	**448.7**
Non-current interest-bearing borrowings	23	–	–	448.5	–	448.5
Other non-current liabilities	21	–	–	0.8	–	0.8
Current interest-bearing borrowings	23	–	–	0.0	–	0.0
Other current liabilities	21	–	–	208.6	–	208.6
Total liabilities		**–**	**–**	**657.9**	**–**	**657.9**

Notes to the consolidated financial statements continued

Note 24: Financial instruments by category continued

Adevinta's financial assets and liabilities measured at fair value, analysed by valuation method:

31 December 2019	Level 1	Level 2	Level 3	Total
Equity instruments at fair value through OCI	–	–	7.9	**7.9**
Financial liabilities related to business combinations and increases in ownership interests that are measured at fair value	–	–	6.8	**6.8**

31 December 2018	Level 1	Level 2	Level 3	Total
Equity instruments at fair value through OCI	–	–	2.3	**2.3**
Financial liabilities related to business combinations and increases in ownership interests that are measured at fair value	–	–	101.5	**101.5**

Changes in level 3 instruments:

	2019	2018
Net carrying amount 1 January	(99.2)	(90.0)
Additions	0.4	2.3
Disposals	(0.0)	–
Settlements	100.0	10.3
Changes in fair value recognised in equity	–	(20.9)
Changes in fair value recognised in other comprehensive income	0.0	0.0
Changes in fair value recognised in profit or loss	(0.1)	(0.9)
Net carrying amount 31 December	**1.1**	**(99.2)**

Note 25: Number of shares

Principle

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Consideration paid or received is recognised directly in equity.

The transaction costs of issuing or acquiring own equity instruments are accounted for as a deduction from equity, net of any related income tax benefit.

Note 25: Number of shares continued

The development in share capital and other paid-in equity is set out in the Consolidated statement of changes in equity.

	Total number of shares	
	Shares outstanding	Issued
As at 31 December 2017	**–**	**–**
Capital increase	1,000,000	–
As at 31 December 2018	**1,000,000**	**–**
Capital increase	684,948,502	684,948,502
Capital decrease	(1,000,000)	–
As at 31 December 2019	**684,948,502**	**684,948,502**

The share capital of Adevinta ASA is NOK 136,989,700.40 divided into 684,948,502 ordinary shares, each with a nominal value of NOK 0.20.

As described in the demerger plan and information brochure of 24 January 2019, the separation of the Adevinta Business from Schibsted was effected through two demergers: 1) the demerger of Schibsted and transfer of the remaining 35% of the Adevinta Business to Adevinta against transfer of consideration shares to the shareholders of Schibsted; and 2) the demerger of Schibsted Multimedia AS and transfer of 65% of the Adevinta Business to Adevinta against transfer of consideration shares to Schibsted (the "SMM Demerger"). Consequently, after completion of the two demergers, Adevinta's share capital was divided into 681,147,889 Shares, divided by 307,849,680 A-Shares and 373,298,209 B-Shares. The total number of shares was split between A-shares and B-shares between April and November 2019. The B-shares carried equal rights as A-shares in all respects except that the A-shares had 10 votes per share while the B-shares had one vote per share.

On 24 October 2019, an Extraordinary General Meeting of Adevinta ASA was held and approved the Board's proposal to collapse the Company's A shares and B shares and combine them into one single, joint share class. Holders of A shares received preferential rights to subscribe for new ADE shares based on a normalised spread between A and B share classes of 1.22%. This was based on the historical spread observed in the six month period prior to the share collapse. Each holder of A shares in the Company as of 24 October 2019, as registered in the Norwegian Central Securities Depository on 28 October 2019 (the "Record Date"), has been granted one subscription right for every A share held in the Company on the Record Date, with 81 subscription rights being required to subscribe for one new ordinary ADE share.

After final allocation of the new shares in the rights issue was completed on 14 November 2019, a total of 3,749,575 new shares were allocated to subscribers. The remaining 51,038 shares that were not allocated, were subscribed by the underwriter Skandinaviska Enksilda Banken AB (publ) Oslo branch, who sold the subscribed amount of new shares in the market and distributed the net proceeds from such sale to holders of subscription rights held upon expiry of the subscription period. On 21 November 2019, Adevinta registered a capital increase through the issuance of 3,800,613 new shares, amounting to €0.1 million.

The Extraordinary General Shareholder's Meeting of 25 February 2019 of Schibsted ASA, acting as the general meeting of Adevinta ASA, granted authorisation to the Board to buy back own shares up to NOK 13,622,957 with a minimum amount of NOK 20 and a maximum amount of NOK 750 paid per share. The Board is free to decide on the acquisition method and possible subsequent sale of the shares. The shares may serve as settlement in the company's share-based incentive schemes, as well as employee share saving plans, and may be used as settlement in acquisitions, and to improve the company's capital structure. This authorisation is valid until the next Annual General Meeting of the Company in 2020, but in no event later than 30 June 2020.

Notes to the consolidated financial statements continued

Note 25: Number of shares continued
The Extraordinary General Shareholder's Meeting of 24 October 2019 gave the Board authorisation to increase the Company's share capital by up to NOK 7,465,964. Subject to this amount limitation, the authorisation may be used on more than one occasion. The authority covers capital increases against contributions in cash and contributions other than cash. This authorisation is valid until the next Annual General Meeting of the Company in 2020, but in no event later than 30 June 2020.

Adevinta ASA did not acquire treasury shares during 2019 and did not hold any treasure shares as of 31 December 2019.

Note 26: Non-controlling interests

		2019				2018			
	Location	Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI	Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI
Distilled SCH group	Dublin, Ireland	50.00%	3.7	14.2	3.6	50.00%	2.1	14.3	2.9
Finderly GmbH	Vienna, Austria	–	–	–	–	–	(2.8)	–	–
Adevinta Spain S.L (formerly SCM Spain S.L.)	Barcelona, Spain	–	–	–	–	10.00%	2.7	–	0.5
Other			(0.6)	0.1	–		(1.6)	(0.3)	–
Total			**3.1**	**14.4**	**3.6**		**0.4**	**13.9**	**3.4**

In January 2019, Adevinta increased its ownership interest in Adevinta Spain S.L. from 90% to 100%. In December 2018, Adevinta increased its ownership interest in Finderly GmbH from 90.95% to 100%.

When put options are granted to holders of non-controlling interests, the related accumulated non-controlling interest is derecognised.

There are no material subsidiaries with non-controlling interest and hence no financial information is disclosed.

Note 27: Supplemental information to the consolidated statement of cash flows

The following amounts of interest paid, and interest and dividends received are classified as cash flows from operating activities:

	2019	2018
Interest paid	(6.8)	(13.1)
Interest received	0.2	1.1
Dividends received	1.1	1.5

Note 27: Supplemental information to the consolidated statement of cash flows continued

Aggregate cash flows arising from obtaining control of subsidiaries and businesses:

	2019	2018
Cash in acquired companies (note 4)	(11.5)	(5.7)
Acquisition cost other current assets	(12.0)	(1.0)
Acquisition cost non-current assets	(109.6)	(9.3)
Aggregate acquisition cost assets	**(133.1)**	**(16.0)**
Equity and liabilities assumed	31.7	7.2
Contingent consideration (note 4)	4.4	-
Deferred consideration (note 4)	6.7	-
Gross purchase price	**(90.4)**	**(8.8)**
Fair value of previously held equity interest (note 4)	0.1	-
Cash in acquired companies (note 4)	11.5	5.7
Acquisition of subsidiaries, net of cash acquired	**(78.8)**	**(3.1)**

Changes in liabilities arising from financing activities:

	Interest-bearing borrowings	Put obligations and contingent considerations	Lease Liabilities
Debt as at 1 January 2019	**(448.5)**	**(101.5)**	**0.0**
Changes in accounting policy (note 30)	–	–	(61.8)
Cash flows from financing activities			
New interest-bearing loans and borrowings	(199.2)	–	–
Repayment of interest-bearing loans and borrowings	0.4	–	–
Payment of lease liabilities (note 30)	–	–	12.8
Change in ownership interests in subsidiaries	–	100.2	–
Change in bilateral loans with Schibsted	317.9	–	–
Change in cash pool (liabilities) with Schibsted	128.9	–	–
Additions	–	(0.8)	(14.9)
Business combinations	(1.1)	–	(2.4)
Foreign exchange adjustments	0.0	0.0	(0.4)
Changes in fair value	0.0	0.0	–
Contingent consideration related to business combination	–	(4.4)	–
Other	(0.2)	(0.3)	0.1
Debt at 31 December 2019	**(201.9)**	**(6.7)**	**(66.5)**

Notes to the consolidated financial statements continued

Note 27: Supplemental information to the consolidated statement of cash flows continued

	Interest-bearing borrowings	Put obligations
Debt as at 1 January 2018	**(559.7)**	**(90.0)**
Cash flows from financing activities	111.3	10.3
Foreign exchange adjustments	(0.6)	(0.3)
Changes in fair value	–	(20.6)
Changes in accounting policy	–	–
New leases and put obligations	–	–
Business combinations	(0.2)	–
Other	0.8	(0.9)
Debt at 31 December 2018	**(448.5)**	**(101.5)**

Change in ownership interests in subsidiaries consists of:

	2019	2018
Decrease in ownership interest	0.0	0.0
Increase in ownership interest – from settlement of put options	100.0	10.3
Increase in ownership interest – from other transactions	0.2	0.7
Change in ownership interests in subsidiaries	**100.2**	**11.0**

Within "Cash and cash equivalents" Adevinta holds as at 31 December 2019 €5.9 million of restricted cash related to amounts held in escrow that are in turn related to transactions between buyers and sellers. The restricted cash as at 31 December 2018 was €3.6 million.

Note 28: Transactions with related parties

Principles
The largest shareholder of Adevinta ASA is Schibsted ASA which has a majority ownership interest of 59.28%. Related party relationships are defined to be the ultimate parent Schibsted ASA, entities outside the Adevinta group that are under control (either directly or indirectly), joint control or significant influence by Schibsted ASA or Adevinta's ownership interests in joint ventures and associates.

Related parties are in a position to enter into transactions with the company that would potentially not be undertaken between unrelated parties.

Adevinta has ownership interests in joint ventures and associates. Transaction with joint ventures and associates are not material for the period covering the consolidated financial statements.

Note 28: Transactions with related parties continued

All transactions by Adevinta with related parties have been conducted in accordance with current internal pricing agreements within the Schibsted group and Adevinta Group.

Transactions with related parties by Adevinta are largely related to central activities in Schibsted such as IT, human resources services, legal and professional services.

For remuneration to management, see note 9 (Personnel expenses and remuneration).

For information on dividend payments and contributions to and from related parties see Consolidated Statements of Changes in Equity.

Transactions with related parties affect the consolidated financial statements as summarised below:
Summary of transactions and balances with parent-related parties:

	2019	2018
Income statement		
Operating revenues	10.3	4.0
Other operating expenses	(15.9)	(9.7)
Gross operating profit (loss)	**(5.6)**	**(5.7)**
Other income and expenses	–	–
Operating profit (loss)	**(5.6)**	**(5.7)**
Financial income	–	0.1
Financial expenses	(0.7)	(12.1)
Profit (loss) before taxes	**(6.3)**	**(17.7)**
Balance sheet		
Trade receivables and other current assets	11.5	258.1
Current assets	**11.5**	**258.1**
Non-current interest-bearing borrowings	–	446.7
Other current liabilities	6.9	15.5
Non-current liabilities	**6.9**	**462.2**

Adevinta had as at 31 December 2018 receivables from Schibsted mainly related to positive balances on the Schibsted internal cash pooling.

The non-current interest-bearing borrowing in 2018 of €446.7 million was related to €128.9 million of liabilities on the Schibsted cash-pooling and €317.8 million of loans from Schibsted ASA.

All these assets and liabilities were settled in April 2019 as part of the demerger from Schibsted.

Notes to the consolidated financial statements continued

Note 29: Auditors' remuneration

Details on the fees to the Group's auditors for the fiscal year 2019:

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
Adevinta Group					
EY	0.8	0.6	0.2	0.3	1.8
Other auditors	0.2	0.0	0.1	0.1	0.3
Total	**0.9**	**0.6**	**0.3**	**0.4**	**2.2**

Adevinta ASA					
EY	0.1	0.5	0.0	0.0	0.6

Non-audit fees for 2019 includes non-recurring demerger and listing services provided by EY

Details on the fees to the Group's auditors for the fiscal year 2018:

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
Adevinta Group					
EY	0.5	0.1	0.1	0.2	0.9
Other auditors	0.1	0.0	0.0	0.1	0.2
Total	**0.6**	**0.1**	**0.2**	**0.2**	**1.1**

Note 30: Lease agreements

Principle

Adevinta assesses at contract inception whether a contract is, or contains, a lease. For short-term leases and leases of low-value assets, lease payments are recognised on a straight-line basis or other systematic basis over the lease term. All other leases are accounted for under a single on-balance sheet model implying recognition of lease liabilities and right-of-use assets as further described below. The Group separates non-lease components from lease components and accounts for each component separately.

At the commencement date of a lease, a lease liability is recognised for the net present value of remaining lease payments to be made over the lease term. The present value is calculated using the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. The lease term is the non-cancellable period of the lease together with periods covered by an option to extend being reasonably certain to be exercised by the Group and periods covered by an option to terminate being not reasonably certain to be exercised by the Group. Lease payments include penalties for terminating leases if the lease term reflects the exercise of such an option.

At the commencement date of a lease, a right-of-use asset, representing the right to use the underlying asset during the lease term, is recognised at cost. The cost of the right-of-use asset includes the amount of the lease liability recognised, any initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received.

Note 30: Lease agreements continued

Lease liabilities are subsequently increased by interest expenses and reduced by lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term or a change in the future lease payments.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the underlying asset.

Adevinta mainly has lease contracts for office buildings and vehicles used in its operations. For most leases of office equipment, such as personal computers, photocopiers and coffee machines Adevinta has applied the recognition exemption for leases of low-value assets (below € 5,000).

Leases of office buildings generally have lease terms between three and 15 years, while motor vehicles generally have lease terms between one and three years.

Estimation uncertainty

The group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Adevinta cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. IBR is estimated using observable inputs, such as market interest rates, when available. It is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating.

Effects of implementing new accounting standard on leases

Adevinta has implemented IFRS 16 Leases with effect from 1 January 2019. IFRS 16 replaces IAS 17 Leases and related interpretations and sets out the principles for recognition, measurement, presentation and disclosure of leases. See principle section above for a summary of the new accounting policies.

Under IAS 17, lease payments for operating leases were recognised on a straight-line or other systematic basis over the lease term. Implementation of IFRS 16 caused the lease expense to change from being linear over the lease term to being declining over the lease term. The lease expense changed classification from operating expenses to a combination of depreciation and interest expenses.

IFRS 16 Leases was implemented retrospectively by using the modified retrospective approach with the accumulated effect of implementation charged against equity at 1 January 2019. Comparable figures for previous periods were not restated.

Notes to the consolidated financial statements continued

Note 30: Lease agreements continued

At the date of initial application, the right-of-use assets of significant office leases are measured as if IFRS 16 had been applied since the commencement date of the related lease. For other leases, the right-of-use asset is measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments at 31 December 2018. Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application. Certain leases with a remaining lease term of less than 12 months at the date of initial application are accounted for similarly as short-term leases.

The Group has, as an alternative to performing an impairment review at the date of initial application, used the practical expedient of IFRS 16 to adjust the carrying amount of right-of-use assets by any provisions for onerous lease contracts recognised under IAS 37 at 31 December 2018.

The lease liability related to leases in force at the date of initial application is measured applying the incremental borrowing rate as of that date. The weighted average incremental borrowing rate was 2.67% at the implementation date.

Below are presented the effects on the Consolidated income statement, Consolidated statement of financial position and Consolidated statement of cash flows of applying IFRS 16 Leases compared to the amounts that would have been reported applying the former accounting policies applied until 31 December 2018:

Income statement (€ million)	**2019**
Other operating expenses	14.4
Gross operating profit (loss)	**14.4**
Other income and expenses	(0.4)
Depreciation and amortisation	(13.2)
Share of profit (loss) of joint ventures and associates	(0.0)
Operating profit (loss)	**0.7**
Net financial items	(1.7)
Profit (loss) before taxes	**(1.0)**
Taxes	0.2
Profit (loss)	**(0.8)**
Earnings per share in € – basic	(0.0)
Earnings per share in € – diluted	(0.0)

Note 30: Lease agreements continued

Statement of financial position (€ million)	31 December 2019	1 January 2019
Right-of-use assets	60.6	57.3
Investment in joint ventures and associates	(0.0)	0.0
Other non-current assets	0.2	0.0
Trade receivables and other current assets	(0.8)	(1.5)
Total assets	**60.0**	**55.9**
Equity attributable to owners of the parent	(1.5)	(0.7)
Increase (decrease) in Non-controlling interests	0.0	0.0
Other non-current liabilities	52.1	50.9
Other current liabilities	9.3	5.7
Total equity and liabilities	**60.0**	**55.9**

Statement of cash flows (€ million)	2019
Net cash flow from operating activities	12.8
Net cash flow from financing activities	(12.8)

The following table provides a reconciliation from operating lease commitments as of 31 December 2018 under IAS 17 and lease liabilities recognised in the statement of financial position as of 1 January 2019:

Future minimum payments under non-cancellable operational leases as at 31 December 2018 (IAS 17)	95.5
Effect from discounting of operating lease commitments	(6.3)
Commitments relating to short-term leases	(0.4)
Commitments relating to leases of low-value assets	0.0
Commitments relating to non-lease components	0.0
Lease payments relating to option periods not included in operating lease commitments as at 31 December 2018	13.4
Leases not yet commenced	(40.4)
Lease liabilities as at 1 January 2019	**61.8**

Notes to the consolidated financial statements continued

Note 30: Lease agreements continued

Effects of leases on the consolidated statements

The Group's leases are primarily related to office buildings. Leases of cars are also recognised, while leases of office equipment, such as personal computers, photocopiers and coffee machines, to a large degree are considered of low value and not included. There are no significant variable lease payments.

The most significant leases are:

User of the office building	Address	End of lease term
Adevinta Spain and HQ Functions	Ciudad de Granada 150, Barcelona	2028
Adevinta France	85 Rue de Faubourg Saint Martin, Paris	2026
Subito Italy	via Benigno Crespi, nr 19 Milano and first floor in via Benigno Crespi , nr 17 Milano	2025
Distilled Ireland	Latin Hall 8, Dublin	2025
Adevinta Product and Tech UK	164-182 Oxford Street, 2nd floor, London	2022

Income Statement

	2019
Expense related to short-term leases and low value assets	(1.0)
Gross operating profit (loss)	**(1.0)**
Depreciation of right-of-use asset	(13.2)
Operating profit (loss)	**(14.2)**
Interest expense on lease liabilities	(1.7)
Profit (loss) before taxes	**(15.9)**

Statement of Financial Position

Carrying amount of right-of-use asset recognised and the movements during the period	Buildings and land	Equipment, furniture and similar assets	Total
As at 1 January 2019	55.8	1.7	57.3
Additions	13.6	0.2	13.8
Acquired through business combinations	2.2	0.1	2.4
Partial or full termination	(0.1)	0.0	(0.1)
Depreciation	(12.0)	(1.2)	(13.2)
Translation differences	0.3		0.3
As at 31 December 2019	**59.7**	**0.8**	**60.6**

Note 30: Lease agreements continued

Carrying amount of lease liabilities recognised and the movements during the period

As at 1 January 2019	61.8
Additions	14.9
Acquired through business combinations	2.4
Partial or full termination	(0.1)
Lease payments	(14.5)
Accretion of interest	1.7
Currency translation	0.4
As at 31 December 2019	**66.5**
Of which current	13.3
Of which non-current	53.2

The addition in 2019 is mainly related to the new office lease in Milan for Subito and the addition of floors for the Ciudad de Granada office in Barcelona.

Maturity analysis of lease liability

<3 months	3.8
3 months to 1 year	10.8
1 to 2 years	13.2
2 to 5 years	33.2
>5 years	11.0
Total	**72.0**

This table presents undiscounted amounts.

Statement of cash flows

The following amounts related to leases are recognised in the statement of cash flows:

	2019
Net cash flow from operating activities	(1.7)
Net cash flow from financing activities	(12.8)
Total	**(14.5)**

The principal portion of lease payments are classified as cash flow from financing activities. The interest portion of lease payments are classified as cash flow from operating activities together with lease payments related to short-term and low-value leases.

Notes to the consolidated financial statements continued

Note 30: Lease agreements continued

Future cash outflows to which adevinta is potentially exposed that are not reflected in the lease liability
The group has various lease contracts in France that have not yet commenced as at 31 December 2019.

The future lease payments for these non-cancellable lease periods are:

Within one year	0.1
Between one and five years	22.7
More than five years	23.6
Total	**46.4**

Set out below are the potential future lease payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Between one and five years	More than five years	Total
Extension options expected not to be exercised	2.6	21.6	24.2
Termination options expected to be exercised	9.9	9.0	18.9
Total	**12.5**	**30.6**	**43.1**

Expenses related to short-term leases are expected to remain insignificant in 2020.

Subleases
Adevinta has signed a sublease for part of the London office, which will start in 2020 and provide the following income for the right-of-use asset:

	SPT UK London office
Within one year	0.3
Between one and two years	1.3
Total	**1.6**

Note 31: Events after the balance sheet date

Digital services tax
In 2019, some European countries have approved their own digital services tax (DST) legislations, applicable from 2020:

- For Italy, the DST will levy a 3% tax over certain digital services and will be effective from January 2020 for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with payment expected to take place in 2021. Management is analysing the potential impact on Adevinta of the approved DST bill.
- In Austria, the DST will levy a 5% tax on domestic online advertising services and will be effective from 1 January 2020 for groups with worldwide revenues of at least €750 million and Austrian revenue applicable to DST of at least €25 million. Management has assessed that the DST bill approved in Austria would not be applicable to Adevinta.

In addition, in February 2020 the Spanish government has approved a draft legislation to impose a 3% tax over certain digital services. The draft bill will be sent to the parliament for approval. The draft legislation would be applicable to groups with worldwide revenue above €750 million and Spanish revenues applicable to DST above €3 million. Management is analysing the potential impact on Adevinta of the DST draft bill.

Note 31: Events after the balance sheet date continued

Refinancing of the revolving credit facility

On 25 February 2020, Adevinta has completed the refinancing of its existing €300 million bank facility with €600 million multi-currency term loan and revolving credit facilities. The facilities include an accordion increase option, which provides flexibility for the parties to agree an additional €120 million during the term of the facilities. The revolving credit facility has a tenor of five years with two one-year extension options, whilst the term loan component has a tenor of three years. The term loan was drawn in NOK and converted into € through a cross-currency swap.

Agreement to acquire Grupo ZAP

In March 2020, OLX Brazil joint venture has agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately €580 million as of at the time of signing of the stock purchase agreement. At signing, Adevinta entered into a deal contingent hedge to fix the purchase price in € and eliminate the currency risk. The transaction will be subject to the approval by Brazil's Antitrust Agency (CADE), a process that can take several months to complete. In the meantime, both businesses will continue to operate independently.

Covid-19

The Covid-19 outbreak is currently affecting the world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the short term, turnover and results will be affected negatively, but it is still too early to say how, and how severely Covid-19 will affect Adevinta and our business.

Note 32: Ownership

Subsidiaries	Country of incorporation	% holding
Finderly GmbH	Austria	100.0%
Adevinta OOO (formerly OOO Schibsted Classified Media LLC)	Belarus	100.0%
Editora Balcão Ltda	Brazil	100.0%
Infojobs Brasil Atividades de Internet Ltda	Brazil	76.2%
Yapo.cl SpA	Chile	100.0%
Editora Urbana Ltda	Colombia	100.0%
SAS ARGUS CI	Ivory Coast	100.0%
Schibsted Classified Media Dominican Republic SRL.	Dominican Republic	100.0%
Adevinta France SASU (formerly Schibsted France SASU)	France	100.0%
SCM Local SASU	France	100.0%
LBC France SASU	France	100.0%
Locasun SARL	France	100.0%
Paycar SAS	France	68.8%
LBC Dévéloppement SASU (formerly Schibsted Dévéloppement SASU)	France	100.0%
Adevinta Product & Tech France SASU (formerly Schibsted Product & Tech France SASU)	France	100.0%
LBC Vertical	France	100.0%
MB Diffusion SAS	France	100.0%
SAS SNEEP	France	100.0%

Notes to the consolidated financial statements continued

Note 32: Ownership continued

Subsidiaries	Country of incorporation	% holding
SAS AUTORECRUTE	France	100.0%
SAS Motors Regie	France	100.0%
SAS MIXAD	France	100.0%
SAS SELSIA	France	100.0%
SAS SFD	France	66.0%
SAS AUTOVISUAL	France	100.0%
VIDE Dressing GmbH	Germany	100.0%
MBDE GmbH	Germany	100.0%
Adevinta Classified Media Hungary Kft. (formerly Schibsted Classified Media Hungary Kft.)	Hungary	100.0%
Adevinta Classified Media Ireland Ltd (formerly Schibsted Classified Media Ireland Ltd)	Ireland	100.0%
Distilled SCH Ltd	Ireland	50.0%
Distilled SCH Shared services Ltd	Ireland	50.0%
Distilled SCH Nominees Ltd	Ireland	50.0%
Distilled Financial Services Ltd	Ireland	50.0%
Daft Media Ltd	Ireland	50.0%
Adverts Marketplace Ltd	Ireland	50.0%
Done Deal Ltd	Ireland	50.0%
Skupe Net Ltd	Ireland	50.0%
Subito.it S.r.l	Italy	100.0%
IM S.r.l. (formerly Schibsted Italy Business S.r.l.)	Italy	100.0%
InfoJobs Italia S.r.l	Italy	100.0%
ASM Classificado de Mexico SA De CV	Mexico	100.0%
Avito SCM Sarl	Morocco	100.0%
SARL AU ARGUSED	Morocco	100.0%
Adevinta Netherlands NV (formerly Schibsted Classified Media NV)	Netherlands	100.0%
Hebdo Mag Brazil Holdings BV	Netherlands	100.0%
Le Rouge Holding B.V.	Netherlands	100.0%
Kapaza Holding BV	Netherlands	100.0%
SnT Netherlands BV	Netherlands	100.0%
Schibsted Classified Media AS	Norway	100.0%
Schibsted Marketplaces Products and Technology AS	Norway	100.0%

Note 32: Ownership continued

Subsidiaries	Country of incorporation	% holding
Schibsted Marketplaces Invest AS	Norway	100.0%
SnT Classified ANS	Norway	100.0%
Marketplaces Austria Holding AS	Norway	100.0%

Subsidiaries	Country of incorporation	% holding
Adevinta ASA	Norway	100.0%
Adevinta Products & Technology SLU (formerly Schibsted Products & Technology SLU)	Spain	100.0%
SMG News and Publications SL	Spain	100.0%
Adevinta Holdco Spain SLU (fomerly Schibsted Spain SLU)	Spain	100.0%
Adevinta Ibérica SLU (formerly Schibsted Ibérica SLU)	Spain	100.0%
Locasun Spain SLU	Spain	100.0%
SnT Spain Clasificados Online S.L.	Spain	100.0%
Adevinta Spain SLU (formerly SCM Spain SL)	Spain	100.0%
Infobras Spain SL	Spain	76.2%
Schibsted Marketplaces Products and Technology AB	Sweden	100.0%
Adevinta Ventures AB (formerly SCM Ventures AB)	Sweden	100.0%
Le Rouge AB	Sweden	100.0%
Adevinta Growth Partner AB (formerly Schibsted Growth Partner AB)	Sweden	100.0%
SnT Ventures AB	Sweden	100.0%
Adevinta Tunisia SARL (formerly Schibsted Classified Media Tunisia)	Tunisia	100.0%
Adevinta Products & Technology UK Limited (formerly Schibsted Products & Technology UK Limited)	United Kingdom	100.0%

Joint ventures	Country of incorporation	% holding
willhaben internet service GmbH & Co KG	Austria	50.0%
Car4You GmbH	Austria	50.0%
willhaben internet service GmbH	Austria	50.0%
Autopro24 Datenmanagement GmbH	Austria	50.0%
Bom Negócio Atividades de Internet Ltda	Brazil	50.0%
Facher Tecnologia Ltda	Brazil	50.0%
OLX Meios de Pagamento, Ltda	Brazil	50.0%
Silver Brazil JVCO BV	Netherlands	50.0%

Notes to the consolidated financial statements continued

Note 32: Ownership continued

Associate companies	Country of incorporation	% holding
SARL SNEEP ALGERIE	Algeria	49.0%
Younited SA	France	10.9%
PT Tokobagus	Indonesia	10.8%
PT 701 Search	Indonesia	10.8%
702 Search BV	Netherlands	33.3%
Silver Indonesia JVCO BV	Netherlands	10.8%
703 Search BV	Netherlands	31.5%
CustoJusto Unipessoal Lda	Portugal	30.0%

Definitions and reconciliations

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

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 excl. Investment phase	EBITDA excl. Investment phase is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax, depreciation and amortisation excl. Investment phase. This measure equals gross operating profit (loss) from developed operations. The excluded operations are characterized by growth phase with large investments in market positions, immature monetization rate and sustainable profitability has not been reached.	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 to convey information of segment profitability in developed phase operations. Management believes the measure enables an evaluation of operating performance.

Definitions and reconciliations continued

Measure	Description	Reason for including
EBITDA excl. IFRS 16	EBITDA excl. IFRS 16 is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax, depreciation and amortisation and excl. IFRS 16. This measure equals gross operating profit (loss) adjusted for IFRS 16 effects (see note 30). Adjusting for IFRS 16 effects consists mainly of adding office rent to current year's APM in order for comparable treatment to prior year.	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 and effects from recently implemented standards. Management believes the measure enables an evaluation of operating performance.
Operating revenues incl. JVs	Operating revenues including the proportional ownership of willhaben (Austria) and OLX (Brazil).	Shows performance including the proportional ownership of willhaben (Austria) and OLX (Brazil). Management believes the measure reflects the real scale, growth and profitability of Adevinta.
EBITDA incl. JVs	Gross operating profit including the proportional ownership of willhaben (Austria) and OLX (Brazil).	Shows performance including the proportional ownership of willhaben (Austria) and OLX (Brazil). Management believes the measure reflects the real scale, growth and profitability of Adevinta.
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.
EBITDA margin excl. Investment phase	Gross operating profit (loss) excl. Investment phase/Operating revenues. The excluded operations are characterised by growth phase with large investments in market positions, immature monetization rate and sustainable profitability has not been reached.	Shows the operations' performance regardless of capital structure, tax situation and effects from operations characterised by growth phase with large investments in market positions where profitability has not been reached as a ratio to operating revenue. Management believes the measure enables an evaluation of operating performance.
EBITDA margin excl. IFRS 16	Gross operating profit (loss) excl. IFRS 16/ Operating revenues. IFRS 16 effects consist mainly of office rent costs which reduce current years measure in order for comparability to prior period.	Shows the operations' performance regardless of capital structure, tax situation and effects from IFRS 16 implementation as a ratio to operating revenue. Management believes the measure enables an evaluation of operating performance.
EBITDA margin incl. JVs	Gross operating profit (loss) including the proportional ownership of willhaben (Austria) and OLX (Brazil)/Operating revenues including the proportional ownership of willhaben (Austria) and OLX (Brazil).	Shows the operations' performance including the proportional ownership of willhaben (Austria) and OLX (Brazil) as a ratio to operating revenue including the proportional ownership of willhaben (Austria) and OLX (Brazil). Management believes the measure reflects the real scale, growth and profitability of Adevinta.

Notes to the consolidated financial statements continued

Definitions and reconciliations continued

Measure	Description	Reason for including
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 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.
Net interest-bearing debt	Net interest-bearing debt is defined as interest-bearing liabilities less cash and cash equivalents and cash pool holdings. IFRS 16 leasing liabilities are not included in 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 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.
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 for 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.

Reconciliation of EBITDA (earnings before other income and expenses, impairment, joint ventures and associates)	Year 2019	Year 2018
Gross operating profit (loss)	**199.5**	**151.0**
= EBITDA (before other income and expenses, impairment, JVs and associates)	199.5	151.0

Reconciliation of EBITDA (earnings before other income and expenses, impairment, joint ventures and associates) excl. Investment phase	Year 2019	Year 2018
Gross operating profit (loss)	**199.5**	**151.0**
- EBITDA Investment phase	(9.8)	(43.1)
= EBITDA excl. Investment phase	209.4	194.1

Definitions and reconciliations continued

Developed Phase and Investment Phase

Developed Phase

Consolidated Subsidiaries	Joint ventures and associates
• France: leboncoin, MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar and L'Argus. • Spain: Coches, FotoCasa, Vibbo, Milanuncios, InfoJobs, Habitaclia • Italy: Subito and InfoJobs • Ireland: Daft, Done Deal and Adverts • Hungary: Hasznaltauto and Jofogas • Colombia: Fincaraiz • Brazil: Infojobs	• Austria: willhaben • Brazil: OLX, Anapro • France: Younited

Investment Phase

(The investment phase operations are characterised by growth phase with large investments in market positions, immature monetisation rate and sustainable profitability has not been reached)

Consolidated Subsidiaries	Joint ventures and associates
• Shpock in markets: Austria, Germany, United Kingdom and Italy • Chile: Yapo • Mexico: Segundamano • Morocco: Avito • Belarus: Kufar • Dominican Republic: Corotos • Tunisia: Tayara	• Indonesia: OLX • Thailand: Kaidee (until Q2 2018) • Portugal: Custo Justo (associate from Q3 2018)

Reconciliation of underlying tax rate

	Year	
Underlying tax rate (€ million)	**2019**	**2018**
Profit (loss) before taxes	116.7	54.3
Share of profit (loss) of joint ventures and associates	(5.9)	(6.8)
Other losses for which no deferred tax benefit is recognised	42.9	89.0
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(0.4)	(1.3)
Impairment losses	22.6	47.9
Adjusted tax base	**175.8**	**183.1**
Taxes	49.6	61.3
Underlying tax rate	28.2%	33.5%

Notes to the consolidated financial statements continued

Definitions and reconciliations continued

Reconciliation of liquidity reserve	31 December 2019	31 December 2018
Cash and cash equivalents	71.8	55.1
+ Unutilised drawing rights on credit facilities	100.0	0.0
= Liquidity reserve	**171.8**	**55.1**

Reconciliation of net interest-bearing debt	31 December 2019	31 December 2018
Non-current interest-bearing borrowings	**201.7**	**448.5**
+ Current interest-bearing borrowings	0.3	0.0
– Cash and cash equivalents	(71.8)	(55.1)
– Cash pool holdings	0.0	(236.8)
= Net interest-bearing debt	**130.2**	**156.5**

Currency rates used when converting profit or loss	2019	2018
Pound sterling (GBP)	1,1406	1,1303
Brazilian Real (BRL)	0,2268	0,2329

Income statement

for the year ended 31 December

€ thousand	Note	2019	2018
Operating revenues	**17**	**–**	**–**
Personnel expenses	4	(2,315)	–
Other operating expenses	3,17	(7,627)	–
Depreciation and amortisation	–	(214)	–
Other income and expenses	5	(2,932)	–
Operating profit (loss)		**(13,087)**	**–**
Financial income	6	20,255	–
Financial expenses	6	(2,309)	–
Net financial items		**17,946**	**–**
Profit (loss) before taxes		**4,858**	**–**
Taxes	7	(342)	–
Profit (loss)		**4,516**	**–**

Statement of financial position

for the year ended 31 December

€ thousand	**Note**	**2019**	**2018**
ASSETS			
Deferred tax assets	7	–	–
Intangible assets		711	–
Investments in subsidiaries	8	1,345,561	–
Other non-current assets	9	443,808	–
Non-current assets		**1,790,080**	
Current assets	9	3,817	–
Cash and cash equivalents	10	8,870	101
Current assets		**12,687**	**101**
Total assets		**1,802,767**	**101**
EQUITY AND LIABILITIES			
Share capital	11	13,769	101
Other paid-in capital	11	1,028,792	–
Retained earnings	11	438,108	–
Equity		**1,480,669**	**101**
Pension liabilities	13	379	–
Other non-current liabilities	14,15	200,148	–
Non-current liabilities		**200,527**	**–**
Current liabilities	14,15	**121,571**	**–**
Total equity and liabilities		**1,802,767**	**101**

Statement of cash flows

for the year ended 31 December

€ thousand	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		4,858	–
Taxes paid	7	(11)	–
Depreciation and amortisation		214	–
Group contributions included in financial income	6	(406)	–
Dividends	6	(11,083)	–
Capitalised interest income		(8,062)	–
Net effect pension liability		403	–
Change in working capital		7,467	–
Net cash flow from operating activities		**(6,620)**	**–**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible assets and property, plant & equipment		(315)	–
Change in subsidiaries' receivables and liabilities in cash pool (net)	9,14	(73,470)	–
Group contributions and dividends (net)		11,083	–
Increase of non-current loans to subsidiaries		(165,016)	–
Repayment of non-current loans from subsidiaries	9	119,321	–
Net cash flow from investing activities		**(108,397)**	**–**
Net cash flow before financing activities		**(115,017)**	**–**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase	11	75	101
Capital decrease	11	(101)	
New interest-bearing loans and borrowings	14	200,000	–
Net cash flow from financing activities		**199,974**	**101**
Net increase (decrease) in cash and cash equivalents		**84,957**	**101**
Cash and cash equivalents as at 1 January		**101**	**0**
Change in cash		(76,190)	0
Cash and cash equivalents as at 31 December	10	**8,870**	**101**

Notes to the parent company financial statements

Note 1: Company information

Adevinta ASA is the parent company of the Adevinta Group. The activities of Adevinta ASA mainly include part of the group's executive management, board of directors, financing and activities related to being listed on the Oslo stock exchange.

Adevinta ASA is defined as a subsidiary of Schibsted ASA. See note 12 (Shareholder structure) for further ownership details.

The financial statements for Adevinta ASA for the year 2019 were approved by the Board of Directors on 29 March 2020 and will be proposed to the General Meeting 5 May 2020.

Note 2: Significant accounting policies

The financial statements for Adevinta ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles (NGAAP).

All amounts are in EUR thousand unless otherwise stated.

Cash and cash equivalents

Adevinta ASA is the ultimate parent of Adevinta's multi-currency corporate cash pool system. Adevinta ASA's funds in the cash pool are classified as cash and cash equivalents. The subsidiaries' positions in the cash pool are recognised as receivables and liabilities in Adevinta ASA's balance sheet. Liabilities are classified in their entirety as current. The classification of receivables as current or non-current depends on agreement with each subsidiary.

Cash and cash equivalents consist of bank deposits and other monetary instruments with a maturity of three months or less.

Classification

An asset or liability is classified as current when it is part of a normal operating cycle, held primarily for trading purposes, falls due within 12 months or when it consists of cash or cash equivalents on the statement of financial position date. Other items are classified as non-current.

Shares

Subsidiaries are all entities controlled, either directly or indirectly, by Adevinta ASA. For further information concerning evaluation as to whether Adevinta ASA controls an entity, please see note 2 (Basis for preparing the consolidated financial statements) in the consolidated financial statements.

Shares are classified as investment in subsidiaries from the date Adevinta ASA effectively obtains control of the subsidiary (acquisition date) and until the date Adevinta ASA ceases to control the subsidiary.

Subsidiaries are recognised according to the cost method and are yearly tested for impairment.

Group contributions and dividends received are recognised as financial income, provided that they do not represent a repayment of capital invested. If dividends/group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

Property, plant & equipment and intangible assets

Property, plant & equipment and intangible assets are measured at cost less accumulated depreciation, amortisation and impairment. Property, plant & equipment and intangible assets with limited economic lives are depreciated over the expected economic life. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Impairment losses are reversed if the basis for the impairment is no longer present.

Note 2: Significant accounting policies continued

Leases

Leases are classified as either finance leases or operating leases. Leases that transfer substantially all the risks and rewards incidental to the asset are classified as finance leases. Other leases are classified as operating leases. All of the company´s leases are considered to be operational. Lease payments related to operating leases are recognised as expenses over the lease term.

Foreign currency

Foreign currency transactions are translated into the functional currency on initial recognition by using the spot exchange rate at the date of the transaction. Foreign currency monetary items are translated with the closing rate at the balance sheet date. Foreign currency gains and losses are reported in the income statement in the lines "Financial income" and "Financial expenses," respectively.

Trade receivables

Trade receivables are recognised at nominal value less provision for expected loss.

Treasury shares

Acquisition and proceeds from sale of treasury shares are accounted for as equity transactions.

Adevinta ASA has not acquired treasury shares during 2019 and does not hold any treasury shares as of 31 December 2019.

Pension plans

Adevinta ASA has chosen, in accordance with NRS 6, to use measurement and presentation principles according to IAS 19R Employee Benefits.

The accounting principles for pension are consistent with the accounting principles for the Group, as described in note 21 (Other non-current and current liabilities) in the consolidated financial statements.

Share-based payment

Adevinta ASA accounts for share-based payment in accordance with NRS 15A Share-based Payment. NRS 15A requires share-based payments to be accounted for as required by IFRS 2 Share-based Payment. See note 10 (Share-based payment) in the consolidated financial statements for additional information.

Taxes

Tax expense (tax income) comprises current tax payable and changes to deferred tax assets/liabilities. Deferred tax liabilities and assets are computed for all temporary differences between the tax basis and the carrying amount of an asset or liability in the financial statements and the tax basis of tax losses carried forward. Deferred tax assets are recognised only when it is probable that the asset will be utilised against future taxable profit. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Contingent liabilities

Contingent liabilities are recognised when it is more probable than not that future uncertain events will result in outflow of economic resources. The best estimate of the amount to be paid is included in other provisions in the balance sheet. Other obligations, for which no liability is recognised, are disclosed in notes to the financial statements.

Statement of cash flows

The statement of cash flows is prepared under the indirect method. Cash and cash equivalents include cash, bank deposits and cash on hand.

Notes to the parent company financial statements continued

Note 3: Other operating expenses

	2019	2018
Rent and maintenance	95	–
Office and administrative expenses	275	–
Professional fees	7,223	–
Travel and meetings	33	–
Total operating expenses	**7,627**	**–**

Note 4: Personnel expenses

	2019	2018
Salaries and wages	1,018	–
Social security costs	191	–
Net pension expense (note 13)	409	–
Other personnel expenses	3	–
Share-based payment	694	–
Total personnel expenses	**2,315**	**–**
Number of FTEs	1	–

Remuneration of the Board is included in personnel expenses. Board directors are not included in the number of FTEs. Rolv Erik Ryssdal is the CEO of Adevinta ASA. Adevinta ASA started paying the salary to the CEO in June 2019 and before that the CEO received salary from Schibsted ASA. For further information concerning remuneration to management and share-based payment, see note 9 (Personnel expenses and remuneration) and note 10 (Share-based payment) in the consolidated financial statements.

Note 5: Other income and expenses

Financial income consists of:

	2019	2018
IPO-related costs	2,932	–
Other income and expense	**2,932**	–

IPO-related costs consist of expenses related to Adevinta's listing.

Note 6: Financial items

Financial income consists of:

	2019	2018
Interest income	8,114	–
Interest income cash pool	455	–
Group contributions received	406	–
Dividends from subsidiaries	11,083	–
Foreign exchange gain (agio)	183	–
Other financial income	14	–
Total	**20,255**	**–**

Note 6: Financial items continued

Financial expenses consist of:

	2019	2018
Interest expenses	1,543	–
Interest expenses cash pool	84	–
Interest expenses on pension plans (note 13)	1	–
Foreign exchange loss (disagio)	43	–
Other financial expenses	638	–
Total	**2,309**	**–**

Interest income mainly relates to income on long-term loans to group companies.

Adevinta ASA received a dividend of EUR 11 083 thousand from Schibsted Multimedia AS in connection with the demerger.

Interest expenses mainly relate to interest expenses on the loan facility as described in note 14 (Non-current and current liabilities).

Note 7: Income taxes

Set out below is a specification of the difference between the profit before taxes and taxable income of the year:

	2019	2018
Profit (loss) before taxes	4,858	–
Currency exchange difference[1]	(963)	–
Dividends received	(11,083)	–
Other permanent differences	500	–
Change in temporary differences	419	–
Effect of unrecognised actuarial gain (loss) in the pension liability	23	–
Effect of demerger cost, recognised in equity (note 11)	(807)	–
Taxable income	**(7,052)**	**–**
Tax rate	22%	23%

(1) The currency exchange difference occurs as a result of the annual accounts and tax papers being filed in different currencies.

Taxes payable and taxes charged to expenses are calculated as:

	2019	2018
Calculated taxes payable	–	–
Change in net deferred tax asset received as part of the demerger with Schibsted ASA	159	–
Tax related to demerger cost, recognised in equity (note 11)	178	–
Tax related to unrecognised actuarial gain (loss) in the pension liability	(5)	–
Withholding tax	11	–
Tax expense	**342**	**–**

Notes to the parent company financial statements continued

Note 7: Income taxes continued

Effective tax rate is a result of:

	2019	2018
Profit (loss) before taxes	4,858	–
Tax charged based on nominal rate	1,069	–
Tax effect permanent differences and currency exchange differences	(2,718)	–
Change in temporary differences not booked	1,628	–
Net deferred tax assets acquired as a part of the demerger with Schibsted ASA	159	–
Tax related to demerger cost, recognised in equity (note 11)	178	–
Withholding tax	26	–
Taxes	**342**	**–**

The net deferred tax liability (asset) consists of the following:

	2019	2018
Temporary differences related to:		
Pension liabilities	(379)	–
Other current liabilities	(694)	–
Temporary differences	**(1,074)**	**–**
Taxable deficit to carry forward	(7,052)	
Total basis for deferred tax liability (assets)	**(8,126)**	**–**
Tax rate	22%	22%
Net deferred tax liability (asset) with applicable year’s tax rate	(1,787)	–
Deferred tax assets not booked	1,787	–
Net deferred tax liability (asset)	**–**	**–**

Note 8: Subsidiaries and associates

Adevinta ASA is the ultimate parent company in the Adevinta Group with operations worldwide. For more information about these operations, see note 6 (Operating segments) to the consolidated financial statements.

Shares in subsidiaries directly owned by Adevinta ASA:

	Ownership and voting share	Location	Carrying amount	Equity
Schibsted Classified Media AS	100%	Oslo, Norway	1,345,561	1,910,160
Total			**1,345,561**	**1,910,160**

1. The shares in Schibsted Classified Media AS were moved to Adevinta ASA as a part of the demerger in April 2019, along with the shares in Schibsted Multimedia AS. Schibsted Multimedia AS and Schibsted Classified Media AS merged in October 2019.

Note 9: Other non-current and current assets

	Non-current		Current	
	2019	**2018**	**2019**	**2018**
Group companies' liabilities in cash pool	71,677	–	–	–
Other receivables from Group companies	372,131	–	1,729	–
Other receivables	–	–	2,088	–
Total	**443,808**	**–**	**3,817**	**–**

Non-current receivables from Group companies in 2019 consist of loan to Schibsted Classified Media (SCM) AS of EUR 168 510 thousand, a loan to Adevinta France SAS of EUR 125 702 thousand, a loan to LBC France SASU of EUR 20 520 thousand and a loan to Adevinta Holdco Spain SL of EUR 57 398 thousand. The loans to SCM AS and Adevinta France SAS were moved to Adevinta ASA as a part of the demerger from Schibsted ASA in April 2019.

Notes to the parent company financial statements continued

Note 10: Cash and cash equivalents

	2019	2018
Net assets in cash pool	8,870	–
Net assets outside the cash pool	–	101
Total Cash and cash equivalents	**8,870**	**101**

Adevinta ASA has a multi-currency cash pool with Danske Bank and a EUR cash pool with BNP Paribas. These cash pools have been established to optimise liquidity management for Adevinta.

The cash pool with BNP Paribas was moved to Adevinta ASA as a part of the demerger from Schibsted ASA in April 2019.

The Group has an overdraft facility of EUR 10 million linked to the cash pool with Danske Bank and an uncommitted overdraft facility of EUR 10 million linked to the cash pool with BNP Paribas. At year end 2019, these facilities were not drawn.

Excess liquidity is placed in our relationship banks, in the cash pool or in the short-term money market.

Payroll withholding tax is not restricted cash as Adevinta holds a tax guarantee for the purpose.

Note 11: Equity

	Share capital	Treasury shares	Other paid-in capital	Retained earnings	Total
Equity as at 31 December 2018	**101**	**–**	**–**	**–**	**101**
Capital decrease	(101)	–	–	–	(101)
Demerger Schibsted Multimedia AS	8,901		867,543	(51,141)	825,302
Demerger Schibsted ASA	4,793	–	161,409	484,716	650,918
Capital increase	75	–	–	–	75
Share-based payment	–	–	(160)	–	(160)
Unrecognised actuarial gain (loss) in pension plans, net of tax	–	–	–	18	18
Profit (loss)	–	–	–	4,516	4,516
Dividend	–	–	–	–	–
Equity as at 31 December 2019	**13,769**	**–**	**1,028,792**	**438,108**	**1,480,669**

Pursuant to the demerger plan as of 24 January 2019, the share capital of Adevinta ASA was first decreased to 0, before immediately thereafter being increased with NOK 88,539,225.6 as a part of the demerger with Schibsted Multimedia AS. Furthermore, a second demerger with Schibsted ASA was approved, increasing the share capital with NOK 47,680,352,2. The capital decrease and the following demergers were effective as of 4 April 2019.

Through the demerger of Schibsted Multimedia AS, the share capital of Adevinta ASA was increased by EUR 8.9 million (NOK 88.5 million) through the issuance of 200,102,192 new A shares and 242,643,836 new B shares, each with a nominal value of 0.2 NOK.

Through the demerger of Schibsted ASA, the share capital of Adevinta ASA was increased by EUR 4.8 million (NOK 47.7 million) through the issuance of 107,747,388 new A shares and 130,654,373 B shares, each with a nominal value of NOK 0.2.

Adevinta currently has a single-class share structure, after collapsing the former dual-share class structure into one class effective as of 25 October 2019.

In connection with the listing of Adevinta ASA on the Oslo Stock Exchange on 10 April 2019, Schibsted reduced its ownership interest in Adevinta from 100% to 59.25% through a demerger and a sale of shares. In a demerger of Schibsted ASA, ownership of 35% of Adevinta was distributed to the shareholders of Schibsted.

The share capital of Adevinta ASA is NOK 136,989,700.4 divided into 684,948,502 ordinary shares, each with a nominal value of NOK 0.2. For more information on number of shares, see note 25 (Number of shares) in the consolidated financial statements. Adevinta ASA has not acquired treasury shares during 2019 and does not hold any treasury shares as of 31 December 2019.

Note 12: Shareholder structure

The 20 largest shareholders as at 31 December 2019

	Total number of shares	% of shares
Schibsted ASA	406,050,523	59,3%
Blommenholm Industrier AS	43,313,297	6,3%
Folketrygdfondet	22,974,563	3,4%
State Street Bank and Trust Comp*	22,635,020	3,3%
JPMorgan Chase Bank, N.A., London*	10,150,000	1,5%
Morgan Stanley & Co. LLC*	9,495,829	1,4%
Alecta Pensionsförsäkring, ömsesidigt	6,185,326	0,9%
Goldman Sachs International*	6,117,427	0,9%
The Bank of New York Mellon SA/NV*	5,859,240	0,9%
Goldman Sachs & Co. LLC*	4,692,594	0,7%
JPMorgan Chase Bank, N.A., London*	4,345,112	0,6%
J.P. Morgan Bank Luxembourg S.A.*	4,210,207	0,6%
The Bank of New York Mellon SA/NV*	4,051,141	0,6%
State Street Bank and Trust Comp*	3,792,362	0,6%
JPMorgan Chase Bank, N.A., London*	3,755,540	0,5%
JPMorgan Chase Bank, N.A., London*	3,700,435	0,5%
Pictet & Cie (Europe) S.A.*	3,519,695	0,5%
JPMorgan Chase Bank, N.A., London*	3,263,531	0,5%
Fdty Ivt Tr:Fdty Intrl Discvry Fd	3,126,596	0,5%
Morgan Stanley & Co. Int. Plc.*	3,089,509	0,5%
Total 20 largest shareholders		**83,9%**

*) Nominee accounts.

The list of shareholders is based on the public VPS list. For further information regarding the underlying ownership, see the chapter "Shareholder Information" in this annual report.

Notes to the parent company financial statements continued

Note 12: Shareholder structure continued

Number of shares owned by the Board and the Group management:

	Number of shares
Orla Noonan (Chairman of the Board)	5,030
Kristin Skogen Lund (Member of the Board)	–
Peter Brooks-Johnson (Member of the Board)	–
Sophie Javary (Member of the Board)	–
Terje Seljeseth (Member of the Board)	–
Fernando Abril-Martorell (Member of the Board)	–
Rolv Erik Ryssdal (CEO)	129,593
Uvashni Raman (CFO)	146
Antoine Jouteau (France)	19,307
Gianpa Santorsola (Spain & Brazil)	8,825
Ovidiu Solomonov (Global Markets)	1,910
Renaud Bruyeron (Product & Technology)	7,170
Nikki Dexter (People & Communications)	1,294
Total Board and Group management	**173,275**

Adevinta has a single-class share structure, after collapsing the former dual-share class structure into one class effective as of 25 October 2019. The total number of issued shares in Adevinta ASA is 684,948,502 ordinary shares at 31 December 2019. The number of shareholders as at 31 December 2019 is 4,391. Foreign ownership is 27.7% as at 31 December 2019. See note 25 (Number of shares) in the consolidated financial statements for more information regarding number of shares.

Note 13: Pension plans

The company is obliged to have an occupational pension scheme in accordance with the Act on Mandatory Company Pensions ("Lov om obligatorisk tjeneste- pensjon"). The company's pension scheme meets the requirements of the Act.

As at 31 December 2019 the pension plans covered 1 working member. Note 21 (Other non-current and current liabilities) in the consolidated financial statements contains further description of the pension plans.

Note 13: Pension plans continued

Amounts recognised in profit or loss:

	2019	2018
Current service cost	401	–
Net interest on the net defined benefit liability	1	–
Net pension expense – defined benefit plans	**402**	**–**
Pension expense defined contribution plans	8	–
Net pension expense	**410**	**–**
Of which included in Profit or loss – Personnel expenses	409	–
Of which included in Profit or loss – Financial expenses	1	–

Amounts recognised in the balance sheet:

	2019	2018
Present value of funded defined benefit liabilities	–	–
Fair value of plan assets	–	–
Present value (net of plan assets) of funded defined benefit liabilities	**–**	**–**
Present value of unfunded defined benefit liabilities	379	–
Net pension liabilities	**379**	**–**
Social security tax included in present value of defined benefit liabilities	47	–

Changes in pension liabilities:

	2019	2018
As at 1 January	–	–
Net pension expense	402	–
Contributions/benefits paid	–	–
Unrecognized actuarial (gain) loss recognized in equity (incl. tax)	(23)	–
As at 31 December	**379**	**–**

New measurement of defined benefit obligation includes:

	2019	2018
Actuarial gains and losses arising from changes in financial assumptions	–	–
Other effects of remeasurement (experience deviation)	23	–
Remeasurement of defined benefit liabilities	**23**	**–**

Notes to the parent company financial statements continued

Note 14: Non-current and current liabilities

	Non-current		Current	
	2019	**2018**	**2019**	**2018**
Liabilities to credit institutions (note 15)	200,000	–	–	–
Group companies' receivables in cash pool	–	–	110,389	–
Other liabilities to Group companies	–	–	4,799	–
Other liabilities	527	–	6,383	–
Total	**200,527**	**–**	**121,571**	**–**

Note 15: Financial risk management and interest-bearing borrowings

Financial risk management

Funding and control of refinancing risk is handled by Adevinta's Group Treasury. Adevinta's main funding source as at 31 December 2019 is a EUR 300 million revolving credit facility. This facility has been refinanced in early 2020 into EUR 600 million term loan and revolving credit facilities.

For management of interest rate risk and currency risk, see note 22 (Financial risk management) in the consolidated financial statements.

Interest-bearing borrowings, composition and maturity profile:

	Non-current		Current	
	2019	**2018**	**2019**	**2018**
Bonds issued	–	–	–	–
Bank loans	200,000	–	–	–
Total carrying amounts	**200,000**	**–**	**–**	**–**
of which maturity beyond five years	–	–	–	–

For more details on bank loans and credit facilities, see note 23 (Interest-bearing borrowings) in the consolidated financial statements.

Note 16: Guarantees

	2019	**2018**
Guarantees on behalf of Group companies	–	–
Other guarantees	–	–
Total	**–**	**–**

A guarantee of NOK 18 million from Danske Bank is included in Guarantees on behalf of Group companies. This amount relates to guarantees for tax withholdings. Also included in Guarantees on behalf of Group companies are real state guarantees for EUR 370.000.

Adevinta ASA has issued a parent company guarantee as security for payment of office rent in some subsidiaries.

Note 17: Transactions with related parties

Adevinta ASA has business agreements with companies in the Group. The pricing of all transactions with Group companies are based on the arm's length principle.

	2019	2018
Purchase of goods and services from Schibsted ASA	670	–
Purchase of goods and services from other Group companies	4,027	–

Remuneration to management

See note 9 (Personnel expenses and remuneration) and note 10 (Share-based payment) to the consolidated financial statements for information concerning remuneration to management and share-based payment.

Note 18: Events after the reporting period

Please see note 31 (Events after the balance sheet date) in the consolidated financial statements for information about events after the reporting period.

Declaration by the Board of Directors and CEO

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2019 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole, and that the Board of Directors' report includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

29 March 2020
Adevinta ASA's Board of Directors

Orla Noonan
Board Chair

Fernando Abril-Martorell Hernández
Board member

Kristin Skogen Lund
Board member

Sophie Javary
Board member

Peter Brooks-Johnson
Board member

Terje Seljeseth
Board member

Rolv Erik Ryssdal
CEO

Independent Auditor's report

To the Annual Shareholders' Meeting of Adevinta ASA

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Adevinta ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Adevinta ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019, the income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment assessment of goodwill

The Group is active in establishing positions at an early point in time in online classifieds marketplaces through business combinations. Investments that currently recognize low or negative profitability are dependent on future growth in profitability to recover goodwill. Estimates related to future profitability and cash flows and the determination of discount rates to calculate present values are based on management`s expectations on market developments, the competitive situation, technological development, the ability to realize synergies, interest rate levels and other relevant factors. The use of different assumptions could produce significantly different value in use estimates. Since goodwill related to cash generating units with low or negative profitability is material and subject to estimation uncertainty, impairment assessment of goodwill was a key audit matter.

We assessed the design effectiveness of internal controls related to the impairment assessment process. Our procedures included assessing the identification of cash generating units and testing of assumptions used in the value in use model, including estimates related to forecasted future cash flows and the estimated WACC. As part of our procedures we discussed the forecasted sales, the current market situation and expectations about future growth with management. We also tested supporting documentation related to budgets and sales forecasts and the mathematical accuracy of the value in use calculation and assessed sensitivity analysis of the critical assumptions prepared by management. We used a valuation specialist to assist us in evaluating the discount rate applied.

The estimation uncertainty related to impairment assessment is disclosed in note 3 and note 15 to the annual report.

Revenue recognition and cut-off

Revenue is recognized when the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. A good or service is considered transferred when the customer obtains control. Adevinta has products and services with various contractual terms and different pricing elements in contracts with customers throughout the Group. Some revenue is recognized over a period whilst others at a certain point in time. Several IT-systems provide input to the revenue recognition processes and there have been significant changes to these processes in recent years. Due to the complexity of the revenue models and the supporting IT-systems, there is a risk of revenue not being recognized in the correct period. Hence, cut-off of revenue was a key audit matter.

We assessed the design and tested the operating effectiveness of internal controls related to revenue recognition. Further, we considered the Group's assessment and the impact of the new revenue recognition standard, IFRS 15 Revenue from contract with customers, including the appropriateness of the Group's accounting policies. We have on a sample basis compared sales transactions, recognized before and after the balance sheet date to customer contracts and performance obligations and assessed whether the implied revenue recognition criteria is in compliance with the group accounting policies as disclosed in note 7 to the annual report.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's

Independent Auditor's report continued

Building a better working world

report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 30 March 2020
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

Share information

Adevinta ASA is listed on the Oslo Stock Exchange and our aim is that our shares should be perceived as an attractive investment. A competitive return should be based on a sound financial position and be ensured through long-term growth in the share price and a dividend. The company's share price should reflect the company's long-term value creation.

Adevinta's Board has adopted a strategy where growth is one of the key objectives, and the company would like to take advantage of opportunities to expand organically or through value enhancing M&A. This requires an agile organisational mindset and a sufficiently robust capital structure. As an independent company from the main shareholder Schibsted ASA, Adevinta is equipped to potentially utilise the equity market as a source of financing.

Shareholders	31 December 2019
Number of registered shareholders	4,391
Share of non-Norwegian shareholders	27.7%
Average daily trading volume FY 2019	369,530
Average daily trading value FY 2019	NOK 34.1 million
Turnover velocity	17%

Source: VPS/Oslo Stock Exchange

Largest country of ownership (VPS)	31 December 2019
Norway	72.3%
USA	14.0%
UK	5.8%
Luxembourg	1.9%
Belgium	1.5%
Other	4.3%

Source: VPS

The trading data in the table above are based on data from the Oslo Stock Exchange. In 2019, around 33% of trading of the shares took place on the Oslo Stock Exchange (source: Fidessa Fragulator).

Adevinta conducts a quarterly analysis of shareholders registered at nominee accounts. A list of Adevinta's shareholders including those registered at nominee accounts is presented below. The list is updated as of 31 December 2019.

Rank	Name	% of shares outstanding	Number of shares
1	Schibsted ASA	59.3%	406,050,523
2	Blommenholm Industrier AS	6.3%	43,313,297
3	Fidelity Management & Research Company	4.0%	27,719,108
4	Folketrygdfondet	3.4%	22,974,563
5	Baillie Gifford & Co.	2.5%	17,442,647
6	Capital World Investors	1.6%	11,240,025
7	York Capital Management L P.	1.5%	10,124,503
8	Adelphi Capital LLP	1.2%	8,464,049
9	Capital Guardian Trust Company	1.2%	7,937,134
10	The Vanguard Group, Inc.	1.1%	7,249,846
11	Alecta pensionsförsäkring, ömsesidigt	0.9%	6,185,326
12	Pelham Capital Ltd	0.9%	6,117,429
13	Citigroup Global Markets	0.9%	5,884,365
14	Goldman Sachs International	0.8%	5,310,383
15	Alfred Berg Kapitalforvaltning AS	0.6%	4,245,466
16	JPMorgan Chase Bank GTS CL A/C Escrow Account	0.6%	4,216,128
17	Alken Asset Management Ltd	0.6%	4,134,046
18	KLP Forsikring	0.6%	3,964,787
19	Mitsubishi UFJ Trust and Banking Corporation	0.5%	3,680,014
20	Storebrand Kapitalforvaltning AS	0.5%	3,570,765

The shareholder identification data are provided by Nasdaq OMX. The data are obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Adevinta share register. Whilst every reasonable effort is made to verify all data, neither Nasdaq OMX or Adevinta can guarantee the accuracy of the analysis.

Dividend and buyback of shares

Distribution of dividend and opportunity to buyback shares are regarded as suitable ways to adapt the capital structure. The Board of Directors has adopted a dividend policy that allows for development of Adevinta's business and further growth. Thus, the Company's ambition is to pay a stable and growing dividend going forward while maintaining flexibility to invest in growth. As announced at the IPO, the Company will not pay any dividend for the 2019 fiscal year.

The General Meeting has provided Adevinta with an authorization to buy back up to 5% of the Company's shares for a period until the Annual General Meeting of the Company in 2020.

Share information continued

Shareholder structure

Schibsted ASA is Adevinta's largest shareholder, as Adevinta was demerged from Schibsted in 2019. Schibsted has stated that the company will continue to be an active, significant long-term owner of Adevinta. Schibsted exercises its ownership through representation on Adevinta's Board of Directors. This provides the Group with long-term ownership stability.

Blommenholm Industrier, the main shareholder of Schibsted ASA has stated that its shareholding in Adevinta is considered to be a long term financial investment.

Adevinta has one share class, and the shares are freely marketable. There are no voting- or ownership restrictions in Adevinta.

Return

The Adevinta share is listed on the Oslo Stock Exchange with the ticker code ADE. The share is among the most traded in Norway and is a constituent of the Oslo Stock Exchange Benchmark Index.

Adevinta is covered by sell-side analysts in Scandinavia and London. At year-end 2019, 17 sell-side institutions, eight of them based outside Scandinavia, officially covered the Adevinta share.

Based on the share price of NOK 78 in the initial public offering ahead of the listing 10 April 2019, the Adevinta share produced a total return for shareholders of 33.3% since the time of listing 10 April 2019. By comparison, the Oslo Stock Exchange Benchmark Index (OSEBX) produced a return of 6.8% in the same period, based on the closing price 9 April 2019.

Share price development for Adevinta compared to various indices and peers can be accessed at Adevinta.com/ir.

Collapse of share classes

Adevinta was listed on the Oslo Stock Exchange with two share classes 10 April 2019. The A shares carried 10 votes per share whereas the B shares carried one vote. During the fall of 2019 the company collapsed the share classes into one, with equal rights for all shareholders.

LESSEBO PAPER

Scandia 2000®

Scandia 2000® is produced at Lessebo Paper mill in Småland, Sweden. It is manufactured from timber, harvested from environmentally certified Swedish forests and grown in proximity to Lessebo. The minimised transport contributes to low carbon dioxide emissions. All production site energy is produced from 100% biomass fuel and renewable excess energy supply district heating to local homes. Scandia 2000® has a considerably smaller carbon footprint than that of a standard paper and is considered a green paper choice.

invicomm

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