PROSPECTUS

ADEVINTA ASA

(a public limited liability company incorporated under the laws of Norway)
Listing of 342,474,251 new shares in Adevinta ASA on Oslo Børs

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The information contained in this prospectus (the "**Prospectus**") relates to the listing on Oslo Børs (the "**Oslo Stock Exchange**") of 342,474,251 new ordinary shares with voting rights (the "**Listing Shares**") in Adevinta ASA, a public limited liability company existing under the laws of Norway with business registration number 921 796 226 (the "**Company**" or "**Adevinta**", and taken together with its subsidiaries, the "**Group**") in connection with the Company's acquisition of eBay Classifieds Group (the "**Target**" or "**eBay Classifieds**").

On 20 July 2020, the Company entered into a transaction agreement (the "**Transaction Agreement**") with eBay Inc. ("**eBay**" or the "**Seller**") to acquire the Target (the "**Transaction**"). Pursuant to the terms and conditions of the Transaction Agreement, the Company will acquire the Target against consideration in the form of cash and a total of 539,994,479 new shares in the Company to be issued to the Seller (the "**Consideration Shares**"). The Consideration Shares comprises the Listing Shares and 197,520,228 new shares in a separate share class without voting rights (the "**Class B Shares**"). The Company's currently issued and outstanding ordinary shares with voting rights and the Listing Shares are hereinafter referred to as the "**Class A Shares**", and together with the Class B Shares the "**Shares**".

All of the Company's existing Class A Shares are, and the Listing Shares will be, listed on the Oslo Stock Exchange under the ticker code "ADE". The Listing Shares will be admitted to trading and listed on the Oslo Stock Exchange upon completion of the Transaction, expected during first quarter of 2021. The Class B Shares will not be admitted to trading and listing on the Oslo Stock Exchange or any other regulated market place.

All of the Company's existing Shares are, and the Listing Shares and the Class B Shares will be, registered with Euronext VPS, the Norwegian Central Securities Depository (Nw. Verdipapirsentralen) (the "**VPS**"), in book-entry form. All the Class A Shares will rank in parity with one another and carry one vote per Class A Share. All the Class B Shares will rank in parity with one another and equal rights as the Class A Shares except that the Class B Shares will not carry voting rights.

For the definitions of capitalised terms used throughout this Prospectus, see Section 20 "Definitions". **Investing in the Shares involves risks; see Section 2 "Risk Factors" beginning on page 12.**

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY. THE PROSPECTUS DOES NOT CONSTITUTE AN OFFER, OR INVITATION TO PURCHASE, SUBSCRIBE OR SELL, ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SHARES OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS

The date of this Prospectus is 23 December 2020

IMPORTANT INFORMATION

This Prospectus has been prepared in connection with the listing of the Listing Shares on the Oslo Stock Exchange (the "**Listing**"), and is based on the simplified disclosure regime for secondary issuances, cf. Article 14 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC[1], as amended, (the "**EU Prospectus Regulation**") and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended from time to time, the "**Norwegian Securities Trading Act**").

This Prospectus has been prepared in order to provide information about the Company and its business in relation to the Listing and to comply with the Norwegian Securities Trading Act and related secondary legislation, including the EU Prospectus Regulation. This Prospectus has been prepared solely in the English language.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Listing between the time when this Prospectus is approved by the Norwegian FSA and the date of listing of the Listing Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Company's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorised to give any information or to make any representation concerning the Group or in connection with the Listing other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. The Company require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Shares described herein and no Shares are being offered or sold pursuant to this Prospectus in any jurisdiction.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

All Sections of the Prospectus should be read in context with the information included in Section 4 "*General Information*".

NOTICE TO INVESTORS IN THE UNITED STATES

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY U.S. STATE OR OTHER JURISDICTION. THE COMPANY DOES NOT PLAN TO REGISTER THE ISSUANCE OR RESALE OF THE SHARES UNDER THE U.S. SECURITIES ACT. THE SHARES MAY NOT BE RE-OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT (A) UNDER A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AS APPLICABLE OR (C) PURSUANT TO ANOTHER APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT; IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS, AND IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, ONLY IF THE COMPANY HAS RECEIVED DOCUMENTATION SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT.

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[1] Means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.

NOTICE TO UNITED KINGDOM INVESTORS

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "**UK**") or (ii) persons in the UK who are qualified investors as defined in the Prospectus Directive that are also: (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (b) high net worth companies or other persons falling within Article 49(2)(a) to (d) of the Order; or (c) otherwise persons to whom it may lawfully be directed (all such persons together being referred to as **"relevant persons"**). In the UK, the Shares are only available to, and any subsequent invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, relevant persons. Any person in the UK who is not a relevant person should not act or rely on this Prospectus or any of its contents.

ENFORCEMENT OF CIVIL LIABILITIES

Adevinta is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The members of the Company's board of directors (the **"Board of Directors"** or **"Board"** and each of them a **"Board Member"**) and the members of the senior management of the Company (the "**Management"**) are not residents of the United States. Virtually all of the Company's assets and the assets of the Board Members and members of Management are located outside the United States. As a result, it may be difficult or impossible for investors in the United States to effect service of process upon the Company or the Board Members or members of Management in the United States or to enforce against the Company or those persons judgments obtained in U.S. courts, whether predicated upon civil liability provisions of the federal securities laws or other laws of the United States.

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or the Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. Similar restrictions may apply in other jurisdictions.

CONTENTS

1. SUMMARY

Introduction	
Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
The Securities	As of the date of this Prospectus, the Company has one class of ordinary shares in issue, and all shares in that class have equal rights in the Company. Following completion of the Transaction, the Company will have two share classes consisting of Class A Shares and Class B Shares.
The Issuer	Adevinta ASA is registered in the Norwegian Register of Business Enterprises *(Nw. Foretaksregisteret)* with registration number 921 796 226 and has its registered address at Grensen 5, 0159 Oslo, Norway. The Company's website can be found at www.adevinta.com. The Company's LEI is 529900W8V3YLHRSZH763. Adevinta ASA is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The Company was incorporated in Norway on 9 November 2018.
The Offeror(s)	Not applicable. There is no offering of Shares.
Competent Authority Approving the Prospectus	The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), with registration number 840 747 972 and registered address at Revierstredet 3, 0151 Oslo, Norway, and with telephone number +47 22 93 98 00 has reviewed and on 23 December 2020, approved this Prospectus.
Key information on the Issuer	
Who is the Issuer of the Securities?	
Corporate Information	Adevinta ASA is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The Company was incorporated in Norway on 9 November 2018.
Principal activities	Adevinta is a global online classifieds company with generalist, real estate, cars, jobs and other internet marketplaces in 12 countries, connecting buyers seeking goods or services with a large base of sellers. Its portfolio spans to more than 30 digital products and websites, attracting 1.4 billion average monthly visits. Leading brands include top-ranked Leboncoin in France, and InfoJobs, Fotocasa, Coches.net and Milanuncios in Spain.
Major Shareholders	Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. As of 22 December 2020, which was the latest practicable date prior to the date of this Prospectus, and insofar as known to the Company, the following persons had, directly or indirectly, interest in 5% or more of the issued share capital of the Company: | | % | | Schibsted ASA | 59.3 |

Key managing directors	The Company's key management comprises of the following members: **Name** / **Position** Rolv Erik Ryssdal — CEO Uvashni Raman — CFO Antoine Jouteau — CEO of the Leboncoin Group Gianpolo Santorsola — CEO of Adevinta Spain Ovidiu Somonov — SVP for Global Markets Renaud Bruyeron — Chief Product & Technology Officer Nicki Dexter — SVP People and Communications
Statutory auditor	The Company's independent auditors are Ernst & Young AS which has their registered address at Dronning Eufemias gate 6, 0191 Oslo, Norway.
What is the Key Financial Information Regarding the Issuer?	
Selected Historical Key Financial Information	The selected historical key financial information presented below has been derived from the Group's unaudited consolidated income statement for the three- and nine-months periods ended 30 September 2020 and 2019, and from the Group's audited consolidated income statements for the years ended 31 December 2019 and 2018.

The tables below set out key figures from the Company's income statement for the three and six month periods ended 30 June 2020 and 2019 and the three and nine month periods ended 30 September 2020 and 2019 (derived from the Interim Financial Statements (as defined herein)) and from the income statements for the years ended 31 December 2019 and 2018 (derived from the Financial Statements (as defined herein).

	Year ended 31 December	
	2018	**2019**
(in EUR million)	**(IFRS audited)***	
Operating revenues	594.6	680.3
Operating profit (loss)	68.4	122.8
Profit (loss)	(7.0)	67.1

	For the three months period ended 30 September		**For the nine months period ended 30 September**	
	2019	**2020**	**2019**	**2020**
(in EUR million)	**(IFRS unaudited)**		**(IFRS unaudited)**	
Operating revenues	165.4	171.1	496.0	490.6
Operating profit (loss)	41.0	13.6	110.3	61.7
Profit (loss)	22.2	(27.7)	63.4	(67.8)

	For the three months period ended 30 June		**For the six months period ended 30 June**	
	2019	**2020**	**2019**	**2020**
(in EUR million)	**(IFRS unaudited)**		**(IFRS unaudited)**	
Operating revenues	170.3	145.0	330.6	319.5
Operating profit (loss)	32.3	22.4	69.3	48.1
Profit (loss)	18.2	(3.2)	41.2	(40.1)

**) Figures are derived from the audited Financial Statements, but the figures included in the table are not audited as such.*

The table below sets out the key figures for the Company's balance sheet information as of the six and nine month periods ended 30 June and 30 September 2020 and 2019, respectively (derived from the Interim Financial Statements), and the Company's balance sheet information as of 31 December 2019 and 2018 (derived from the Financial Statements).

(in EUR million)	Per 31 December		As of 30 June		As of 30 September	
	2018	2019	2019	2020	2019	2020
	(IFRS audited)*		(IFRS unaudited)		(IFRS unaudited)	
Total assets	2,153.5	2,119.8	2,119.8	2,282.1	2,2029.6	2,259.0
Total equity	1,331.7	1,538.8	1,538.8	1,397.2	1,537.5	1,293.7

*) Figures are derived from the audited Financial Statements, but the figures included in the table are not audited as such

The tables below set out the key figures for the Company's cash flow information for the three and six month periods ended 30 June 2020 and 2019, and for the three and nine months period ended 30 September 2020 and 2019 (derived from the Interim Financial Statements) and the Company's cash flow. information for the years ended 31 December 2019 and 2018 (derived from the Financial Statements).

(in EUR million)	Year ended 31 December,	
	2018	2019
	(IFRS audited)*	
Net cash flow from operating activities	73.9	134.1
Net cash flow from investing activities	(33.8)	(137.0)
Net cash flow from financing activities..............	(22.9)	19.2

(in EUR million)	For the three months period ended 30 September		For the nine months period ended 30 September	
	2019	2020	2019	2020
	(IFRS unaudited)		(IFRS unaudited)	
Net cash flow from operating activities	36.8	33.8	107.7	89.8
Net cash flow from investing activities	(11.8)	(10.7)	52.1	44.6
Net cash flow from financing activities..............	(2.9)	(2.6)	(23.7)	212.2

(in EUR million)	For the three months period ended 30 June		For the six months period ended 30 June	
	2019	2020	2019	2020
	(IFRS unaudited)		(IFRS unaudited)	
Net cash flow from operating activities	19.8	13.3	56.0	70.8
Net cash flow from investing activities	(24.5)	(14.5)	(40.4)	(33.9)
Net cash flow from financing activities..............	16.5	219.1	(20.8)	214.8

*) Figures are derived from the audited Financial Statements, but the figures included in the table are not audited as such.

Selected Key Pro Forma Financial Information	The table below sets out key figures derived from the Company's unaudited pro forma statement of profit and loss and comprehensive income for 2019 (derived from the pro forma financial information).

	(financial tables below)

EUR	2019 (pro forma) (unaudited)
Revenue	1,632.3
Operating profit (loss)...	210.9
Profit (loss)	109.9

The table below sets out the key figures for the Company's pro forma balance sheet information as of 31 December 2019 (derived from the pro forma financial information).

EUR	2019 (pro forma) (unaudited)
Total assets	13,642.4
Total equity	9,387.5

Profit Forecast or Estimate	Not applicable. No profit forecast or estimate is included in this Prospectus.
Audit Report Qualification	Not applicable. No qualifications.

What are the Key Risks That are Specific to the Issuer?

Key Risks Specific to the Issuer

Key risks relating to the business of the Group and the industry in which it operates:

- The online classifieds market is highly competitive and the Group is subject to intense competition which could limit the Group's ability to maintain or increase its market share or to improve monetization to reach profitable levels.
- The Group's business depends significantly on its branding, and any failure to maintain and enhance its existing brands and to develop new brands may reduce demand for, and attractiveness for the Group's services.
- The Group faces risk with respect to the continuing effects of COVID-19. COVID-19 has impacted all of the Group's markets. The continued and future impact of COVID-19 could have a material adverse impact on the Group's business, financial condition, results of operations, prospects and liquidity. Further, the impact of COVID-19 may heighten or exacerbate many of the other risks discussed in the "Risk Factor" Section.
- If the Group's security measures or those of third-party systems that host personal data are breached or unauthorised access to customer data is otherwise obtained, the Group may lose customer confidence and may be exposed to litigation or related proceedings.

	• The Group is dependent on adapting in a timely manner to continuing change, evolving industry standards and customers' and consumers' changing needs and preferences. If the Group is not be able to adapt, any of the foregoing may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. • The Group's operations are subject to a significant number of tax regimes, including taxation of the Group's digital services, and changes in legislation or regulations in anyone of the countries in which the Group operates could have a material adverse effect on its business results of operations and financial condition. *Key risks related to the Transaction:* • The Group will incur significant indebtedness in connection with the consummation of the Transaction and the integration of eBay Classifieds into the Group's business which may limit the Group's financial and operating flexibility. • The Group may not realise any or all of the expected benefits and synergies associated with the Transaction. Any of the Group's assumptions regarding synergies and expected benefits could be inaccurate and, therefore, the estimates herein may prove to be inaccurate or the objectives and plans expressed in these estimates may not be achieved which could have an adverse effect on the Group's business, financial condition, results of operations and the ability to service the Group's indebtedness. • Integrating the eBay Classifieds business into the Group's business may divert management's attention away from operations, and the Group may also encounter significant difficulties in integrating the two businesses which could materially impact the Group's business, financial condition, prospects and results of operations. • The Transaction Agreement and the Group's insurance policy for breaches may not cover all the risks relating to the Transaction and there can be no assurance that the Group will recover any amounts with respect to losses due to breaches of eBay's representations and warranties, or that the representations and warranties contained in the Transaction Agreement cover all the risks.
Key Information on the Securities	
What are the Main Features of the Securities?	
Type, Class of Securities Identification and ISIN Number	All of the current issued and outstanding Shares are ordinary Class A Shares in the Company and have been issued under the Norwegian Public Limited Liability Companies Act. The currently issued and outstanding Class A Shares are registered in book-entry form with the VPS under ISIN NO0010844038. Upon completion of the Transaction, the Listing Shares will be registered in book-entry form with the VPS under the same ISIN number as the Company's current issued and outstanding Class A Shares. The Class B Shares will be registered in book-entry form with the VPS under a separate ISIN.
Currency, Number and Par Value of the Securities	As of the date of this Prospectus, the Company's share capital is NOK 136,989,700.40, divided into 684,948,502 Class A Shares, each having a nominal value of NOK 0.20. The currently issued and outstanding Class A Shares are issued in NOK and are currently traded in NOK on the Oslo Stock Exchange. Following completion of the Transaction, the total share capital of the Company will be NOK 244,988,596.20, divided into 1,224,942,981 Shares consisting of 1,027,422,753 Class A Shares and 197,520,228 Class B Shares, each Share with a nominal value of NOK 0.20. The Class A Shares will represent NOK 205,484,550.60 and the Class B Shares will represent NOK 39,504,045.60 of the total share capital.
Rights Attaching to the Securities	As of the date of this Prospectus, the Company has one class of shares, and all Class A Shares provide equal rights in the Company in accordance with the Norwegian Public Limited Liability Companies Act and the Articles of Association of the Company. Each Class A Share carries one vote. The holders of Class A Shares have no pre-emptive rights in connection with transfer of Shares. The Listing Shares that will be issued on closing of the Transaction will carry the same legal and beneficial rights as the currently issued and outstanding Class A Shares as of the date of this Prospectus. The Class B

	Shares that will be issued on closing of the Transaction rank in parity with one another and will have equal rights as the Class A Shares except that the Class B Shares will not carry voting rights. The Class B Shares can be exchanged into Class A Shares on the terms set out in the Company's Amended Articles of Association that will take effect upon completion of the Transaction pursuant to the Norwegian Public Limited Liability Companies Act section 4-(2) on a one-for-one basis, as long as eBay (or any other holder of Class B Shares) would not as a result of such exchange hold Class A Shares representing in excess of one third of the total number of outstanding Class A Shares, unless such holder has already triggered a mandatory offer obligation under the Norwegian Securities Trading Act and publicly announced that it intends to put forward a mandatory offer, provided that such offer has not already been completed at the time of the request for exchange. The Amended Articles of Association are attached to this Prospectus in Appendix C.
Restrictions on Transfer	The Shares are freely transferable. The Articles of Association do not provide for any restrictions, or a right of first refusal, on transfer of Shares. Share transfers are not subject to approval by the Board of Directors. Following completion of the Transaction, the Class A Shares and Class B Shares will be freely transferable pursuant to the Amended Articles of Association, however so that upon a transfer of Class B Shares to a transferee who is not a close Associate of eBay), the relevant Class B Shares shall be exchanged for Class A Shares, except (at the election of the transferor) for a transfer to a third party acquirer in a mandatory tender offer. On closing of the Transaction, the Company, eBay, certain subsidiaries of eBay that will receive a portion of the Consideration Shares and Schibsted will enter into a Liquidity and Information Rights Agreement pertaining to the facilitation of orderly disposition of the Company's Shares. The Liquidity and Information Right Agreement sets out certain contractual limitations regarding eBay's and Schibsted's ability to transfer Shares during specified periods following completion of the Transaction.
Dividend Policy	The Board of Directors of the Company 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. The Company does not expect to pay any dividend in 2021. There can be no assurance that a dividend will be proposed or declared in any given year. If a dividend is proposed or declared, there can be no assurance that the dividend amount will be as contemplated, and the proposal to pay a dividend in any year is subject legal restrictions and restrictions under the Group's borrowing arrangements or other contractual arrangements in place at the time.
Where will the securities be traded?	
Admission to Trading	The Company's Class A Shares are, and the Listing Shares will be, admitted to trading on the Oslo Stock Exchange. Subject to completing the Transaction, trading of the Listing Shares is expected to commence on the Oslo Stock Exchange during first quarter 2021.
What are the key risks that are specific to the securities?	
Key Risks Specific to the Securities	Key risks related to the Shares: • Future sales, or the possibility of future sales of substantial numbers of Shares, by the Company's shareholders, including Schibsted and eBay following completion of the Transaction, could affect the Shares' market price. • Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares. • Investors could be unable to exercise their voting rights for Class A Shares registered in a nominee account.

	• Pre-emptive rights to subscribe for Shares in future issuances could be unavailable to U.S or other shareholders • The Company may from time to time experience conflicts of interest in its relationship with Schibsted, and following completion of the Transaction, eBay, and because these shareholders owns significant stakes in the Company the resolution of these conflicts may not be on the most favourable terms for the Company or its other shareholders.
Key information on the Offering and/or the admission to trading on a regulated market	
Under which conditions and timetable can I invest in this security?	
Terms and Conditions for the Offer	Not applicable. There is no offering of Shares.
Dilution	The issuance of the Consideration Shares to eBay will result in an immediate dilution of approximately 44 % with respect to economic interest and 33.3 % with respect to voting rights for the Company's existing shareholders.
Proceeds and Estimated Expenses	Not applicable. There is no offering of Shares.
Who is the Offeror and/or the Person asking for admission to Trading?	
Brief description of the Offeror(s)	Not applicable. There is no offering of Shares.
Why is this Prospectus being produced?	
Reasons for the Offering/ Admission to Trading	The Prospectus is prepared to enable the Listing Shares to be admitted to trading on the Oslo Stock Exchange in the same manner as other Class A Shares. The Consideration Shares are being issued as partial consideration for the Company's acquisition of eBay Classifieds.
Use of proceeds	Not applicable.
Underwriting	Not applicable. There is no offering of Shares.
Material and Conflicting Interests	The Company is not aware of any interest of any natural and legal persons involved in the Listing that is material to the Listing.

2. RISK FACTORS

An investment in the Shares involves inherent risks. An investor should consider carefully all information set forth in this Prospectus and, in particular, the specific risk factors set out below. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of the entire investment. If any of the risks described below materialise, individually or together with other circumstances, they may have a material adverse effect on the Group's business, financial condition, results of operations and cash flow, which may affect the ability of the Group to pay dividends and cause a decline in the value and trading price of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described in this Section 2 are the material known risks and uncertainties faced by the Group as of the date hereof, and represent those risk factors that the Company believes to represent the most material risks for investors when making an investment decision in the Shares. An investment in the Company is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors included in this Section 2 are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialise, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares. Additional factors of which the Company is currently unaware or which it currently deems not to be risks, may also have corresponding negative effects.

2.1 Risks relating to the Group's business and industry

The online classifieds market is highly competitive and the Group is subject to intense competition which could limit the Group's ability to maintain or increase its market share or to improve monetization to reach profitable levels.

The Group operates in a market that is intensely competitive and characterised by network effects, in which high numbers of listings attract audience traffic and more traffic, in turn, attracts listings and advertising. The Group faces competition from a wide variety of online and offline companies providing platforms and advertising space to consumers and merchants. Both consumers and listers have several alternative channels to reach each other, and consumers and listers are generally attracted to brands and online classifieds sites with high volumes of listings and consumers, and more listings attract more consumers. Consequently, the Group is significantly dependent on achieving and maintaining leading market positions to ensure that the Group's listings attract consumers, in order to maintain or increase the attractiveness of the Group's brands for listers and advertisers.

The Group is facing increased competition from global internet companies and aggregators that have entered the online classifieds market in recent years, such as Facebook, LinkedIn, CarGurus and Google. In particular, Facebook Marketplace, has quickly grown to be a leading player in many countries where the Group is present, including the Group's largest markets, and has shifted its strategy from initially targeting private listers, to partnering with professionals in the car and real estate verticals. This has opened its jobs functionality to third-party companies, thereby posing an increasing risk to the Group's market positions, including due to the scale and reach of Facebook's Marketplace. Google has also recently entered the jobs vertical in certain geographies.

Further, the existing user base of some of these global internet companies and aggregators means that they do not have to resort to significant marketing efforts. Platforms operated by global internet companies typically have access to large amounts of information about their users, and enjoy strong brand recognition, as well as large user and customer bases, which may be leveraged to increase their footprint across the online classifieds market via organic growth, new platforms or by including additional classifieds providers into their ecosystems. Due to their size and resources, such global internet companies may increasingly compete with the Group's market share and therefore have a material adverse effect on the Group's business, financial condition and results of operation.

The Group competes with other generalist online classifieds sites that offer listings across product categories (including Vinted, which is expanding from its traditional fashion focus in multiple jurisdictions), as well as many vertical online classifieds sites focused on one category such as SeLoger for real estate in France, Scout24 for motor in Germany, Italy, Austria and Belgium, AutoTrader and CarGurus for motor in the UK and Canada, and Indeed for jobs in Spain and Vinted for fashion in multiple jurisdictions. Many of the competing sites or platforms are owned and/or operated by other global or regional classifieds players that have access to strong competence and significant financial resources.

The Group also competes with new mobile online classifieds sites, several of which are being operated by venture capital-funded startup companies or global classifieds players, and have used, and are expected to continue to use, significant resources in order to gain market share in the online classifieds market, through innovation and new technologies that may enable competitors to offer a more efficient or lower-cost service. Furthermore, a shift of traffic to mobile and applications could result in lower advertising revenues.

The Group faces competition from new so-called "hypervertical" online classifieds sites such as AirBnB for accommodation. These highly specialized online classifieds sites offer user experiences adapted to a narrower usage than the more traditional verticals and generalist online classifieds sites, and differentiate themselves through highly intuitive workflows and alternative consumption models. Similar to generalist mobile online classifieds sites, several of these hypervertical online classifieds sites are run by venture capital-funded start-up companies which have significant resources to gain market share.

The Group also faces competition as a result of generalist search engines (i.e. general-purpose search engines, such as Google and Yahoo, which search the internet for general information covering a wide range of subjects), general or specialized sites and sites created by working professionals (such as real estate agents, car dealers and recruiters) who are also increasingly using multiple sales channels, including by paying for search-related advertisements on generalist search engine sites. The Group uses generalist search engines and paid search advertising to help users find the Group's sites, but such services may also potentially divert the Group's users to other online classifieds platforms, either through other advertisers out-bidding the Group in the context of paid search advertising or other platforms being prioritized ahead of the Group in organic search results, thereby adversely affecting the Group's business.

The Group's ability to maintain its leading positions will depend on, among other things, its ability to develop and improve the Group's products and services and the quality of its sites and mobile applications, how successful the Group's competitors are in developing competing products and services, the level of marketing expenses by competitors and to what extent major internet search and social media companies, such as Facebook and Google, are successful in capturing market shares.

Due, in part, to the rapid technological change, evolving industry standards and changing needs and preferences of customers and users, the Group's competitive landscape is changing rapidly. It is, therefore, difficult for the Group to accurately assess or predict the Group's future competitors and the competitive threats the Group may be facing. There can be no assurance that the Group will be able to compete successfully against other companies that provide similar services and products or that the Group will be able to maintain acceptable margins in the strong competitive environment in which the Group operates. If the Group is not able to compete effectively, the Group may have to change its strategy, business model or asset portfolio, including divestments, either in general or in a specific market, and it could also have a material adverse effect on the Group's business, results of operations, financial condition and prospects. This could also result in an increase in research and development spending in order to compete.

Finally, eBay is not subject to a non-competition clause under the Transaction Agreement and is therefore not prohibited from competing with the Group's business in the future.

The Group's business depends significantly on its branding, and any failure to maintain and enhance its existing brands and to develop new brands may reduce demand for, and attractiveness of the Group's services.

The Group's success depends in large part on its brands and their recognition and awareness. In the markets where the Group is market leading, its brands are particularly important as they benefit from the network effects, but also in the developing markets where the Group is working to build brand recognition and brand awareness for the Group's sites. Both the Group and eBay Classifieds provide their online classifieds platforms and products under a number of different brands in order to cater to the specific needs and preferences of their different customer groups and different geographic markets. These brands could be affected if the Group or eBay Classifieds lose their market leading positions in its primary jurisdictions.

The Group may also be unable to strengthen or maintain the recognition and market position of its existing brands in the relevant markets due to its multi-brand strategy approach or potential negative publicity. For example, the Group's multi-brand strategy could lead to lower brand recognition relative to its competitors that focus all of their marketing efforts on one or a few selected brands. Furthermore, any events that cause professionals and consumers to believe that the Group has failed to maintain high standards of integrity, security and quality could affect the Group's brand image or lead to negative publicity, which may adversely impact its reputation and reduce demand for, and attractiveness of the Group's services. The Group is also susceptible to third parties damaging the reputation of its brands by, for example, posting inappropriate content or inaccurate information on any of the Group's platforms, or through the infringement of the Group's intellectual property rights. Specifically, a subsidiary of the Company, leboncoin, experienced recently that some users sold items tied to National Socialism on its online classifieds site despite having moderation rules in place.[2] The Group's online classifieds sites have from time to time been used for inappropriate or illegal purposes and such incidents have resulted and may in the future result in adverse publicity and harm the reputation of the Group's brands.

The Group's online classifieds sites are branded under different brands and under different domain names. The use of the Group's domain names could infringe upon a third party's trademark registration or other rights, which could prevent the Group from using its domain names. The Group may also be unable to prevent third parties from acquiring and maintaining domain names that infringe or otherwise decrease the value of its brand names, trademarks and other proprietary rights. Regulatory bodies and domain management organizations could establish additional top-level domains, appoint additional domain name registrars or modify requirements for processing and holding domain names, which may prevent us from freely using the Group's domain names. The Group may also fail to protect its domain names, which could adversely affect its reputation and brand, and make it more difficult for users to find the Group's online classifieds sites.

If the Group is unable to protect and maintain its branding status, including its domain names, or if the Group is required to make significant investments to protect its brands from competition or negative publicity, demand for the Group's products and services may decline or its operating costs may increase as a result of increased marketing costs. This may in turn have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is permitted to use certain eBay Motors Group, eBay Classifieds and eBay Kleinanzeigen ("**eBayK**") trademarks for a transitional period of up to three years following closing of the Transaction, depending on the trademark and subject to certain conditions. If the Group does not successfully re-brand such brands following expiration of the transitional period, the Group may suffer a loss in brand-name appeal to existing eBay Classifieds customers in these jurisdictions, and could have a material adverse effect on its business, results of operation, and financial condition.

The Group faces risks with respect to the continuing effects of COVID-19.

In March 2020, the outbreak of the novel strain of the coronavirus identified in late 2019 ("COVID-19") was characterized as a pandemic by the World Health Organization. The outbreak has resulted in government authorities and businesses throughout the world implementing numerous measures intended to contain and limit the spread of COVID-19, including travel bans and restrictions, quarantines, shelter-in-place and lockdown orders, and business restrictions, shutdowns and other limitations. The COVID-19 pandemic and the response thereto has adversely impacted and may continue to adversely impact the Group, as well as its employees, customers, users, suppliers, vendors, banking partners, business partners and businesses in which the Group has minority investments. COVID-19 has impacted all of the Group's markets. The Group continues to monitor the developments relating to COVID-19, including updating risk assessment and measures. In the near term, financial performance will be affected negatively, but it is still too early to predict the full impact that COVID-19 will have on the business.

The Group faces increased risk of disruptions to or failure by third-party vendors, service providers, strategic partners and banking partners to operate their business and meet the expectations of customers and users during the pandemic, all of which could be disruptive to its businesses, which rely on such third parties. The Group also faces risks related to its use of government furlough programs and any government action relating to funds received by the Group under such governmental support measures, including accelerated demands for repayment, all of which could have a material adverse effect on the financial condition and results of operations of the Group. Furthermore, any newly imposed lockdowns or other government measures may have a material adverse effect on the Group's revenues and profitability.

The COVID-19 pandemic has required and is likely to continue to require significant management attention and substantial investments of time and resources across its operations. As a result of the pandemic and to support the health and the wellbeing of the Group's employees, customers, users, partners and communities, the Group has made significant modifications to its business practices, including significant restrictions on business travel, office closures and significant limitations on employee work locations, and cancellation of physical participation in meetings, events, and conferences.

COVID-19 has caused the Group to require employees to work remotely for an indefinite period of time. It is possible that widespread remote work arrangements may have a negative impact on the Group's operations, the execution of its business plans, the productivity and availability of key personnel and other employees necessary to conduct the Group's business, and on third-party service providers who perform critical services for the Group's, or otherwise cause operational failures due to changes in the Group's normal business practices necessitated by the outbreak and related governmental actions. If a natural disaster, power outage, connectivity issue or other event occurred that impacted the Group's employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for the Group's to continue its business for a

[2]https://www.francebleu.fr/infos/faits-divers-justice/des-objets-nazis-mis-en-vente-sur-le-bon-coin-par-un-habitant-de-poitiers-1587728752 (information extracted December 2020)

substantial period of time. The increase in remote working may also result in increased consumer privacy, data security, and fraud risks, and the Group's understanding of applicable legal and regulatory requirements, as well as the latest guidance from regulatory authorities in connection with the COVID-19 pandemic, may be subject to legal or regulatory challenge, particularly as regulatory guidance evolves in response to future developments. An extended period of remote work arrangements and subsequent reintroduction into the workplace could introduce health and safety risks, increase employee absence, operational risk and cybersecurity risk, fraud risk, strain the Group's business continuity plans, negatively impact productivity, give rise to claims by employees, and impair the Group's ability to manage its business or otherwise adversely affect its business. The Group may take further actions as may be required, but there is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19.

The extent to which COVID-19 will continue to impact the Group's business, financial condition, results of operations, prospects and liquidity will depend on numerous evolving factors that are unpredictable, including the duration and scope of the pandemic; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; the impact of the pandemic on global economic activity, unemployment levels and financial markets, including the possibility of a global recession and volatility in the global capital markets which, among other things, may increase the cost of capital and adversely impact its access to capital. In addition, the Group cannot predict the impact that COVID-19 will have on its employees, customers, users, suppliers, vendors, business partners and businesses in which the Group has minority investments, and their respective financial conditions. However, COVID-19 has generally resulted in a decrease in consumer spending, which could have an adverse impact on the Group's sellers through reduced consumer demand for their products and availability of inventory, which could in turn negatively impact the demand for use of its platforms. Any of the foregoing, could have a material adverse impact on the Group's business, financial condition, results of operations, prospects and liquidity. Further, the impact of COVID-19 may heighten or exacerbate many of the other risks discussed in this "Risk Factors" Section.

If the Group's security measures or those of third-party systems that host personal data are breached or unauthorised access to customer data is otherwise obtained, the Group may lose customer confidence and may be exposed to litigation or related proceedings.

The Group's operations involve the storage and transmission of the Group's customers' and consumers' confidential information including personal data. Security breaches, computer malware and computer hacking attacks could expose the Group to a risk of loss of this information, liability and litigation. The Group's security measures may be breached as a result of third-party action, employee error or otherwise, and, as a result, third parties may obtain unauthorized access to the Group's customers' data and the Group's reputation may be damaged, causing the Group to incur significant liability. Additionally, third parties may attempt to fraudulently induce employees into disclosing sensitive information such as user names, passwords or other information in order to gain access to the Group's customers' data or the Group's own data. Due to the constantly evolving nature of these techniques, the Group may be unable to anticipate them. If an actual or perceived breach of the Group's security measures occurs, the market perception of the effectiveness of the Group's security measures could be harmed and the Group could lose potential sales and existing customers.

The Group may be subject to unauthorised attempts to access the Group's servers or the Group's data and information systems (which may contain bank account information and other personal data), or attempts to cause technical malfunctions or interruptions to the Group's IT services. In addition, the inadvertent transmission of computer viruses could expose the Group to a material risk of loss or litigation and possible liability, in particular in the event that the Group is unable to prevent events of data leakage. Violation of the EU data protection regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, or "**GDPR**") or other applicable data protection laws and regulations may result in fines and customer churn, and may harm the Group's reputation in the market. In addition, a data leakage may result in an obligation to inform the individuals affected and the competent data protection supervisory authority. The Group may be required to expend significant capital and other resources to protect the Group's systems against the threat of such viruses and unauthorized access and to rectify any damage to the Group's systems, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is also dependent on online payment systems in order to facilitate payment for products and services on the Group's sites.

Certain of the Group's online classifieds sites use third-party online payment systems, such as Adyen, which is used by Leboncoin. The Group does not have control over the security measures of the Group's third-party online payment vendors, and security breaches of the online payment systems that the Group uses could expose us to litigation and liability for failing to adequately secure confidential customer information, which could also damage the Group's reputation and the perceived security of the Group's online classifieds sites. The occurrence of security breaches, or billing software errors, may lead to customer distrust of online payment systems, which could result in a decrease in use of the Group's online classifieds sites and could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Computer malware, viruses, and computer hacking and phishing attacks are prevalent in the Group's industry, and have occurred on the Group's systems in the past, and may also occur in the future. Any failure to maintain performance, reliability, security, and availability of the Group's products and technical infrastructure to the satisfaction of the Group's users may harm the Group's reputation and ability to retain existing users and attract new users.

The Group is subject to technological changes, evolving industry standards and customers' and consumers' evolving needs and preferences.

The online classifieds industry is characterized by the introduction of new technologies and rapid increases in the diversity and sophistication of the technologies and services offered. New technologies and methods of offering online classifieds to professionals and consumers present a dynamic competitive challenge, as market participants offer multiple new products and services, such as analytics and user optimization. The Group's competitors may introduce features or technologies that are perceived among customers to be better than the Group's and competitors may enter the markets in which the Group operate with better products and services, or more advanced and extensive data and analytical tools.

As a result, the Group may face increasing competition from the application of technologies that are currently being developed, such as artificial intelligence, augmented reality, big data and voice-based functions that could alter the way the market currently operates, or which may be developed in the future by its existing or future competitors, new market entrants or global internet companies such as Google and Facebook.

A significant and growing portion of the Group's users access its platforms through mobile devices. The Group's success largely depends on its ability to successfully address the rapidly evolving market for transactions on mobile devices, and its inability to do so could have an adverse effect on its business, financial condition, results of operation and prospects. Furthermore, future development or application of new or alternative technologies, services or standards could require significant changes to its business model, the development of new products and services, the provision of additional services or substantial new investment. The Group may not be able to adapt its services in an adequate and timely manner in order to keep up with the rapid development in the market, which could lead to a loss of consumers, customers, advertisers and market share and/or increased costs, which could affect profitability. The introduction of new business models in online classifieds industry may lead to structural changes and affect the industry standards. Whereas its business model relies on charging customers for prominence on its online classifieds sites, new competitors use different approaches such as commissions or other transaction-based revenue models.

The Group cannot predict how emerging and future technological changes will affect its operations, and, therefore, the Group cannot guarantee that it will devote appropriate amounts of capital and resources to develop the necessary technologies. New or enhanced technologies, services or offerings that the Group may introduce may fail to achieve sufficient market acceptance or may experience technical difficulties. In addition, the Group may not recover the investments it has made or may make to deploy these technologies, offerings and services, and the Group cannot guarantee that it will be able to do so in a timely and cost-efficient manner. Finally, the Group may not be able to obtain funding on reasonable terms or at all in order to finance the necessary capital expenditures to keep up with technological developments or to develop new or enhanced technologies, offerings and services. Any of the foregoing may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's operations are subject to a significant number of tax regimes and changes in legislation or regulations.

The Group operates in several countries, and, therefore, the Group's tax filings are subject to the jurisdiction of a significant number of tax authorities and tax regimes as well as to cross-border tax treaties between governments. As a result of the nature of its operations, the Group routinely has to deal with complex tax issues where the legislative framework is unclear and/or subject to change without pre-warning or transitional regulations. The Group's management determines its tax provisions based on its interpretation of local tax laws and existing practices and uses assumptions regarding the tax deductibility of items and recognition of revenue. Changes in applicable legislation or regulations, or the above-mentioned assumptions and practices could affect the amount of income taxes that the Group provide for in any given year and could have a material adverse effect on the Group's business, results of operations and financial condition.

Determination of the Group's worldwide provision for direct and indirect taxes is made based on judgment and there are transactions and calculations where the ultimate direct and indirect tax determination is uncertain. The Group also engages in a significant number of intra-group transactions between legal entities in different jurisdictions. Although the Group believes that it follows generally accepted transfer pricing practices, the Group's interpretations may be challenged which could have a material adverse effect on the Group's business, results of operations and financial condition.

In addition, tax authorities may challenge the transactions in relation to the Transaction and the Transaction Agreement includes an indemnification provision requiring the Group to indemnify eBay for certain losses (which may be covered by relevant insurance). In this context, see the Risk Factor "The Transaction Agreement and the Group's insurance policy for breaches of representations and warranties may not cover all the risks relating to the Transaction".

***The Group is subject to complex digital tax regimes which could affect the amount of taxes payable by the Group and adversely affect the Group's business*.**

Tax laws and regulations relating to the provision of goods and services over the internet are currently being developed.

The Group's business model subjects it, or may subject it, to current or prospective laws, policies, legal obligations and industry codes of conduct relating to the taxation of the digital economy, as well as potentially any future changes in such measures or the practice and interpretation thereof.

The Organization for Economic Co-operation and Development (OECD), as part of its Base Erosion and Profit Shifting (BEPS) project, has been looking to achieve a multilateral solution to the issue of taxing the digital economy. In October 2020 it was announced that negotiators failed to find an agreement for a global digital taxation framework – initially expected for October 2020 – and announced that a consensus-based solution may be reached by mid-2021. The OECD solution is expected to be based on profit reallocation and is currently under negotiation and, as such, its final impact, if any, is uncertain.

Within the EU, in March 2018 the European Commission proposed a new 3% tax on gross income derived from certain digital services and applicable to groups exceeding certain revenue thresholds (the "EU DST"). The EU DST was aimed at digital services for which user participation is essential for creating value; namely targeted online advertising and online intermediation services. The EU DST was not adopted due to the lack of unanimous agreement from all EU member states. However, in July 2020, the EU stated its continued intention to implement an EU-wide solution if no global agreement is reached and included in its 2021 work-programme a commitment to propose a EU wide digital levy in the first half of 2021.

After the unsuccessful implementation of the EU DST proposal, several EU member states have approved or announced their intention to approve national taxes with features similar to the EU DST: a similar 3% digital service tax has been approved both in France and Italy, effective from January 1, 2019 and January 1, 2020 respectively. Similar digital services tax measures have been approved in Austria and Spain. Several jurisdictions, which include jurisdictions that the Group operates within, such as Belgium, Brazil and Canada have announced an intention to debate similar measures. Although more distinct than the EU DST, the UK has approved a digital service tax of 2%, effective from April 1, 2020 on UK digital services revenues of businesses that provide social media services, internet search engines or online classifieds sites where relevant revenue thresholds are met. Due to the complexity of each of the relevant regimes, including the uncertain scope of the taxable services, it is possible that they may affect the amount of tax payable by the Group and adversely affect its business.

The Group may pursue acquisitions that prove unsuccessful or divert its resources

Acquisitions have historically been, and may continue to be, important for the growth of the Group's business. The Group may consider making additional strategic acquisitions to support further growth and profitability. Successful growth through acquisitions is dependent upon its ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such acquisitions and integrate acquired entities, including to retain key personnel in acquisition targets. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all, or that the Group will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. Its assessment of and assumptions regarding acquisition targets may prove to be incorrect, and actual developments may differ significantly from expectations. The Group may not be able to integrate acquisitions successfully, synergies may not be realized, and integration may require greater investment and time than anticipated. Additionally, any acquisitions the Group does make may result in unintended consequences, for example, if significant liabilities are not identified during due diligence or come to light after the expiration of any applicable warranty or indemnity periods.

Additionally, the process of integrating the business of the Target may be disruptive to the Group's operations, as a result of, among other things, unforeseen legal, regulatory, contractual and other issues, including or following disputes with minority shareholders, and difficulties in realizing operating synergies, which could adversely affect its results of operations. Moreover, successful integration of the Target's products and personnel may place a significant burden on management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm the Group's business, financial condition and results of operations. For more information on integration risks relating to the Transaction, see "*—Risks Related to the Transaction—Integrating the eBay Classifieds business into its business may divert management's attention away from operations, and the Group may also encounter significant difficulties in integrating the two businesses*."

The Group's investments and efforts to maintain existing market positions and capture growth opportunities could prove to be unsuccessful.

The Group has made significant investments in, and plans to continue building, developing and promoting the Group's online classified sites through the development of the Group's existing platforms and online classifieds sites and through acquisitions. The Group's strategy to leverage its existing market positions is dependent partly on its ability to drive initiatives to increase market share of traffic, listings and eventually profitability, and partly on external factors such as the success of the Group's competitors. The Group has previously invested in new technology as well as improving technology within its business. The Group has also invested in early stage start-ups with new models and new technology. In addition, the Group has previously carried out acquisitions to enter new markets, to strengthen its market position or to extend the Group's offering in a relevant market. The Group may in the future consider making additional investments and no assurance can be made that such investments will be successful or achieved at all. The amount and timing of the Group's future capital requirements may differ materially from the current estimates due to various factors, many of which are beyond the Group's control. The type, timing and terms of any future financing will depend on the Group's cash needs and the prevailing conditions in the financial markets. The Group cannot assure that it would be able to accomplish any investments or acquisitions on a timely basis or on commercially reasonable terms, if at all. There can also be no assurance that the Group will be able to maintain existing market positions, capture growth opportunities, or optimise its portfolio, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition, the Group's ability to grow and enter new markets may involve certain barriers to entry, such as scale, established market positions of existing players, language, cultural and regulatory hurdles, and the need to make additional investment to adapt the Group's technology for local market usage. Any barriers to entry in new markets may affect the Group's ability to expand, grow and develop in that particular market, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The amount and timing of the Group's future capital requirements may differ materially from the current estimates due to various factors, many of which are beyond the Group's control. The type, timing and terms of any future financing will depend on the Group's cash needs and the prevailing conditions in the financial markets. There can be no assurance that the Group will make any such investments or acquisitions on a timely basis or on commercially reasonable terms, or at all or that such investments or acquisitions will be successful, including to help the Group to maintain existing market positions, capture growth opportunities, or optimize the Group's portfolio, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is subject to risks related to operations carried out through joint ventures with other parties

Joint ventures have historically been and continue to be important for the growth of the Group's business. The Group currently participates in various joint ventures, including OLX in Brazil, as well as other joint venture arrangements in Brazil, Austria, Ireland, and Portugal. The Group may also in the future enter into other joint arrangements or co-investment projects with third parties.

Joint venture arrangements and other co-investments involve special risks since the Group may not have strategic or operational control over the joint ventures. Joint venture partners may also have economic or business interests or goals that are inconsistent with those of the Group, and/or take actions that are contrary to agreed terms of the joint venture or co-investment. Such aspects, coupled with lack of control by the Group over the joint venture or co-investment, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Conflicts or disagreements with joint venture partners may also lead to decisions against the Group's interests or a deadlock and result in the Group's inability to pursue its desired strategy and/or force it to exit from such companies. Further, the Group's ability to receive dividends and other payments from such companies depends not only on such companies' cash flow and profits, but also on the terms of agreements with partners.

There can be no assurance that the Group's joint venture partners will continue their relationships with the Group in the future, that agreements entered into have catered for all situations or potential conflicts between shareholders, or that the Group will be able to pursue its stated strategies with respect to its joint ventures and the markets in which they operate.

The Group is exposed to risks associated with its business' international operations, including in emerging markets

The Group's combined business[3] has operations in 20 countries, which include emerging markets. As a result, the Group is continually subject to the general global risks associated with an international business, including fluctuations in local economic growth, devaluation, depreciation or excessive valuation of local currencies; significant amendments to local regulations relevant to the online classifieds business; changing interest rate environment; and changes in tax and general laws and regulations. For example, the Group faces risks relating underperforming in emerging markets.

The financial risks of operating in emerging markets also include risks related to inflation, devaluation, price volatility, currency convertibility and country default, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. See also *"—The Group is exposed to fluctuations in foreign currency exchange rates," and "—The Group's business is affected by political conditions in the markets in which the Group operate."*

Violations of the complex laws and regulations that apply to the Group's business' international operations in the various countries in which the Group operate may result in fines, criminal actions, or sanctions against the Group, its officers, or its employees; prohibitions on the conduct of the Group's business; and damage to the Group's reputation. Although the Group has implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that the Group's employees, contractors, or agents will not violate its policies. These risks inherent in the Group's international operations and expansion increase its costs of doing business internationally and could harm the Group's business.

The Group is dependent on third-party service providers.

The Group is dependent on a number of third-party service providers and suppliers that play a significant role in its business. In particular, Amazon Web Services ("**AWS**"), the Group's main cloud service provider, which hosts large parts of the Group's platforms, IT infrastructure and the websites, is important for the Group's operations. The Group also relies on AppNexus and Google for the delivery of advertising on the majority of the Group's main sites. Disruptions, including as a result of COVID-19 as well as interruptions or malfunctions, and a general decline in the quality of service provided by such third party service providers could have a material adverse effect on its ability to operate its sites and services.

The Group is also dependent on online payment systems such as Adyen, in order to facilitate payment for products and services on its sites. If any of the online payment systems that the Group uses significantly increases the fees charged for its services, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Furthermore, in the event of security breaches in third party providers' systems, the Group could be exposed to data breaches, which in turn could result in negative publicity, loss of customer confidence, fines from regulators and exposure to litigation.

Suspension or termination of the contracts with AWS, AppNexus, Google, Adyen, or other key suppliers, would require that the Group seeks alternative software/service providers, which could result in additional costs. Migrating to alternative suppliers would also take significant time and effort, may not be an adequate or equivalent replacement, and the Group could be required to stop using the existing services before replacement, which could have a material adverse effect on the Group's business.

eBay Classifieds is dependent on a number of third-party service providers and suppliers that play a significant role in its business, including Google Inc., Mediacom, Performance Media Deutschland GmbH, Cloudraker, Spark Foundry German GmbH, Kelly Services (Canada), Ltd., Dell, Adobe and Besedo. eBay Classifieds would face similar risks as described above in the event of suspension or termination of the contracts with any of its material third party service providers.

In connection with the Transaction, the Group is seeking consents under certain third-party agreements with respect to certain provisions, including change of control provisions. A failure to obtain such consents could result in termination or suspension of such contracts, which could have a material adverse effect on the Group's business. The process to obtain such consents may result in revisions to the terms of or pricing under those agreements or in the consent being provided subject to certain conditions. Additionally, certain of the Group's and eBay Classified's third-party agreements may fall due for renewal prior to the closing of the Transaction and the counterparties may seek to revise the terms of or pricing under those agreements in light of the Transaction.

In addition, the Group will be dependent on eBay providing certain services subject to the Transition Services Agreement and could be negatively impacted by management changes at eBay, see "*–Risks Related To The Transaction –Following completion of the Transaction, the Group will be dependent on eBay for certain transitional services over a transitional period.*"

[3] The Group and eBay Classifieds following the completion of the Transaction.

The Group's developer platforms, which are open to merchants and third-party developers, subject the Group to additional risks.

The Group provides third-party developers with access to application programming interfaces, software development kits and other tools designed to allow them to produce applications for use, with a particular focus on mobile applications. There can be no assurance that merchants or third-party developers will develop and maintain applications and services on the Group's open platforms on a timely basis or at all, and a number of factors could cause such third-party developers to curtail or stop development for its platforms. It is possible that merchants and third-party developers who utilize the Group's development platforms or tools could violate regulatory restrictions to which the Group's business is subject (such as in relation to privacy and data protection) and the Group may be held responsible for such violations, which could harm the Group's business.

Furthermore, the Group may be subject to extensive laws and regulations in respect of the growing and still relatively new area of e-commerce. Changes to any of these laws and regulations could have a significant impact on the Group's business. There can be no assurance that the Group will be able to cost-effectively comply with any future laws and regulations. The Group's failure to comply with applicable laws and regulations may subject the Group to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Group's financial condition and results of operations.

The Group is subject to risks associated with information disseminated through its services.

Online services companies may be subject to claims relating to information disseminated through their services, including claims alleging defamation, libel, breach of contract, invasion of privacy, negligence, copyright or trademark infringement, and illegal wildlife among other things. The laws relating to the liability of online services companies for information disseminated through their services are subject to frequent challenges both in the United States and other jurisdictions. Any liabilities incurred as a result of these matters could require the Group to incur additional costs and harm its reputation and its business.

The Group could face potential liability to third parties for the user-provided content on its sites, compliance with laws prohibiting corrupt payments to government officials, as well as laws designed to combat money laundering and the financing of terrorist activities. If the Group becomes liable for information provided by its users and carried on its service in any jurisdiction in which the Group operate, the Group could be directly harmed and the Group may be forced to implement new measures to reduce its exposure to this liability, including expending substantial resources or discontinuing certain service offerings, which could harm the Group's business.

The Group's advertising revenues are affected by changes in advertising trends.

The Group derives its operating revenues from the sales of advertising space on the Group's online classifieds sites to customers and third parties. Such sales can be affected by a number of factors, many of which are outside the Group's control. In the year ended 31 December 2019, the Group's advertising revenues contributed to 28% of the Group's pro forma operating revenues. The Group's ability to generate advertising revenues depends on, among other things, the level of spending by customers which is in turn affected by a number of factors, including general economic conditions, changes in consumer behavior, the cyclicality of the advertising market, and changes in advertising trends.

Advertising spending is affected by general economic market conditions, as cuts in advertising budgets are typically among the first initiatives taken by companies in economic downturns or unstable market conditions, and such cuts could reduce advertising spending through the Group's online classifieds sites. For example, the COVID-19 pandemic has caused volatility in user and revenue growth rates across all businesses including decline in advertising revenues and traffic. Furthermore, the online advertising market is evolving at a rapid pace, and changing advertising trends or market dynamics lead to the Group losing advertising customers if it is unable to adapt. The Group faces intense competition in the digital advertising market where advertisers can choose from a broad selection of digital platforms and media, such as Google, Facebook and Amazon. In particular, Google and Facebook dominate the digital advertising market. The global spend on digital advertising (search, social media, video and display) is increasing, and search, social media and video advertising are the main growth drivers whereas advertising spend overall is stagnating. Further acceleration of this trend may negatively impact the Group's advertising revenues.

A reduction in customers' advertising spending on the Group's sites may result in a loss of advertising revenues, which in turn could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Traffic on the Group's online classifieds sites is dependent on search engine algorithms.

The Group utilises internet search engines and social platforms, such as Google and Facebook, to generate traffic to the Group's online classifieds sites. The purchase of product-related keywords consists of anticipating the search terms users will use to search for products or services on search engines and then bidding on those words and terms in the applicable search engine's auction system. If the Group does not successfully anticipate such terms, the Group may face a decline in traffic on the Group's online classifieds sites, which could adversely affect the Group's business, results of operations, financial condition and prospects.

The Group also generates a significant portion of traffic to the Group's online classifieds sites from non-paid results links (organic search results) generated by search engine providers. The Group's positioning in search engines' search results depends on algorithms designed by the search engine providers, and are based on various criteria, including the historical level of traffic on the Group's online classifieds sites. Changes in search algorithms by search engine providers may result in the exclusion of the Group's online classifieds sites from search results, lead to lower rankings on search results or otherwise impact the Group's ability to generate traffic to its online classifieds sites and/or require increasing marketing expenses, which could adversely affect the Group's business, results of operations, financial condition and prospects.

The Group also seeks to enhance the relevance of the Group's online classifieds sites to common consumers search queries and thereby improve the rankings of its online classifieds sites in organic search results, which is known as "search engine optimization" ("**SEO**"). Search engines frequently modify their algorithms and ranking criteria to prevent their organic search results from being manipulated, which could impair these SEO activities. Algorithms and ranking criteria may be confidential or proprietary information, and the Group may not have complete information as to the methods used to rank the Group's online classifieds sites. If the Group is unable to recognize and adapt the Group's technology to such modifications in search engine algorithms or if the Group's SEO activities are ineffective, the Group may fail to maintain or improve the Group's traffic levels, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Part of the Group's traffic is directed to the Group's online classifieds sites through the Group's participation in pay per click and advertising on internet media properties and search engines. If one or more of such arrangements are terminated or if competitive dynamics further increase market pricing, the Group may experience a decline in traffic on the Group's online classifieds sites which in turn could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's business is dependent on its ability to maintain and scale the Group's technical infrastructure.

The Group's business depends on advanced computer database and telecommunications technology. In order to compete effectively, the Group must maintain the Group's systems as well as invest in improved technology. If the Group fails to successfully maintain, expand, integrate or upgrade the Group's platforms and IT systems or is unable to do so on a timely basis or on commercially reasonable terms, the Group's offerings and services may become less attractive to customers and advertisers, and the Group may lose customers and partners to its competitors. A temporary or permanent loss of any of the Group's systems or networks could cause significant disruption to the Group's business operation, or damage to the Group's reputation resulting in a loss of operating revenue and potentially higher costs in the future, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Failure to deal effectively with fraudulent activities on the Group's platforms could harm the Group's business and lead to fines.

The Group face risks with respect to fraudulent activities on the Group's platforms and the Group 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. In certain jurisdictions, buyers may also have the right to withdraw from a sale made by a professional seller within a specified time period. The Group does not have the ability to require users to make payment or deliver goods, or otherwise hold the users harmless for losses. Attempting to limit and address undesirable buyer experiences and increasing buyer satisfaction may not be effective in preventing fraudulent transactions or improving overall satisfaction among sellers, buyers, and other participants. Additional measures to address fraud could negatively impact the attractiveness of the Group's services to buyers or sellers, which could affect the Group's ability to attract new users and retain current users. This could also diminish the value of the Group's brands, and could materially affect the Group's business, results of operations, financial condition and prospects.

Furthermore, the listing or sale by the Group's combined business' users of unlawful, counterfeit or stolen goods or unlawful services, or sale of goods or services in an unlawful manner, has resulted and may continue to result in allegations of civil or criminal liability for unlawful activities against us (including the employees and directors of the Group's various entities) involving activities carried out by users through the Group's services and may also impact the Group's reputation. In a number of circumstances, third parties, including government regulators and law enforcement officials, have alleged that eBay Classifieds services aid and abet violations of certain laws, including laws regarding the sale of counterfeit items, laws restricting or prohibiting the transferability (and by extension, the resale) of digital goods (e.g., books, music and software), the fencing of stolen goods, selective distribution channel laws, distance selling laws, product safety and consumer production laws, animal welfare laws and tax laws. This could have a material adverse effect on the Group's business, results of operations, financial condition, prospects and the Group's reputation.

The Group is exposed to fluctuations in foreign currency exchange rates.

The Group's financial results are impacted by fluctuations in foreign currency exchange rates. The results of operations of the Group's internationally focused platforms are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into EUR for financial purposes. If the EUR weakens against foreign currencies, the translation of revenues or expenses denominated in foreign currencies will result in increased EUR denominated revenues and expenses. Similarly, if the EUR strengthens against foreign currencies, particularly USD, BRL and NOK, the Group's translation of foreign currency denominated revenues or expenses will result in lower EUR-denominated revenues and expenses. Consequently, exchange rate fluctuations may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group also faces risks associated with derivatives. Derivative instruments often have risks similar to their underlying instruments and may pose additional risks, including imperfect correlation between the value of the derivative and the underlying instrument, risks of default by the counterparty to certain derivative transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which the derivative relates, and risks that the derivative instruments may not be liquid. Derivatives can be volatile and may entail investment exposures that are greater than their cost would suggest. In addition, illiquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

The Group's results of operations and financial condition could be adversely impacted by impairments of goodwill and other intangible assets.

Events or changes in circumstances can give rise to significant impairment charges in a particular year. An asset impairment charge may result from the occurrence of unexpected adverse events that impact the Group's estimates of expected cash flows generated from the Group's assets. The Group's tests non-financial assets annually for impairment or more frequently if there are indications that they might be impaired, to determine whether the carrying value of these assets may no longer be completely recoverable, in which case impairment is recorded in the income statement. In accordance with IFRS, the Group does not amortize goodwill, but rather tests it annually for impairment. For example, in 2019 the Group reported impairment losses of EUR 24.6 million, which was primarily due to a write-down of goodwill from the Group's operations in Mexico due to disappointing performance and a change in business strategy. Goodwill impairments cannot be reversed. Impairment may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

If the Group fails to adequately protect its intellectual property rights or faces a claim of intellectual property infringement by a third-party, the Group could lose its intellectual property rights or be liable for significant damages.

The Group relies primarily on a combination of locally held copyrights, trademarks, licensing and domain name registrations to protect the Group's intellectual property, particularly the Group's brand and domain names, but may not have trademark protection for all the Group's brands, including in jurisdictions where a brand is not registered for the Group's goods and services. The Group's competitors may infringe the Group's key trademarks or otherwise obtain and use the Group's intellectual property without authorization. If the Group is unable to protect its proprietary rights against infringement or misappropriation, it could materially harm the Group's future financial results and ability to develop its business. The Group may have to file infringement claims to prevent future infringement, which can be time consuming and costly. Monitoring unauthorized use of the Group's intellectual property is difficult and costly, and the Group may not successfully prevent misappropriation of the Group's proprietary rights. Unauthorized use of the Group's intellectual property may damage its reputation, decrease the value of such intellectual property and reduce its market share.

Third parties may initiate litigation against the Group for alleged infringement of their proprietary rights. In the event of a successful claim of infringement and the Group's failure or inability to develop non-infringing technology or content or to license the infringed or similar technology or content on a timely basis, the Group's future business could suffer. Moreover, even if the Group is able to license the infringed or similar technology or content, the Group could be required to pay license fees to the licensor that are substantial or uneconomical.

Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Changes to the Group's programs to protect buyers and sellers could increase the Group's costs and loss rate.

As the Group expands its payments capabilities, the Group may be exposed to losses associated with compensating the Group's sellers for fraudulent payments. The Group expects to continue to receive communications from users requesting reimbursement or threatening or commencing legal action against the Group if no reimbursement is made. Litigation involving liability for any such third-party actions could be costly and time consuming for the Group, divert management attention, result in increased costs of doing business, lead to adverse judgments or settlements or otherwise harm the Group's business. In addition, affected users will likely complain to regulatory agencies that could take action against the Group, including imposing fines or seeking injunctions.

The Group may be unable to access sufficient funding

The Group is dependent on timely access to sufficient funding on acceptable terms, in order to execute the Group's strategy and optimise the Group's asset portfolio through acquisitions, which may be difficult to achieve the Group faces an economic downturn or in the event of a general economic downturn. Any difficulty the Group may encounter in securing adequate sources of short and long-term funding could hamper future merger and acquisition opportunities and other growth opportunities.

The Group has invested, and will continue to invest, substantial amounts to develop and promote its businesses and platforms.

The Group continues to invest heavily across many of its businesses. A number of these businesses are loss-generating, have negative operating cash flow, require significant capital expenditure and/or may never be profitable or cash generating. The Group may experience difficulties developing its businesses into profitable or cash-generating operations due to a variety of factors, many of which are beyond the Group's control. These factors may include:

- the effectiveness of its marketing efforts to promote the Group's platforms;
- the popularity of the Group's platforms, products and services among users, and consequent ability of those platforms to achieve scale and monetise their service offerings;
- competition from new or superior technologies, especially where such products are offered at lower cost or for free;
- government regulation constraining activities or imposing onerous requirements, such as in the areas of data privacy and online payments;
- internet and mobile penetration rates or consumers' acceptance of the use of the internet for consumer transactions; and
- technical failures or difficulties with platforms, data or infrastructure upon which the Group depend and any instances of cyber-attacks.

2.2 Risks related to law, regulation and potential litigation

Legal restrictions and regulatory requirements related to the collection, storage and use of digital identities and other data may restrict the Group's operations and adversely affect the Group's business.

The processing, storage and use of personal information and other data on the Group's sites subjects the Group to applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection and changes in these regulations as well as the practice and interpretation of these. Some of the applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection may be new and/or unclear. There is a possibility that the Group is too stringent in the Group's interpretation of such obligations and that the Group thereby loses the ability to utilize data in relation to product creation and development, or otherwise lose business opportunities. The Group may also interpret the applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection too leniently and as a result, the Group may end up not taking necessary and appropriate steps to comply and thereby be subject to sanctions and/or loss of reputation.

Within the EU, for example, data protection is governed by the GDPR which sets out provisions on the requirements for processing personal data and the related data security, and specifies the responsibilities of the controller and the processor of personal data. GDPR gives end users broad rights to make decisions over their own data, and as a consequence end users may, inter alia, instruct the Group to stop its processing of data and /or to delete their data. In addition to GDPR, the current EU ePrivacy Directive is under revision and the new ePrivacy regulation that is proposed may further impact the ability to legally collect data. Any failure or perceived failure by us to comply with the privacy policies, privacy-related obligations to users or other third parties, or other privacy-related legal obligations, may result in governmental enforcement actions (including fines), litigation or public statements against us by consumer advocacy groups or others. In particular, serious breaches of the GDPR can result in administrative fines of up to the higher of 4% of annual worldwide turnover or EUR 20 million and fines of up to the higher of 2% of annual worldwide turnover or EUR 10 million can be levied for other specified infringements of the GDPR. eBay Classifieds is currently being investigated by the LDA Brandenburg (German data protection authority with oversight responsibility for the eBay Classified's German businesses), in relation to the implementation of eBayK's cookie banners and Consent Management Platform ("CMP"). The CMP manages consents collected in respect of the ability to place cookies and similar technologies on a website user's device in order to provide a personalized user experience, including targeted advertising on eBayK's website and on third-party websites using such technologies. The supervisory authorities may take enforcement action against eBay Classifieds, including by issuing an administrative fine.

Legislation that is similar to GDPR is being implemented in Brazil and fines in Brazil may be up to 2% of annual worldwide turnover or 50 million reals, whichever is higher.

The Group has implemented procedures and policies to ensure adherence to such legislation and is subject to significant compliance costs associated with ongoing implementation. There is a risk that the measures have not been implemented correctly or that the Group or parts of it will not be fully compliant. If there are breaches, the Group could face significant administrative and monetary sanctions. Additionally, if third parties, such as customers, vendors or partners, violate applicable laws or the Group's policies, such violations may also put the Group's customers' information at risk and could in turn have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may be subject to litigation and government investigations and proceedings, including investigations by tax authorities.

The Group has been and may in the future be involved from time to time in litigation matters. These matters may include, among other things, contract disputes, claims from customers as a result of losses suffered by them in connection with fines, penalties or other sanctions imposed by the regulators and other governmental authorities, personal injury claims, employment matters and governmental claims for taxes or duties as well as other litigation that arises in the ordinary course of business.

From time to time, the Group's tax positions may be subject to review or investigation by tax authorities in the jurisdictions in which the Group operate. If any tax authority successfully challenges the Group's operational structure, the taxable presence of the Group's subsidiaries in certain countries or the Group's interpretation of applicable tax laws and regulations, or if the Group loses a material tax dispute in any country, or any tax challenge to the Group's tax payments are successful, it could result in an increase in the Group's tax expenses and/or a higher effective tax rate.

The Group cannot predict the outcome of any claim, investigation or other litigation matter. The ultimate outcome of any such proceedings and the potential costs associated with prosecuting or defending such lawsuits, including the diversion of management's attention to these matters, could have a material adverse effect on the Group's business, financial condition, results of operation and prospects.

The Group's international activities increase the compliance risk associated with economic and trade sanctions imposed by the United States, the European Union, and other jurisdictions.

The Group is subject to complex economic and trade sanctions laws in the jurisdictions where the Group operate, including the United States, the European Union and other jurisdictions. Economic and trade sanctions laws prohibit most dealings with listed persons, entities or bodies designated under the applicable sanctions regime, and restrict or prohibit certain business activities in certain sanctioned territories (notably, in respect of U.S. sanctions, Cuba, Iran, North Korea, Syria and Crimea).

The Group also has operations in Belarus, which has a history of complex relations with the EU and the United States. Between 2006 and 2015, the United States and the EU imposed economic sanctions against Belarussian officials, state companies, as well as their direct and indirect subsidiaries (though not to the Group's knowledge, any significant counterparty of the Group).[4]

[4] In October and November 2020, there have been some changes to EU's sanctions list regarding Belarus where certain individuals have been added to the list (though not to the Group's knowledge, any significant counterparty of the Group).

The failure to comply with European Union and U.S. sanctions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be subject to secondary joint liability for failing to perform obligations that arose prior to completion of the de-merger from Schibsted

Norwegian law subjects the Company and Schibsted to joint liability after completion of the de-merger. If either Schibsted or the Group is liable for and fail to satisfy an obligation that arose prior to completion of the de-merger, the non-defaulting party will be subject to a secondary joint liability for that obligation. This statutory liability is unlimited in time, but is limited in amount to the equivalent of the net value allocated to the non-defaulting party in the de-merger and applies only to obligations that arose prior to completion of the de-merger.

2.3 Risks relating to the Transaction

The Group will incur significant indebtedness in connection with the consummation of the Transaction and the integration of eBay Classifieds into the Group's business.

The Group will incur and/or assume significant new indebtedness in connection with the Transaction, net of debt refinanced in connection therewith. The debt the Group incurs or assumes in connection with the Transaction may limit the Group's financial and operating flexibility. Specifically, the Group's obligations pursuant to the Senior Credit Facilities Agreement, including the Consolidated Senior Secured Leverage Ratio covenant[5], may limit its financial and operating flexibility. In addition, following the Transaction, the Group may incur additional debt, which could increase the risks associated with the Group's substantial indebtedness, including the Group's debt financing arrangements and the Group may incur additional debt, which could increase the risks associated with its substantial indebtedness. The Group's substantial indebtedness may have material consequences for its business, financial condition and results of operations. In this context, see the "*Risks related to the Group's Capital Structure*" in Section 2.4.

The Group may not realize any or all of the expected benefits and synergies associated with the Transaction.

The Prospectus includes estimates related to the anticipated impact of the completed Transaction and the anticipated implementation of the Group's business strategies. The estimates contained herein are the Group's current estimates, but they involve risks, uncertainties, assumptions and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such estimates. Neither the Group's independent auditors nor any other independent auditors have examined, compiled or performed any procedures with respect to these estimates, nor have they expressed any opinion, or any other form of assurance on such information or their achievability. The estimates included herein also include the anticipated impact of certain strategies on the Group's results of operations once a given strategy is fully implemented, which may not occur for a period of time. Accordingly, the Group's future performance may differ significantly from its anticipated performance set forth herein. Assumptions relating to all estimates and other forward-looking statements in this Prospectus include judgments regarding future economic, competitive, industry and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the Group's control.

As part of the Group's business strategy, the Group expects to implement certain operational improvements and cost savings initiatives following the completion of the Transaction. Any synergies and cost savings that the Group realizes from such efforts may differ materially from the Group's estimates. The estimates contained herein are the Group's current estimates, but they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such estimates. In addition, any synergies and cost savings that the Group realises may be offset, in whole or in part, by reductions in operating revenues, or through increases in other expenses, including costs to achieve the Group's estimated synergies and cost savings. The Group's operational improvements and cost savings plans are subject to numerous risks and uncertainties that may change at any time.

Any of the Group's assumptions could be inaccurate and, therefore, the estimates herein may prove to be inaccurate or the objectives and plans expressed in these estimates may not be achieved. If the actual results from completed Transactions, including the Transaction, or the implementation of the Group's strategies are less favourable than estimated, such results could have an adverse effect on the Group's business, financial condition, results of operations and the ability to service the Group's indebtedness.

[5]The Senior Credit Facilities Agreement requires compliance with the Consolidated Senior Secured Net Leverage Ratio (being the ratio of consolidated secured net leverage to consolidated EBITDA, subject to various adjustments set out in the Senior Credit Facilities Agreement) of 7.12:1.

Integrating the eBay Classifieds business into the Group's business may divert management's attention away from operations, and the Group's may also encounter significant difficulties in integrating the two businesses.

The Transaction involves, among other things, the integration of two companies that have previously operated independently. Successful integration of eBay Classifieds' operations, products and personnel may place a significant burden on management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm the Group's business, financial condition and results of operations.

In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, and loss of customers and other relationships. The difficulties of combining the operations of the companies include, among others:

- difficulties in the integration of operations and systems;
- conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- difficulties in the assimilation of employees, including possible culture conflicts and different opinions on technical decisions and product roadmaps;
- difficulties in managing the expanded operations of a larger and more complex company;
- challenges in keeping existing customers and obtaining new customers; and
- coordinating across new jurisdictions.

Many of these factors will be outside the Group's control and any one of them could result in increased costs, decreases in the amount of expected operating revenues and diversion of management's time and energy, which could materially impact the Group's business, financial condition and results of operations.

The Transaction Agreement and the Group's insurance policy for breaches of representations and warranties may not cover all the risks relating to the Transaction.

The Group has entered into an insurance policy with a number of insurers providing for coverage for breaches of certain representations and warranties contained in the Transaction Agreement, subject to certain exclusions and a deductible. However, there can be no assurance that the Group will recover any amounts with respect to losses due to breaches of eBay's representations and warranties, or that the representations and warranties contained in the Transaction Agreement cover all the risks associated with the Transaction or eBay Classifieds.

The Transaction may not be completed on the terms or timeline currently contemplated, or at all.

The completion of the Transaction is subject to the satisfaction (or, if applicable, valid waiver) of various conditions, including (i) receipt of any consents, authorisations and approvals required to be obtained prior to the consummation of the Transaction or agreed by the parties to be obtained, and contemplated by the Transaction Agreement, from any applicable governmental entity; and (ii) no governmental entity of competent authority and jurisdiction having issued an order or enacted a law that makes illegal or prohibits the consummation of the transactions contemplated by the Transaction Agreement. There is no guarantee that all of the conditions to the completion of the Transaction will be satisfied (or, if applicable, validly waived) in a timely manner or at all, including as a result of potential delays or disruptions caused by the COVID-19 pandemic, in which case closing of the Transaction may be delayed or may not occur and the benefits expected to result from the Transaction may not be achieved.

Significant costs will be incurred in connection with the consummation of the Transaction and the integration of eBay Classifieds into the Group's business.

The Group expects to incur significant costs in connection with integrating the operations, products and personnel of eBay Classifieds into the Group's business, in addition to costs related directly to completing the Transaction. These costs may include costs for:

- employee retention, redeployment, relocation or severance;
- integration, including of people, technology, operations and information systems;

- combination of corporate and administrative functions, marketing and operational teams and processes; and

- maintenance and management of customers and other assets.

In addition, the Group's expects to incur significant non-recurring costs associated with integrating and combining the operations of eBay Classifieds and the Group's business, which cannot be estimated accurately at this time. While the Group's expects to incur a significant amount of transaction fees and other one-time costs related to the consummation of the Transaction, additional unanticipated costs may yet be incurred. Any expected elimination of duplicative costs, as well as the expected realization of other efficiencies related to the integration of the Group's operations with those of eBay Classifieds, that may offset incremental transaction and transaction-related costs over time, may not be achieved in the near term, or at all.

Following completion of the Transaction, eBay Classifieds will be dependent on eBay for certain transitional services and intellectual property.

At completion of the Transaction, the Group's expects to enter into a Transition Services Agreement with eBay, pursuant to which, eBay will provide eBay Classifieds certain services for a period of up to 12 months following closing, subject to certain potential extensions. Services include IT, human resources, information security, and engineering, among others. The Group may incur certain one-time costs for transitional activities and may incur some duplicative expenses as the Group starts to incur costs associated with the implementation of the Group's own stand-alone functions. Furthermore, any disruption of the transition services provided could disrupt the operation of the eBay Classifieds business, which could have a material adverse effect on the Group's business, financial condition, results of operation and prospects.

At completion of the Transaction, the Group expects to enter into an Intellectual Property Matters Agreement with eBay, pursuant to which eBay and certain of its subsidiaries will grant the Group licenses to certain trademarks, software and domain names. Any termination of the licenses by eBay could disrupt the operation of the eBay Classifieds business, which could have a material adverse effect on the Group's business.

For more information on the Transition Services Agreement and Intellectual Property Matters Agreement with eBay, see Section 12.1.

The Company and eBay Classifieds will be subject to business uncertainties that could materially and adversely affect the companies' combined businesses.

Uncertainty about the effect of the Transaction on employees, customers, suppliers, partners, and other third parties, including regulators, may have an adverse effect on the Group and eBay Classifieds. These uncertainties may impair the Group's or eBay Classifieds' ability to attract, retain and motivate key personnel until the Transaction is consummated and for a period of time thereafter, and could cause customers, subscribers, suppliers and others who deal with the Group and eBay Classifieds to seek to change existing business and other relationships. If key employees depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with the Group, the Group's business could be seriously harmed. In addition, the Transaction Agreement restricts the Group, in relation to the Group's business, and eBay, in relation to eBay Classifieds, from taking specified actions until the Transaction occurs without the consent of the other party. These restrictions may prevent the Company or eBay Classifieds from pursuing attractive business opportunities that may arise prior to the completion of the Transaction.

The Group does not currently control eBay Classifieds and will not control eBay Classifieds until the completion of the Transaction.

The Group does not currently control eBay Classifieds and will not control eBay Classifieds until the completion of the Transaction. Until that time, the Group cannot assure investors that eBay Classifieds will be operated in the same way that it would be operated under the Group's control. Should eBay Classifieds change its operations in a way that affects its financial condition, this could have a material adverse effect on the Group's business, financial condition, results of operation and prospects.

In connection with the Transaction, the Group will assume potential liabilities relating to eBay Classifieds. To the extent the Group has not identified such liabilities, these liabilities could have a material adverse effect on its business, financial condition and results of operations.

The Group faces risks in connection with the acquisition of eBay Classifieds Scandinavia ApS by Schibsted Nordic

Schibsted's subsidiary, Schibsted Nordic, has agreed to acquire eBay Classifieds Scandinavia ApS (the "**Danish Entity**") from a subsidiary of the Company for a cash-free, debt free price of USD 330,000,000, which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393 (plus certain adjustments) following completion of the Transaction. The Group faces the risk that if Schibsted Nordic fails to acquire the Danish Entity the Group will continue to be under an obligation to acquire the Danish Entity as part of the Transaction, pursuant to the terms and conditions of the Transaction Agreement, and will be required to draw under the Bridge Facility in full which could have an adverse effect on the Company's financial condition, results of operation and prospects.

2.4 Risks related to the Group's Capital Structure

The Group's level of indebtedness could limit cash flow available for its operations and could adversely affect the Group's operations and flexibility.

The Group's indebtedness could restrict its operations and make it more difficult for the Group to fulfill its obligations under the Notes and the Senior Credit Facilities. Among other things, the Group's indebtedness may:

- limit the Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other strategic acquisitions and general corporate purposes;
- require the Group to dedicate all or a substantial portion of its cash flow to service our debt, which will reduce funds available for other business purposes, such as capital expenditures and acquisitions;
- limit the Group's flexibility in planning for or reacting to changes in the markets in which it competes;
- place the Group at a competitive disadvantage relative to the Group's competitors with less indebtedness;
- render the Group more vulnerable to and reducing its flexibility to respond to, general adverse economic and industry conditions;
- negatively impacting credit terms with counterparties and other creditors; and
- make it more difficult for the Group to satisfy its financial obligations, including those relating to the Notes/Bond Instrument, or be able to refinance maturing indebtedness.

The Group's incurrence of additional debt could further increase the risks described in this Risk Factor Section and could result in a material adverse effect on the Group's business, results of operations, prospects, and financial condition, including the Group's ability to satisfy the Group's obligations under i.e. the Notes and its current and future debt financing arrangements.

The Group depends on access to cash flows from its subsidiaries and joint ventures and limitations on accessing these cash flows may have a material adverse effect on operations and financial condition.

The Company is a holding company with no significant business or assets other than its direct and indirect equity interests in its subsidiaries, associated companies, joint ventures and other investments to generate the funds necessary to meet the Company's obligations and other cash flow requirements, including payments due on the Notes, the Senior Credit Facilities and other debt financing arrangements. Accordingly, the Company relies upon distributions from its subsidiaries, associated companies, joint ventures and other investments to generate the funds necessary to meet these obligations. The subsidiaries, associated companies and joint ventures are separate legal entities that have no obligation to make any funds available to the Company, whether by intercompany loans or by the payment of dividends or other contributions.

The Company's ability to pool cash from certain subsidiaries and joint ventures is subject, in Brazil and other countries, to foreign investment and exchange control laws. Companies can terminate their obligation to participate in the cash pooling arrangement within 30 days. In addition, because joint venture partners' consent is required for distributions from the Company's joint ventures, the Company's ability to receive distributions from the joint ventures is dependent on the cooperation of the Company's joint venture partners. Accordingly, the Company may not be able to obtain cash from its subsidiaries, associated companies, joint ventures and other investments at the times and in the amounts the Company requires. Any failure to receive distributions from the Company's businesses could restrict its ability to access sufficient funding to meet its obligations, including those under the Notes and the Senior Credit Facilities, which will have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company's ability to service its debts and meet its cash requirements depends on many factors, some of which are beyond the Company's control.

To date, the Company has been able to generate sufficient cash flow from operations, borrowings and refinancing to meet interest and principal payments on its indebtedness. However, the Company's continued ability to satisfy its obligations will depend on the Company's future operating performance and financial results that will be subject, in part, to factors beyond its control, such as interest rates and general economic, financial and business conditions, factors affecting the Company's key markets as well as other factors. If the Company is unable to generate sufficient cash flow to service its debt, the Company may be required to dispose of material assets or operations, obtain additional debt or equity capital or restructure or refinance all or a portion of the Group's debt on or before its maturity to meet the Company's debt service and other obligations.

If the Company is required to take any of these actions, it could have a material adverse effect on its business, results of operations, financial condition and prospects. The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on the Company's cash needs and the prevailing conditions in the financial markets. The Company cannot make assurances that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In such an event, the Company may not have sufficient assets to repay any portion or all of its debt. In addition, the Company cannot make assurances that it would be able to take any of these actions or that these actions would enable the Company to continue to satisfy its capital requirements or would be permitted under the terms of its various debt instruments then in effect.

In addition, the terms of the Company's debt, including the Notes and the Senior Credit Facilities, will limit, and any future debt may limit, the Company's ability to pursue any of these alternatives. Any refinancing of the Company's debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict the Company's business, financial position and results of operations. There can be no assurances that any assets that the Company could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable. If the Company is unsuccessful in any of these efforts, the Company may not have sufficient cash to meet its obligations.

The covenants in the Indenture and the Senior Credit Facilities Agreement will impose restrictions on the Company's business.

The Indenture and the Senior Credit Facilities Agreement contain a number of covenants imposing significant restrictions on the Group's business. These restrictions may affect the Group's ability to operate its business and to take advantage of business opportunities as they arise.

These covenants include limitations on the Company's ability and the ability of its restricted subsidiaries to, among other things:

- transfer or sell assets or use asset sale proceeds;
- incur or guarantee additional debt or issue preferred equity securities;
- pay dividends, redeem subordinated debt or make other restricted payments;
- make certain investments;
- create or incur certain liens on its assets;
- incur dividend or other payment restrictions affecting our restricted subsidiaries;
- enter into certain transactions with affiliates;
- merge, consolidate or transfer all or substantially all of our assets; and
- take or omit to take any actions that would adversely affect or impair in any material respect of the Shared Collateral (as defined below).

In addition, the terms of the Revolving Facility require the Company to comply with a springing maintenance covenant. If the Company breaches this covenant and is unable to obtain waivers from its Revolving Facility lenders, the Company's loans under the Revolving Facility would be in default and could be accelerated by the Company's Revolving Facility lenders, which could result in an event of default under the Term Facility, the Indenture and the instruments governing the Company's certain other indebtedness. If the Company's indebtedness is accelerated, it may not be able to repay the Company's debt or borrow sufficient funds to refinance it. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to the Company. If the Company's debt is in default for any reason, its business, results of operations, financial condition and prospects could be materially and adversely affected.

The Company may incur substantially more debt in the future, which may make it difficult for the Company to service its debt, including the Notes, Senior Credit Facilities Agreement and the Revolving Facility

Despite the Company's substantial leverage, the Company may incur substantial additional debt in the future. The Company has the ability to borrow up to approximately EUR 450 million (equivalent) under its Revolving Facility, which will be secured by a shared collateral that secures obligations under the Senior Facilities (which includes the Revolving Facility) and the the denominated senior secured term loan facility to be established under a bridge facility agreement in an aggregate amount of USD 330.0 million (or equivalent), which is expected to be cancelled on or prior to the consummation of the Transaction (the "**Bridge Facility**" or as the case may be, the "**Bridge Facility Agreement**") on an equal and ratable, first priority basis (the "**Shared Collateral**"). The Senior Credit Facilities Agreement and the Indenture also permit the incurrence of additional debt thereunder.

The Indenture and the Senior Credit Facilities Agreement also permit the Company to incur a substantial amount of indebtedness at subsidiaries that do not guarantee the Notes and to incur indebtedness that shares in the Shared Collateral or that benefits from security interests over assets that do not secure the Notes. Any debt that the Company's subsidiaries incur could be structurally or effectively senior to the Notes to the extent that such subsidiaries do not guarantee the Notes or such debt is secured by liens over assets that do not secure the Notes, to the extent of the value of such property and assets securing such debt, and other debt could mature prior to the Notes. The incurrence of additional indebtedness that shares in the Shared Collateral, moreover, will dilute your ability to recover against the Shared Collateral. Although the Senior Credit Facilities Agreement and the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to the Company's and its subsidiaries' existing debt levels, the related risks that the Company now faces would increase. The Company's inability to service its debt could have a material adverse effect on its business, financial position, results of operations and our ability to fulfil its obligations under its debt financing arrangements, including the Notes, Senior Credit Facilities and the Revolving Facility.

2.5 Risks Relating to the Listing and the Shares

Future sales, or the possibility of future sales of substantial numbers of Shares, by the Company's major shareholders, including eBay following the completion of the Transaction, could affect the Shares' market price.

Upon completion of the Transaction, Schibsted will hold approximately 39.5% of the Company's Class A Shares while eBay will indirectly hold approximately 33.3% of the Company's Class A Shares and 100% of the Class B Shares. The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Transaction, including by any of the Company's Significant Shareholders, or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares, or the Company to sell equity securities, in the future at a time and price that they deem appropriate.

Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares.

The Company may in the future decide to issue additional Shares or other securities in order to finance new projects, as consideration for acquisitions of or consolidations with companies, in connection with unanticipated liabilities or expenses or for any other purposes. There is no assurance that the Company will not decide to conduct further security issues in the future. Depending on the structure of any future issue, certain existing shareholders may not have the ability to subscribe for or purchase additional equity securities. Further, the General Meeting may resolve to deviate from the existing shareholders' pre-emptive rights to new Shares. If the Company issues additional equity securities, holdings and voting interests of existing shareholders could be diluted.

Moreover, the holder of Class B Shares, without voting rights, may exercise their right to exchange their Class B Shares into Class A Shares with full voting rights at a General Meeting. Following such exchange, the voting rights of the holders of Class A Shares will be diluted as a consequence of the total number of voting rights increasing.[6]

The interests of the Company's Significant Shareholders may differ from the interests of the Company's other shareholders

Schibsted currently owns approximately 59.3% of the Company's issued and outstanding Shares. Following closing of the Transaction, Schibsted will hold approximately 39.5% of the Company's Class A Shares while eBay will indirectly hold

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[6] For more information regarding the transferability of the Company's Shares following completion of the Transaction, see Section 14.7.

approximately 33.3% of the Group's Class A Shares and 100% of the Class B Shares (each of Schibsted and eBay, a "**Significant Shareholder**").

The Company may from time to time experience conflicts of interest in its relationship with Schibsted, and following completion of the Transaction, eBay, and because these shareholders own significant stakes in the Company the resolution of these conflicts may not be on the most favourable terms for the Company or its other shareholders.

Further, the interests of the Group's shareholders, including one or both of the Significant Shareholders may differ from other shareholders in material respects. The Company's shareholders, including one or both of the Significant Shareholders and their respective affiliates may also have an interest in pursuing acquisitions, combinations, divestitures, financings or other transactions that, in their judgment, could enhance their investments, even though such transactions might involve risks and may not be on the most favourable terms for the Company or its other shareholders.

The Company's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future.

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the General Meeting, or by the Board of Directors in accordance with an authorisation from the General Meeting. Dividends may only be declared to the extent that the Company has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. Further, the Board of Directors must consider the Company's capital requirements, including capital expenditure requirements, its financial conditions, general business conditions and any restrictions pursuant to its borrowing arrangements and other contractual arrangements. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. As a general rule, the General Meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

3. RESPONSIBILITY STATEMENT

The Board of Directors of Adevinta accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and that the Prospectus makes no omissions likely to affect its import.

Oslo, 23 December 2020

The Board of Directors of Adevinta

Orla Noonan (Chairperson)
Kristin Skogen Lund
Peter Alan Brooks-Johnson
Sophie Javary
Fernando Abril-Martorell Hernandez
Terje Seljeseth

4. GENERAL INFORMATION

This Section provides general information on the presentation of financial and other information, as well as the use of forward-looking statements, in this Prospectus. You should read this information carefully before continuing.

4.1 The approval of this Prospectus by the Norwegian Financial Supervisory Authority

The Financial Supervisory Authority of Norway (Nw. *Finanstilsynet*) (the "**Norwegian FSA**") has reviewed and approved this Prospectus, as competent authority under the EU Prospectus Regulation (Regulation (EU) 2017/1129). The Norwegian FSA has not verified or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements imposed by the EU Prospectus Regulation. The Norwegian FSA has not made any form of verification or approval relating to corporate matters described in or referred to in this Prospectus. The Norwegian FSA approved this Prospectus on 23 December 2020.

This Prospectus has been drawn up as part of a simplified prospectus for secondary issues in accordance with Article 14 of the EU Prospectus Regulation.

4.2 Cautionary Note Regarding Forward-Looking Statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance; including, but not limited to, statements relating to the risks specific to the Company's business, future earnings, the ability to distribute dividends, the solution to contractual disagreements with counterparties, the implementation of strategic initiatives as well as other statements relating to the Company's future business development and economic performance. These Forward-looking Statements can be identified by the use of forward-looking terminology; including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or, in each case, their negative or other variations or comparable terminology. These Forward-looking Statements are not historical facts. They appear in a number of places throughout this Prospectus; including Section 5 "Business Overview", Section 13"Dividend and Dividend Policy" and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, goals, objectives, financial condition and results of operations, liquidity, outlook and prospects, growth, strategies, impact of regulatory initiatives, capital resources and capital expenditure and dividend targets, and the industry trends and developments in the markets in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates may differ materially from those contained in or suggested by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations that these forward-looking statements are based will occur.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should any underlying assumption prove to be incorrect, the Company's business, actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Company's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates when considering an investment in the Shares.

The forward-looking statements speak only as at the date of this Prospectus. Except as required according to the Norwegian Securities Trading Act, the Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the behalf of the Company are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

On this basis, investors are cautioned not to place undue reliance on such forward-looking statements.

4.3 Presentation of financial information

4.3.1 Financial information

The Company's audited consolidated financial statements as of and for the years ended 31 December 2019 and 2018 (the "**Annual Financial Statements**"), the Company's unaudited consolidated as of and for the six months and first nine months of 2020 and for the three months period ended 30 September and 30 June of 2020, with comparable figures for 2019, (the "**Interim Financial Statements**") and together with the Annual Financial Statements, the "**Financial Statements**") and unaudited pro forma financial statements for the year ended 31 December 2019 (the "**Pro Forma Financial Statements**") accompanied by a report from Ernst & Young ("**EY**") have been incorporated by reference hereto. See section 18.

The Annual Financial Statements have been audited by EY and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), while the Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU ("**IAS 34**").

The Prospectus moreover includes the Target's audited combined carve-out financial statements for the financial year ended 2019 (with comparable figures for 2018) prepared in accordance with IFRS, and the Target's unaudited combined carve-out financial statements for the nine months period ended 30 September 2020 (with comparable figures for 2019) prepared in accordance with IAS 34.

4.3.2 Non-IFRS Financial Information

This Prospectus contains non-IFRS measures and ratios for the Group, including EBITDA/Gross operating profit (loss), EBITDA margin and Net interest bearing debt, that are not required by, or presented in accordance with IFRS. These non-IFRS measures are defined by the Company as set out below.

The Company defines "Operating revenues incl. JVs" as operating revenue including the proportional ownership of Willhaben (Austria) and OLX (Brazil). The measure 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.The Company defines "EBITDA" as earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortization. The measure equals gross operating profit (loss). Management believes the measure enables an evaluation of operating performance, as it 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, further adjusted to include proportional ownership of the Company's joint ventures. This measure is also presented on a pro forma basis, see Section 10.9.

The Company defines "EBITDA margin" as gross operating profit (loss) divided by operating revenue. Management believes the measure enables an evaluation of operating performance, as this measure shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenue.

The Company defines "EBITDA incl. JVs" as gross operating profit (loss) including results corresponding to its proportional ownership of Willhaben (Austria) and OLX (Brazil). Management believes the measure enables an evaluation of operating performance, as it reflects the real scale, growth and profitability of Adevinta by showing its performance including the impact of the proportional ownership of its joint ventures. This measure is also presented on a pro forma basis, see Section 10.9.

The Company defines "EBITDA margin incl. JVs" as gross operating profit (loss) including results corresponding to our proportional ownership of Willhaben (Austria) and OLX (Brazil) divided by operating revenue including the proportional ownership of Willhaben (Austria) and OLX (Brazil). Management believes the measure enables an evaluation of operating performance, as this measure 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, further adjusted to include the proportional ownership of our joint ventures. This measure is also presented on a pro forma basis, see Section 10.9.

The Company defines "Net interest bearing debt" as interest-bearing liabilities, including current and non-current lease liabilities, less cash and cash equivalents and cash pool holdings. 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.

The Company defines "Net Leverage Ratio" as Net interest bearing debt divided by gross operating profit (loss) . The measure is only presented on a pro forma basis on the basis of the Company's annual financial statements for 2019. Management believes that the Net Leverage Ratio provides investors with an indicator of the Company's ability to meet its debt obligations.

The Company believes that the non-IFRS measures presented herein are widely used by investors in comparing performance on a consistent basis, without regard to factors such as depreciation and amortization, which may vary significantly depending upon accounting methods (particularly when acquisitions have occurred) or based on non-operating factors. Accordingly, the Company discloses the non-IFRS measures presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, consistent with how the Group's business performance is evaluated by our management.

The non-IFRS measures presented herein are not measurements of performance under IFRS or other generally accepted accounting principles, and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of our operating performance; or (b) any other measures of performance under generally accepted accounting principles.

The non-IFRS measures presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

The Company believes that the non-IFRS measures presented herein are widely used by investors in comparing performance on a consistent basis, without regard to factors such as depreciation and amortization, which may vary significantly depending upon accounting methods (particularly when acquisitions have occurred) or based on non-operating factors. Accordingly, the Company discloses the non-IFRS measures presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, consistent with how the Group's business performance is evaluated by the Company’s Management.

The non-IFRS measures presented herein are not measurements of performance under IFRS or other generally accepted accounting principles, and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of our operating performance; or (b) any other measures of performance under generally accepted accounting principles.

The non-IFRS measures presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

4.4 Presentation of Industry Data and Other Information

Sources of Industry and Market Data

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends, market positions, industry trends, competition in the industry in which the Company operates and similar information are estimates based on data compiled by professional organisations, consultants and analysts; in addition to market data from other external and publicly available sources.

While the Company has compiled, extracted and reproduced such market and other industry data from external sources, the Company has not independently verified the correctness of such data. Thus, the Company takes no responsibility for the correctness of such data. The Company cautions prospective investors not to place undue reliance on the above-mentioned data.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

In addition, although the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and the Company cannot assure prospective investors as to their accuracy or that a third party using different methods to assemble, analyse or compute market data would obtain the same results. The Company does not intend to or assume any obligations to update industry or market data set forth in this Prospectus. Finally, behaviour, preferences and trends in the marketplace tend to change. As a result, prospective investors should be aware that data in this Prospectus and estimates based on those data may not be reliable indicators of future results.

Other Information

In this Prospectus, all references to “NOK” are to the lawful currency of Norway, all references to “EUR” are to the lawful currency of the EU and all references to “U.S. dollar”or “USD” are to the lawful currency of the United States of America.

In this Prospectus all references to "EU" are to the European Union and its Member States as of the date of this Prospectus; all references to "EEA" are to the European Economic Area and its member states as of the date of this Prospectus; and all references to "US", "U.S." or "United States" are to the United States of America.

Certain figures included in this Prospectus have been subject to rounding adjustments. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

5. BUSINESS OVERVIEW

This Section provides an overview of the business of the Group as of the date of this Prospectus. The following discussion contains Forward-looking Statements that reflect the Company's plans and estimates; see Section 4.2 "General Information—Cautionary Note Regarding Forward-Looking Statements". You should read this Section in conjunction with the other parts of this Prospectus, in particular Section 2 "Risk Factors".

5.1 Introduction

The Group is a major global online classifieds group which owns and operates leading[7] online generalist and vertical online classifieds sites. The Group currently operates in more than 30 online classifieds sites in 12 countries. Such sites are accessible through the websites of the Group's various brands via desktop and mobile.

The Group's classifieds products and services include: classifieds listings on its generalist and vertical online classifieds sites including real estate, car and jobs; Consumer offering, which gives buyers, renters and job seekers searching for products and services listed on the Group's online classifieds sites free access to search for a wide range of products and services listed by professional and private listers; Customer offering for private listers, which allows individuals placing inventory for sale on the Group's online classifieds sites (private listers) to post products and services free of charge on its online classifieds sites; Customer offering for professionals, through which the Group offers a wide range of products and services to professionals placing their inventory for sale on its online classifieds sites; Advertising sales and other products and services for advertisers, which allows the Group to generate operating revenues from the sale of advertising space on its online classifieds sites; and Product development, through which the Group develops products and services aimed at improving the overall user experience for all users.

The Group's operating revenues increased by 14% in the period from 31 December 2018 to 31 December, 2019. The Group's growth during that period was driven by a combination of organic growth and acquisitions. In the year ended 31 December 2019, the Group reported consolidated operating revenues of EUR 680.3 million; EBITDA of EUR 199.5 million, with an EBITDA margin incl. JVs of 28%.

The Group's operating revenues comprise (i) classifieds revenues and (ii) revenues from advertising from sales of advertisement space on its online sites, respectively representing 77.5% and 19.8% of its operating revenues for the year ended 31 December 2019. Operating revenues from classifieds are derived from sale of products and services related to classifieds listings on the Group's sites, primarily in verticals, which contributed 92% of the Group's classifieds revenues, with operating revenues from the generalist sites contributing the remaining 8% of classifieds operating revenues for the year ended 31 December 2019. Within the Group's verticals, real estate contributed 44% of classifieds operating revenues in verticals for the year ended 31 December 2019, while motor contributed 36% and jobs contributed 20% of classifieds operating revenues for the same period.

5.2 History and development of the Group

The Groups business began as Schibsted's division for online classifieds sites operating outside of the Nordics, and became a separately listed public company following its spin-off from Schibsted and listing on the Oslo Stock Exchange in April 2019.

Acquisitions and partnerships have been important in developing the Group's online classifieds sites. Some of the Group's online classifieds sites have been developed in partnership with entrepreneurs or industrial partners, including Willhaben in Austria and leboncoin in France. Willhaben is a 50/50 joint venture with the Austrian media company Styria. leboncoin was originally a 50/50 partnership with the French media company Spir, with Schibsted acquiring full ownership in 2010. OLX is the Company's 50/50 joint venture in Brazil with OLX B:V., a subsidiary of Prosus N.V.

The table below provides an overview of key events in the history of the Group (including pre-separation from Schibsted):

Year	Important events
2006	Launch of leboncoin in France
2010	Schibsted acquired full ownership of leboncoin
2014	Establishment of joint venture in Brazil (OLX) Acquisition of Milanuncios (Spain)
2015	Acquisition of Shpock (Austria)
2016	Acquisition of MB Diffusion (France)

[7] See the chart in Section 8.3 and the sources used therein.

Year	Important events
2017	Increase of ownership in OLX Brazil from 25% to 50%
	Acquisition of A Vendre A Louer (France), Kudoz (France) and Habitaclia (Spain)
2018	Acquisition of Vide Dressing (France)
2019	Acquisition of minority held 10% interest in Schibsted Classifieds Spain SL (Spain), acquisition of Argus Group (France), Paycar (France), Locasun (France)
	Listing of Adevinta on the Oslo Stock Exchange
2020	Acquisition of Pilgo (France)
	Agreement to acquire eBay Classifieds
	Sale of Corotos (Dominican Republic), Fincaraiz (Colombia), Avito (Morocco) and Tayara (Tunisia)
	Acquisition of Grupo Zap by OLX Brazil

5.3 Operating reporting segments

The Group's business is organized and managed through four operating divisions that are organized by geographic segments and constitute our reporting segments under IFRS 8: France, Spain, Brazil and Global Markets.

- *France (EUR 357.4 million in operating revenues for the year ended 31 December 2019 (EUR 356.9 million after eliminations))* comprises the Group's online classifieds operations in France, more specifically the online classifieds sites leboncoin, L'Argus, AgriAffairs, MachineryZone, Truckscorner, Vide Dressing, A Vendre a Louer, Locasun, Paycar and Pilgo;

- *Spain (EUR 182.0 million in operating revenues for the year ended 31 December, 2019))* includes the online classifieds sites Coches.net, Motos.net, Milanuncios, Habitaclia, Fotocasa, InfoJobs and JobisJob;

- *Brazil (EUR 86.0 million in operating revenues for the year ended 31 December, 2019 (EUR 7 million after eliminations))* comprises the online classifieds sites OLX Brazil and InfoJobs. OLX Brazil is a 50:50 joint venture with OLX B.V., a subsidiary of Prosus N.V. OLX Brazil is presented on a 100% consolidated basis in the segmental information included in the Financial Statements. However, in the Company's combined statement of income OLX Brazil is accounted for using the equity method reflecting the Company's actual ownership in OLX Brazil. The results of operations of OLX Brazil corresponding to the share of equity held by third parties is eliminated in consolidation to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in the combined statement of income. The discussion of changes in the Brazil segment results of operations below is based on the segmental information presented on the basis of 100% ownership. The presentation of this information on the basis of 100% ownership reflects the way in which management monitors this business;

- *Global Markets (124.2 million in operating revenues for the year ended 31 December, 2019 (EUR 123.8 million after eliminations)* comprises primarily the Group's online classifieds operations in 12 countries outside its current core markets. Global Markets comprises Subito and InfoJobs in Italy, Daft, DoneDeal and Adverts in Ireland, Willhaben in Austria, Használautó and Jófógás in Hungary, Fincaraiz in Colombia, Segundamano in Mexico, Kufar in Belarus, Tayara in Tunisia, Avito in Morocco, Yapo in Chile and Shpock primarily in the UK, Germany and Austria. In November 2020, Adevinta completed the divestiture of its online classifieds businesses in Morocco, Tunisia and Colombia, see Section 5.8. The segment figures for Willhaben in Global Markets for 2018-2019 are presented via equity method. Commencing in 2020, the segment figures for Willhaben are presented on a 100% basis to reflect how the business and performance is monitored by management and comparative figures for the year ended 31 December 2019 have been restated accordingly. 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; and

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

The elimination column in the segment disclosure comprises mainly 100% of OLX Brazil as discussed above.

5.4 Significant factors affecting results of operation

The factors that management believes have had a material effect on the Group's results of operations during the periods under review, as well as those considered likely to have a material effect on its results of operations in the future, are described below.

5.4.1 Sale of classifieds products and services

The Group derives most of its operating revenues from sale of classifieds products and services. For the year ended 31 December 2019, revenues from classifieds products and services represented 77.5% of its operating revenues, of which the verticals (real estate, motor and jobs) represented 92% of the combined operating revenues, while generalist online classifieds sites represented 8% of the combined operating revenues. Classifieds revenues result from sales of products and services to its customers, including products and services sold to professional customers in the verticals to facilitate listings, such as bundles with a fixed number of listings and add-on features (for example bulk uploads or individual dashboards for efficient management of a large number of listings). In general, professional customers willingness to pay for listings and additional products and services increases when they are offered products and services that can help them increase sales (e.g., increased visibility or better pricing) or improve their operations (e.g., better tools for placing new listings or managing existing listings). In addition, the volume of classifieds products and services sold is affected by the sites' market position, general market conditions, the industry shift from offline to online channels and from desktop to mobile.

Classifieds operating revenues are affected by the price paid by customers for the classifieds products and services. Generally, private listers placing listings on the Group's generalist sites are not charged for listings, but can pay for a limited number of additional products, such as increased visibility.

The Group offers different types of fee structures to its professional customers, such as bundled packages covering a fixed number of fees and add-on services, subscription fees, separate fees for additional features and bundled fees covering various services. The revenue generated by the Group's from professional customers depends, among other things, on the market position of its sites, the amount of effective leads being delivered by the site, its ability to develop and improve its products and services, as well as the number and quality of features on its sites, how successful its pricing strategy is and the prices offered by competing sites.

5.4.2 Market position

Classifieds revenue is impacted by the number of customers using its sites. A factor in driving traffic, listings and the number of customers on its sites is the so-called network effect. Once a site has reached an important mass of both traffic and listings, the site is better positioned to attract even more audience and listings.

The Group has sites with leading[8] positions in terms of traffic in all three of its core markets, France, Spain and Brazil.

In markets where the Group has a less developed presence in terms of traffic, the Group typically focus more on measures aimed at increasing traffic and listings on its sites, partly by focusing on developing its classifieds product and service offerings to increase the attractiveness of the site for professional customers, while at the same time implementing marketing efforts to increase visibility of the site and increase traffic.

5.4.3 Macroeconomic conditions

The volumes of classifieds products and services sold to customers on Adevinta's sites are influenced by general economic conditions, both in the global market or in the regional markets in which the Group operate. Developments in the real estate market and the employment market, as well as consumer spending patterns in general, and on motor in particular, have an impact on the number of listings placed on its sites and the revenue from professional customers-

France, Spain and Brazil are core markets for the Group. The Group's French operations contributed 52.5% and 51.6% its operating revenues in the years ended 31 December 2019 and 2018, respectively, and France is the Group's largest regional market. In general, France is characterized by a relatively robust macroeconomic climate. However, France has recently been affected by political unrest, such as the "yellow vest" movement, which has affected the French economy and global markets, as well as the impact of COVID-19 and general weakening of global macroeconomic conditions and the development of the French online classifieds market may be affected by how the French economy develops going forward.

The Group's Spanish segment contributed 26.8% and 26.9% of its operating revenues in the years ended 31 December 2019 and 2018, respectively, and Spain is its second largest regional market. Spain has experienced political instability caused by a combination of factors, including tension in Catalonia relating to the sovereignty of the region, and was heavily affected by COVID-19 including associated economic impacts. It is unclear how the Spanish online classifieds market may be affected

[8] See the chart in Section 8.3 and the sources used therein.

in the future by these and other factors, including in light of the Spanish economy's GDP growth deceleration.

Of Adevinta's three core markets, Brazil is the fastest growing regional market, particularly within the real estate and motor verticals. Its operating revenue were positively affected by the recovery of Brazil's general economy up to 2018, as the improving conditions contributed to growth in the number of real estate listings and the number of motor listings in Brazil. However, as a result of political unrest in Brazil increasing since the October 2018 elections as well as a weakening of general macroeconomic conditions, there is a risk of continuing economic uncertainty and political instability in Brazil. As further set out in Section 5.8, OLX Brazil acquired in October 2020 Grupo ZAP, a key player in the online real estate classifieds market in Brazil.

5.4.4 COVID-19

For COVID-19's impact on the Group's results of operations, see 5.8

5.4.5 Shift from desktop to mobile

The structural shift towards digital content has had, and will continue to have, a significant positive impact on classifieds operating revenues as it affects the total number of listings and traffic on its sites and the number of classifieds products and services sold. The Group expects the impact to be particularly important in emerging markets where internet penetration is still relatively low. In addition to general internet penetration, both established and emerging markets are experiencing a switch from desktop internet to mobile. For example, 67% and 72% of traffic to leboncoin, the Group's leading[9] generalist online classifieds site in France, was on mobile and tablet devices, respectively, in the years ended 31 December 2018 and 31 December 2019, respectively. The shift from offline to online in consumer behavior generally contributes to an increase in traffic audience to its sites, which in turn attracts professional customers, thereby increasing its classifieds operating revenues. The shift of traffic from desktop to mobile and tablet devices, however, puts downward pressure on its advertising revenues. In this context, see "traffic mix" in Section 5.4.8.

5.4.6 Synergies from operating several sites

Its central synergies are enabled by its multi-country platforms. The Group expect the Acquisition will further enhance such synergies through economies of scale (e.g. cloud infrastructure), service consolidation in products and technology (e.g. G-suite and many collaboration tools like Slack and Pexip or central components used by all sites such as messaging) and general and administrative efficiencies.

5.4.7 Seasonality

The Group has generally experienced lower levels of operating revenues, both from classifieds and in advertising, in the first and third quarter of each year, compared to the second and fourth quarters, which are due to lower activity levels in general in those quarters. The start of the first quarter and the summer holiday in the third quarter of each year are characterized by fewer listings and advertisements by the Group's customers, which results in lower operating revenues in these two quarters.

5.4.8 Revenue from advertising

Although revenue from classifieds listings is its largest revenue component, the Group also derives operating revenues from the sale of advertisements on its online sites. Sale of advertising represented 19.8% of Adevinta's operating revenues in the year ended 31 December 2019, compared to 22.6% in the year ended 31 December 2018, with its operating revenues from the sale of advertising being affected by a number of factors, including:

Traffic. A key driver for the operating revenues from sale of advertising is the amount of advertising inventory available on its sites (i.e. the amount of advertising space available to be sold), which is directly driven by traffic on the sites. The traffic on Adevinta's sites is in turn be driven by the market position of the sites and indirectly by certain of the factors described in Section 5.5.

Traffic mix. The general trend is moving towards an increasing portion of visitors accessing its sites using mobile devices to access the sites and applications and a corresponding reduction in visitors accessing the sites by way of desktops. Due to the smaller screens on mobile devices, the available space or listing inventory per page view is reduced compared to desktop. Further, the mobile CPMs (Cost Per Mille i.e. the amount an advertiser pays a website per 1,000 visitors who see its advertisements) remain lower than desktop CPMs. Consequently, the mobile trend is expected to continue to have a negative impact on its sale of advertising going forward.

Use of data. The Group's ability to collect, utilize and analyze data from its consumers to offer effective options for its advertising customers, is an important factor for the sale of advertising. The ability to use data to create targeting options for advertisers, is in turn affected by various factors, such as technology capabilities and changes or developments in privacy

[9] See the chart in Section 8.3 and the sources used therein.

regulations, interpretation and enforcement of these, as well as market reactions and adaptions to such legislation and practice, in addition to evolving industry practice. However, scale is important and larger players in the industry tend to be able to make better use of data.

GDPR. The GDPR, which became effective across the EU in May 2018, has complicated the digital advertising market by implementing stricter requirements for processing of personal data, which is a prerequisite for delivering targeted advertising. The implementation of this regulation, including deviating interpretations of the requirements have made it more complex for companies, including the Group's, involved in the selection and delivery of targeted ads to exchange data across advertising technology platforms and technology providers.

Competitive landscape. There is significant competition within the online advertising market, with the global internet giants, Google and Facebook, taking significant market shares. The Group's operating revenues from sale of advertising are affected by its ability to offer competitive advertising products that can compete with the product offerings from such companies. The Group has deployed strategic and short-term initiatives to address this. The short-term measures include strengthening the sales teams and collaboration initiatives with its advertising technology partners. In the longer term, the Group intends to develop new formats and products and capture synergies between the advertising and classifieds business.

Shift in digital advertising spending. The global spend on digital advertising (search, social media, video and display) is increasing and search, social media and video advertising are the main growth drivers whereas overall advertising spend is stagnating. The Group is predominantly present in display advertising and a further acceleration of this trend may negatively impact its advertising sales.

Advertising technology. The technology for programmatic advertising is constantly evolving and its operating revenues will continue to be affected by its ability and the ability of its technology vendors, such as AppNexus, to adapt to changes in market dynamics.

General macro-economic conditions. The general level of marketing spending is significantly impacted by general economic conditions. Marketing investments were reduced in the nine months period ended 30 September by 22% compared to with the nine months period ended 30 September 2019, as cost cutting measures were implemented to mitigate the impact of COVID-19 and campaigns were cancelled or delayed due to the decline in expected returns during the COVID-19 lockdown.

Seasonality. Activity levels vary from quarter to quarter, see Section 5.4.7.

5.4.9 The relationship between operating revenues and operating expenses

The Group's operating expenses are primarily related to the operation of its sites, marketing efforts to attract and increase traffic to these sites and launch new products, sales efforts to attract and retain professional customers and advertisers and product development to provide an attractive user experience through continuous efforts on product enhancement and new features, as well as investments in IT equipment and facilities services (such as rent and energy). The direct cost to the Group for each listing or advertisement placed on its website is marginal. Consequently, neither volumes of listings nor product and customer mix has a significant impact on the Group's operating expenses. This means that if the Group is successful in increasing its operating revenues, its operating margins will also increase. Conversely, a fall in revenue will not necessarily result in a decrease in expenses. As such, an important element of its strategy is to increase "operational leverage", that is, increase operating revenue over a stable cost base.

During the period under review, the Group's operating expenses as a share of operating revenues decreased from 74.6% to 70.7% in the years ended 31 December 2018 and 2019, respectively, principally reflecting the increase in operating revenue during the period.

Marketing expenses are an important element in trying to improve market positions. During the period under review, the Group's marketing expenses as a percentage of operating revenues was 14.2% and 19.7% in the years ended 31 December 2019 and 2018 respectively. The Group's efforts to establish sites in a new market, or strengthening the market position of sites in an existing market, are primarily carried out by aiming to build the right product with the right market-fit, developing the right go-to-market strategy and building brand awareness, as well as increasing traffic through marketing investment. For this reason, the Group's Investment Phase Operations generally incur higher expenses relative to their operating revenues. As marketing costs represent an important part of the costs of such sites, the Group does, however, have the ability to reduce costs significantly in a relatively short time if the Group no longer believes that the Group will receive a satisfactory return on its investment.

Marketing is, relatively speaking, less important where the Group has established sites due to the network effects from which such sites benefit. Therefore, the Group believes that it is in a position to maintain its market share while spending proportionately less of its operating revenues on marketing, which contributes to higher margins and profitability. However, established sites have had variations in marketing expenses as increased marketing efforts are used to strengthen the position of a site for a number of reasons, including the competitive landscape and in connection with the launch of a new product or service.

5.4.10 Product and technology

The Group has placed, and will continue to place, significant focus on continuously improving user experience through product innovation and technology investments in order to attract professional customers and drive classifieds operating revenues. The Group has during the period under review invested in its products and related technology to improve its offering to consumers, customers and third parties and product and technology costs are, accordingly, important cost items for the Group. Development in products and technology takes place both centrally and locally within each segment. Local product development focuses on improving features in that market, while the centralized product and technology development has a group-wide perspective to benefit from business synergies, such as managing cloud services or developing components to be deployed across its online classifieds sites.

The Group's product development is typically in the form of enhancements on existing products and development of new features on its sites, which requires man-hours. Consequently, the Group's investments in products and technology primarily impact its number of employees and its personnel expenses, which are partly capitalized and partly expensed.

The Group's development and purchase of intangible assets and property, plant and equipment, which principally relate to capitalized product development, have remained fairly stable as a percentage of operating revenues during the period under review, comprising 7% and 5% of operating revenues in year ended 31 December 2019 and 2018, respectively.

There has been no significant changes regarding the Group's products and services since the financial year ended 31 December 2019.For further details about the Group's products, see Section 5.5.

5.4.11 Strategic investments and acquisitions

Acquisitions and investments have been, and are expected to continue to be, an important driver of the Group's growth, supporting its strategy of maintaining market leading positions and creating value in the verticals. During the period under review, the Group acquired different complementary businesses, including L'Argus, Paycar and Locasun in France and eBay Classifieds which the Group has recently agreed to acquire. Each of these acquisitions led (or is expected to lead) to an increase in its operating revenues, as well as an increase in operating expenses, most notably in personnel costs as well as transaction-related expenses. During the period under review, the Group has also made significant investments through the increase of its ownership in Schibsted Spain from 90% to 100% in January 2019. Additionally, OLX Brazil acquired 100% of the shares of Grupo ZAP in October 2020, strengthening its position in the real estate vertical segment in the country as further set out in Section 5.8. These investments do not affect operating revenue or operating expenses, since OLX Brazil was not consolidated in the period (though this does impact its share of profit (loss) of joint ventures and associations) and since Schibsted Spain was fully consolidated throughout the period. Historically, the Group has financed acquisitions and investments with cash from operations and prior to the spinoff through Schibsted, either in the form of equity contributions, or as intra-group loans from Schibsted. More recently, its acquisitions of L'Argus and Grupo ZAP have been financed with external debt. Each acquisition has required substantial management time and attention and has generated direct transaction costs.

5.4.12 Stand-alone Separation Costs

Historically, the business areas comprising the Adevinta business within the Schibsted Group prior to the spinoff have been allocated a share of regional management and corporate costs incurred by the Schibsted Group. These costs are related to services such as IT, human resources services, communication, tax, legal services internal banking systems and cash pool systems. The share of corporate costs historically allocated to the business areas comprising the Adevinta business within the Schibsted Group, as included in the Annual Financial Statements for 2018, and are not necessarily representative of the costs that Adevinta would have incurred had it operated as a separate stand-alone business prior to the separation from Schibsted.

Schibsted has made investments in centralized product and technology development over the last few years. Global teams have built infrastructure services and end-user products that are in use by multiple online classifieds sites and in some instances also shared with the media division in Schibsted Group. As part of its spin-off from Schibsted, the Group provided many of these services and products independently of Schibsted. Also, the scale effects of any given component are limited by the fact that there are fewer sites that can benefit from each component, meaning the cost per site will be higher.

5.4.13 Foreign exchange rate exposure

The EUR is its presentation currency. As a result, the Group is exposed to fluctuations in exchange rates in other currencies through its operations in countries outside the Euro zone, such as Belarus, Brazil, Chile, Hungary, Mexico, and the United Kingdom. The Group has currency risks linked to both the translation of statement of financial position and income statement line items and net investments in foreign operations Its most significant exposures are fluctuations in Brazilian real (BRL) and Pound sterling (GBP). Its local operations generally serve as a natural hedge against foreign exchange exposure, as operating revenues and costs are mainly in the same currency. As part of the Transaction, the Group has entered into hedging arrangements to fix its EUR debt commitment relative to the USD cash consideration. As part of the Grupo ZAP acquisition, the Group has also entered into a deal contingent hedge to fix the purchase price in EUR and eliminate the currency risk.

The Group had various intercompany loans between entities operating across different geographic markets and has thereby been exposed to fluctuations in foreign exchange rates. In the year ended 31 December 2019, net foreign exchange gain was EUR 1.4 million, while it was a net foreign exchange loss of EUR 1.9 million in 2018. In the year ended 31 December 2019, net foreign exchange gain (loss) is mainly related to the change of functional currency in some Norwegian entities from NOK to EUR. In the year ended 31 December 2018, net foreign exchange gain (loss) was largely related to currency effects in Adevinta's business in Latin America.

5.4.14 Description of certain line items

Set forth below is a brief description of the composition of certain line items of the income statement. This description must be read in conjunction with the significant accounting policies herein and in the notes to the Financial Statements for 2019 and 2018 included in Appendix A to this Prospectus.

Operating revenues

Operating revenues are primarily comprised of classifieds revenues and advertising revenues. Classifieds revenues consist of listing fees and other revenues from premium products, such as products offering increased visibility. Advertising revenues consist of sales of advertisement space on our sites.

Personnel expenses

Personnel expenses (net of capitalization of internally generated software) are primarily comprised of salaries, social security costs, pension expense and share-based payments.

Other operating expenses

Other operating expenses are primarily comprised of marketing expenses, expenses related to product and technology development, office rental, as well as other operating expenses, such as IT expenses and commissions paid to financial institutions for providing payment solutions and to sales agents for sale of online advertising.

Gross operating profit (loss)

Gross operating profit (loss) comprises total operating revenues after deducting personnel expenses and other operating expenses. This line item is also referred to as EBITDA (earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortization).

Depreciation and amortization

Depreciation and amortization are primarily related to amortization of the Group's internally generated intangible assets within product and technology development, as well as amortization of customer contracts acquired through business combinations and depreciation of office equipment.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. Depreciation schedules reflect the assets' residual value. Intangible assets with a finite expected useful life are amortized on a straight-line basis over the expected useful life.

Share of profit (loss) of joint ventures and associates

Share of profit (loss) of joint ventures and associates is primarily comprised of the profit (loss) of the Group's joint ventures and associates in Latin America, Austria, Asia, Portugal and France. The Group's operations in Asia have been included in this line item, but the majority of these operations were divested in 2017 and 2018. The Group's 50% interest in OLX Brazil, which is accounted for under the equity method, is reflected in this line item in the combined and consolidated income statements. OLX Brazil is currently a 50/50 joint venture with a subsidiary of Prosus N.V., but for part of 2017, the Group owned 25% of OLX Brazil.

Impairment loss

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

Other income and expenses

Other income and expenses include income and expenses of a special nature are presented on a separate line within operating profit (loss). Such items are characterized 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 in operations and other expenses. Acquisition-related costs may include both costs related to acquisitions done and transactions that were not completed.

Operating profit (loss)

Operating profit (loss) comprises gross operating profit (loss) after deducting depreciation and amortization, share of profit (loss) of joint ventures and associates, impairment loss and other income and expenses.

Financial income and expenses

Financial income and expenses consist of interest income (expenses), foreign exchange gain (loss) and other financial income (expenses). Financial expenses for 2018 were primarily related to interest on credit positions in Schibsted Group's cash pool. Financial expenses for the year ended 31 December 2019 were primarily related to interest on loans from Schibsted and credit positions in Schibsted Group's cash pool, revolving credit facility and lease liabilities.

Tax

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

Profit (loss)

Profit (loss) comprises operating profit (loss) after deducting financial income and expenses and tax.

For the Company's results of operations, see Section 10.7.

5.5 Products and Product Offering

Set forth below is an overview of the Group's product offering for each primary class of consumers as well as an overview of its product development function.

5.5.1 Consumer offering

Consumers, such as buyers, renters and job seekers, searching for products and services listed on the Group's online classifieds sites, have free access to the Group's online classifieds sites to search for a wide range of products and services listed by professional and private listers. Consumers can search the online classifieds sites without prior registration and have access to a large volume of listings in numerous categories such as real estate, motor, jobs, fashion, household equipment and sport equipment, amongst others. Filtering functionalities allow for more precise searches by category, geography and price, and whether the inventory has been listed by a private or professionals. Most listings are moderated with the aim of preventing listings of illegal and counterfeit goods and fraud. For example, in Spain, the Group combines algorithm tools with manual review. Specific moderation features which are applied vary site by site. In addition, consumers have the option to pinpoint suspicious ads and that feedback is directed to the Group's teams. In addition, the online classifieds sites publish guidelines and tips on how to safely buy and sell on the online classifieds sites.

Typically, consumers can save their favorite site items for later consultation and save specific searches to receive alerts when new products matching their requirements become available.

The online classifieds sites also typically have additional product features such as messaging, which allows consumers to easily contact private listers to obtain more information about the item for sale, and to negotiate and agree on a sale. The Group is also developing transactional features in several online classifieds sites, which will allow for secured payment and delivery.

5.5.2 Customer offering for private listers

Individuals placing inventory for sale on the Group's online classifieds sites (private listers) may post products and services free of charge on its online classifieds sites. The Group's online classifieds sites are designed to ensure a simple and easy-to-use listing creation process and include tools to update, modify and remove listings. By posting listings on the Group's online classifieds sites, private listers gain access to a wide audience of consumers searching for products and services.

Private listers typically have access to basic statistics for their listings, including the number of times a listing has been viewed, the number of times someone has clicked to view their phone number and the number of emails that have been sent by consumers. Private listers can also typically purchase premium options, including changes to their existing listings and improving the visibility of their listings, for example by displaying it at the top of the online classifieds site, adding an 'urgent' logo or adding additional photos.

5.5.3 Customer offering for professionals

The Group offers a wide range of products and services to professionals placing their inventory for sale on its online classifieds sites. Professionals can choose from multiple packages to list their inventory in a way that is adapted to their volume, size and needs, such as options to increase visibility of their listings. They can usually choose to upload their listings manually or through an automated interface.

The majority of the Group's online classifieds sites also offer dedicated "virtual" shops or profile pages for professionals in the core verticals such as car dealers, real estate agents, and professionals from other categories, such as furniture and sports equipment. These profile pages allow professionals to showcase their products on a dedicated page on the Group's online classifieds sites, as well as the option to display their logo on each of their listings, and tools to manage their budget and increase the performance of their listings.

Professional customers also typically have access to tools such as a performance dashboard, which is aimed at enabling them to monitor and optimise their portfolio of listings and maximise the professional customers value for money, and, on certain online classifieds sites, a car pricing tool that helps car dealers optimise the price for their cars based on make, model, year, mileage, fuel and gearbox type.

5.5.4 Advertising sales and other products and services for advertisers

The Group also generates operating revenues from the sale of advertising space on its online classifieds sites either sold directly to companies, via media agencies, or through a sales process with automated bidding on the online classifieds sites advertising inventory in real time, which gives the advertiser the opportunity to show an advertisement that resonates with each individual. These advertising spaces include a number of traditional formats such as banners, skyscrapers, skins and wallpapers, as well as integrated video advertisements and native advertisements, which are paid advertisements that match the look and function of the media format in which they appear. Advertising on the Group's online classifieds sites is sold through different models, including by volume (Cost per Mille – pay per view/cost per thousand impressions), duration (pay for the advertisement to be displayed for a specific period of time) or through a performance-based model (where the advertiser is charged for specific leads).

Advertisers on the Group's online classifieds sites range from companies selling consumer goods or services, such as airlines aiming to reach a wide audience, to advertisers seeking to target a more specific audience, such as car manufacturers. The Group's online classifieds sites may also be attractive to other third parties, such as consumer finance and insurance companies and other providers that sell aftermarket products and services particularly to the motors and real estate verticals.

For advertisers, the Group's online classifieds sites offer access to a wide audience with buying intent, and the ability to display advertisements according to a large selection of tailored categories such as motors, real estate and jobs, as well as multimedia products, fashion, and household appliances, targeting by geography, operating system or more specific elements such as brand, price or keywords. Advertisers are offered several targeting possibilities to help improve the performance of campaigns, such as targeting by geography, category, operating system, and further customized targeting such as by brand, internet service provider or mobile operator and key words.

5.5.5 Product Development

The Group develops products and services aimed at improving the overall user experience for all users. Development of new products and features takes place both on local level, i.e. on an individual site and country basis, as well as by central teams developing shared products targeting verticals and specific user groups across jurisdictions and sites. The primary purpose of central product development is to develop products that can be deployed on several sites group-wide, independent of jurisdiction, such as messaging, response notification, performance dashboards and image recognition. The central product development team also works to ensure group-wide synergies within technology and product development, ensuring that products and features developed locally are also considered for use in other online classifieds sites.

Product development is primarily carried out internally by the Group's employees. The Group's products relate to making the process of placing listings as easy and efficient as possible, with access to products and add-on for monitoring and tracking listings placed on the online classifieds sites, as well as features to ensure safe and efficient transactions between buyers and sellers.

5.6 Adevinta - Key Markets

France

Overview

The Group's operations in France are primarily carried out through leboncoin, which is France's leading[10] generalist online classifieds site in France in terms of listings, monthly unique active users, professional customers and operating revenues. In addition to its generalist offering, leboncoin operates across several verticals.

The Company has strengthened its vertical positions in France through acquisitions carried out with the aim to build a portfolio of complementary brands, such as A Vendre A Louer, MB Diffusion, Kudoz, Vide Dressing, PayCar, the Argus Group (which also has operations in Italy and Spain) Locasun, and Pilgo SAS. Certain key highlights in the Company's France segment's history are:

2006: Launch of leboncoin using the technical platform of Blocket in Sweden;

2008: leboncoin became profitable;

2010: leboncoin became the market leader of online private listings with 10 million listings;

2012: leboncoin was ranked in Great Place To Work Institute's list of top companies[11];

2016: leboncoin reached 500 employees, launched a fully responsive online classifieds site and acquired MB Diffusion;

2017: leboncoin was voted as the fourth most useful company in France according to an international market research group, IFOP S.A.[12] and acquired A Vendre A Louer and Kudoz;

2018: leboncoin launched peer-to-peer payments as a feature and acquired Vide Dressing;

2019: Acquisition of Locasun, PayCar and the Argus Group; and

2020: Acquisition of Pilgo SAS.

France is the largest segment within the Company's portfolio. In 2019, the segment had EUR 357.4 million in operating revenues and 1,3612 FTEs as of the end of 2019. The Company's France segment operating revenues grew by a 17% from 2018 to 2019. The France segment reported EBITDA margin of 54% in 2019 (55% in 2018). The Group's total marketing expenditure in France was EUR 36 million in 2019, with 36% of advertisement spending consisting of online advertising spend.

In terms of brand awareness and recognition, the Group's online classifieds sites have strong positions, particularly leboncoin which in 2017 was viewed as one of the most useful brands in France, in fourth position behind only La Poste, SNCF and EDF Energy, according to 2017 IFOP study[13].

[10] See the chart in Section 8.3 and the sources used therein regarding France.
[11] https://www.greatplacetowork.fr/workplace/item/1503/leboncoin+Groupe (information extracted November 2020)
[12] IFOP study (2017)
[13] IFOP study (2017)

France online classifieds sites

leboncoin (generalist)

With 28.7 million monthly unique active visitors in 2019, leboncoin is a leading[14] generalist platform in France and was also the sixth largest website in France in terms of monthly unique active users in 2019, behind Google, Facebook, YouTube, Wikipedia and Amazon. Leboncoin represented 48.7% of the Group's operating revenue in 2019, and is a leader[15] across motors and real estate.

In 2019, leboncoin had[16]:

- a customer base comprising approximately 342,000 professionals, which comprises approximately 7% of French companies;
- approximately 171 million listings placed;
- an average of approximately 700,000 new listings posted daily;
- an average of approximately 2.4 million messages being exchanged on leboncoin each day;
- approximately 713,000 job positions filled; and
- approximately 112 million transactions were carried out through leboncoin, the sum of which represented approximately 0.9% of the French GDP in that period.

The Group continues to invest in growth and explore new opportunities to strengthen the Group's positions, increase operating revenues through more competitive pricing and value-added services (such as in jobs and recruitment) and enter into new verticals. In addition to leboncoin, the Company has strengthened its vertical positions in France by building a portfolio of complementary brands through bolt-on acquisitions of the following online classifieds sites:

A Vendre A Louer (Real estate)

A Vendre A Louer is a vertical online classifieds site within real estate that leboncoin acquired in 2017. In 2019, A Vendre A Louer had a 37% market share of real estate listings in France and was the number four classifieds website[17] in terms of number of monthly unique active users. For the period of January through April in 2020, A Vendre A Louer was number five in terms of number of monthly unique active users.[18]

A Vendre A Louer targets professionals offering properties for sale, rentals and new constructions, and offers a wide range of listing services, including features to help professionals work on their leads and manage their mandate agreements with the real estate sellers to market the property more easily. Through these services, professionals can see the number of searches performed by consumers and the number of times consumers have contacted their real estate agency. Through access to a dedicated space called "Espace Pro", professionals also have access to a selection of mandates similar to the properties in their portfolio.

For consumers, A Vendre A Louer offers advanced search options, notifications, simulations and quotes for financing, insurance and moving services through its partners, and practical advice for consumers across all stages of their real estate project, whether it is buying, selling or renting.

MB Diffusion (Agricultural and construction equipment)

MB Diffusion was acquired in 2016, and operates three vertical online classifieds sites: AgriAffaires, an online classifieds site for new and used agricultural, forestry and winegrowing equipment, MachineryZone, an online classifieds site for new and used construction, transport and handling equipment, and Trucks Corner, an online classifieds site for second-hand trucks, semi-trailers and heavy vehicles. MB Diffusion has a physical presence in Italy, France and Germany, and billing in more than 60 countries. AgriAffaires has a presence in 20 countries, Machinery Zone is present in 20 countries, and Trucks Corner is present in 20 countries. MB Diffusion was also the market leader in France in terms of traffic and number of listings within the agricultural and construction equipment verticals in 2019.

[14] See the chart in Section 8.3 and the sources used therein regarding France.
[15] See the chart in Section 8.3 and the sources used therein regarding France.
[16] Archipel & Co study (2019) and Company estimates (September 2019)
[17] Autobiz 2019 report – MAU (monthly active user ranking)
[18] Autobiz April 2020 data– MAU (monthly active user ranking).

MB Diffusion offers listings of professional equipment either free of charge or on a price-based fee, depending on the listing price of the equipment. In addition, buyers of professional equipment can register "wanted" listings free of charge if they are searching for specific equipment. AgriAffaires and MachineryZone provide listers with a "Price Observatory" where they can search for international price trends for used equipment for more than 5,747 models in 61 categories to assist them in determining the price for their equipment.

LeBonCoin Emploi Cadres (jobs)

Kudoz was originally a mobile application vertical online classifieds site covering jobs and recruitment of white-collar workers. Leboncoin first acquired a stake in Kudoz in 2015, and subsequently acquired a further stake in 2017 to gain control. In 2018, Kudoz was rebranded as "leboncoin Emploi Cadres" and a dedicated online classifieds site was launched to complement the mobile application offering.

"leboncoin Emploi Cadres" uses a matching algorithm to provide recruiters with profiles that correspond to their listing. Recruiters can limit the visibility of their listing to a certain population through filtering, for example by type of education. Recruiters also have access to key performance indicators, such as the number of views and number of candidates per job listing.

"leboncoin Emploi Cadres" enables job applicants to rapidly register their profile and select criteria for the positions that may be of interest, such as function, geography, type of contract, salary expectations, industry and company size. The job applicant receives jobs matching their search criteria, and can apply for the job by sending a short application text and CV via the leboncoin Emploi Cadres interface. Once a job application has been sent, the job applicant receives notifications regarding the progress of their application.

Vide Dressing (general goods within second-hand fashion)

Vide Dressing is a general goods vertical online classifieds site within second-hand fashion and luxury goods that leboncoin acquired in 2018.

Vide Dressing connects sellers and buyers of second-hand fashion and luxury goods and enables them to list and search on its online classifieds site based on various search criteria, such as brand, size, price, colour and condition. Individual profiles and ratings provide information about the number of transactions and other users' experience with the seller, and allows other users to be notified when they list new items for sale. Vide Dressing offers payment and delivery services, and sellers also have the option to purchase authenticity certificates for high-end and luxury items.

Locasun (holiday rental and specialist travel)

In June 2019, leboncoin completed a bolt-on acquisition of Locasun, a holiday rental and travel specialist online classifieds site operating across Europe (mainly in France (37%), Spain (19%) and Italy (13%), through the acquisition of 100% of the shares of Locasun SARL and 100% of the shares of Locasun Spain SLU. The Locasun acquisition was also a value-chain expansion for the Group, adding services such as payment, guarantee, private sales and other services to the Group's range of products and services.

PayCar

PayCar is a startup specializing in peer-to-peer payment for second-hand vehicle purchases founded in 2015 and acquired by leboncoin in June 2019. This acquisition generated synergies for us, through the launch of C2C payment on motor on leboncoin, as a result of Paycar's expertise and product adaptation.

PayCar's platform verifies both sellers and buyers and ensures seamless transaction between the two parties along with offering a payment portal, enabling buyers to deposit the purchase amount with the company where the transfer to the seller takes place only when the buyer authorizes it. Approximately 100,000 users that are on the platform have bought or sold their car with PayCar.The service is rated 9.8/10 based on verified reviews.

Argus group

Argus group is one of France's leading[19] players in digital marketing services to the automotive industry. Leboncoin acquired Argus in October 2019.

Argus group offers a range of products aimed at professionals in the automotive industry, including manufacturers, distributors, dealers, and auctioneers. These products include vehicle classifieds ad sites (l'Argus.fr and newebcar.fr),

[19] Company estimate.

quality editorial content and press articles written by journalists, a user-generated forum (auto-evasion.com) and a number of complementary products and services including, among others, Argus Repository (a database that allows users to identify precisely a new or used vehicle by its generation, engine size, finish, price, technical features), VO check (a vehicle history database) as well as a number of car valuation software products, and management software solutions for professional car dealers (CardiffVO, JDKL and PlanetVO) which can be accessed by professionals in the automotive industry for purposes of buying, selling, trading and valuing goods and services. Originally established as a trade publication more than 100 years ago, the group has diversified and digitalised its services, to cover key aspects of the sector and offers three main products: dealers' software, valuation tool and the websites (including editorial information and classifieds). The Group has created the number one market reference in valuing second-hand cars in France[20], through the Cote Argus® that has a 83% market share. The Argus group employs approximately 256 employees in Paris, Nantes, Toulouse and Casablanca (Morocco).

Pilgo SAS

Pilgo SAS is a digital hotel distribution platform directly connected to hotel reservation systems. Leboncoin acquired Pilgo in January 2020. Pilgo's integration into leboncoin is expected to complete in the second half of 2020.

Created in 2015, Pilgo SAS through its digital hotel distribution platform is connected to the reservation systems of independent hotels, including Fastbooking and Availpro (under the D-Edge brand), Reservit and SynXis by Saber, as well as hotel chains such as AccorHotels, Logis de France, Best Western, B&B Hotels, Les Collectionneurs, Hôtels & Préférence, Contact Hotel, Brit Hotel, Oceania Hotels, Ace Hotel. It lists more than 11,000 hotels in France, and has developed its direct marketing vis-à-vis online travel agencies (OTA). With this service, Pilgo enables the hotel industry to develop its direct marketing by providing an alternative technical solution to search engines and OTAs. Hoteliers have live access to the traffic of the most popular travel sites and the solution connects directly to their reservation system, where customer transactions are carried out. Other tourism players can connect directly to thousands of hotels across France, allowing them to offer additional service to their customers.

Spain

Overview

The Group's business in Spain is the the largest[21] online classifieds business in Spain based on revenues[22] and audience[23]. The Spain segment comprises a leading group of complementary online classifieds sites, including InfoJobs, a leading job vertical in terms of traffic in 2019, Coches.net and Milanuncios, which are among the market leaders in the car vertical in terms of traffic, content and paying customers in 2019, Fotocasa, which also holds a strong position in the real estate vertical in terms of traffic, content and revenue in 2019, as well as an additional real estate vertical in Habitaclia and the generalist Milanuncios, which holds a leading position in real estate in terms of content in 2019. Milanuncios is the Group's main generalist online classifieds site in Spain, and serves as a source of consistent content for the real estate and car verticals.

The Company has built a multi-brand presence in Spain, through a series of acquisitions:

1978: Segundamano (currently Vibbo) was founded as a monthly newspaper of free classifieds ads;

1982: Anuntis was founded;

1998: InfoJobs was founded;

2006: Schibsted entered the Spanish classifieds market in 2006 with the acquisition of 77% of the shares in Anuntis and also had ownership position in InfoJobs (Schibsted indirectly held 72%);

2008: Anuntis closed its paper business and became a pure online company;

2009: Schibsted secured control over InfoJobs by acquiring 98.5% ownership;

2013: Schibsted acquired the remaining shares in Anuntis and the company changed its name to Schibsted Spain;

[20] Company estimate - based on market share.
[21] See the chart in Section 8.3 and the sources used therein regarding Spain.
[22] Company estimate – based on revenues.
[23] Comscore (2019)

2014: Schibsted Spain acquired Milanuncios, and as a part of the consideration a minority stake in Schibsted Spain was granted to the selling shareholders;

2017: Schibsted Spain acquired Habitaclia; and

2019: In January 2019, Schibsted took full ownership of Schibsted Spain after acquiring the minority stake. During the first half of 2019, the Group unified most of its products and technology in Spain under the same roof in new offices in Barcelona.

With its combination of generalist and vertical-focused platforms across different targeted brands, the Group's Spain segment is a significant contributor to the Group, generating EUR 182.0 million in operating revenues in 2019, which represented 26.8% of the Group's operating revenues in 2019 growing at a 14% in operating revenues from 2018 to 2019, with a 33% EBITDA margin in 2019 (29% in 2018). The effect of IFRS 16 implementation on operating expenses and EBITDA for Spain was EUR 3.1 million in 2019.

The Spain segment online classifieds sites had approximately 17.9 million monthly unique active users on average during 2019 and employed more than 1,100 FTEs at the end of 2019.

The Spanish business collects data from private users and from professionals, which may be leveraged in product development to anticipate user needs, customize daily usage, provide relevant advertising, support publishers in their professional activities and deliver mass media relevant insights on market evolutions. The Group believes that the extent of data collected, in line with applicable privacy and data protection legislation and requirements, from its various online classifieds sites is a competitive advantage for the Group's Spanish operations.

Spain segment online classifieds sites

InfoJobs (jobs)

InfoJobs had a leading market position[24] in the jobs segment in terms of usage in the fourth quarter of 2019 (with an average of 52% of respondents having visited the site in the past six months, which was 1.7 times the usage score to the nearest competitor) and in terms of share of its users that have applied to any job in 2019 (at 1.4 times the share of users of the most used competitor).

Coches.net and Motos.net (motor)

Coches.net was, together with Milanuncios, the market leader[25] in motor car segment in terms of usage in the fourth quarter of 2019 (jointly having an average of 38% of respondents having visited the site in the past six months, which was 1.8 times the usage score of the nearest competitor). In terms of listings, Milanuncios was the market leader in terms of monthly new ads in the fourth quarter of 2019 (representing 1.9 times the number of listings of the nearest competitor). Coches.net is also complemented by Motos.net, which is an online classifieds site dedicated to motorcycles.

Fotocasa and Habitaclia (real estate)

The Group has two vertical online classifieds sites in real estate: Fotocasa and Habitaclia. In 2019, despite the market slowdown, the Group grew in terms of traffic, content, and revenues. The Group was second in the market in terms of usage in the fourth quarter of 2019 (with an average of 40% of respondents having visited Fotocasa in the past six months, which was a similar score compared to the market leader).

The Group believes that it is well-positioned within the real estate vertical category in Spain, with the combination of new listings on Milanuncios and visits to Fotocasa further complemented by Habitaclia. Milanuncios was the market leader in terms of monthly real estate new listings in the fourth quarter of 2019, slightly ahead of its nearest competitor.

Milanuncios (generalist)

Milanuncios is the Group's main generalist online classifieds site and a significant traffic and listing generator. In 2019, Milanuncios represented approximately 45% of the traffic of the Group's most relevant sites in Spain measured in visits, and it was an additional source of listings and effectiveness for the Group's real estate and car verticals. Among generalist online classifieds sites in Spain, Milanuncios ranked second in terms of traffic and, according to the Group's estimate, in listings.

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[24] See the chart included in Section 8.3 and the sources used therein regarding Spain.
[25] Based on Ipsos brand awareness tracker (Q4 2019)

Brazil

Overview

The Group's online classifieds in Brazil primarily consists of OLX Brazil, which is a generalist online classifieds site and a market leader[26] in terms of traffic, with approximately 90 % of traffic from mobile use in 2019 before eliminations. The Brazilian segment also comprises InfoJobs Brazil, a part of the job vertical

OLX Brazil is operated through a joint venture company, Silver Brazil JVCO B.V. ("**OLX Brazil**"), the Group's 50/50 joint venture together with OLX B.V., a subsidiary of Prosus N.V., a global internet and entertainment group that was spun out of Naspers Ltd. (South Africa) in 2019 and listed on Euronext Amsterdam. The ownership in OLX Brazil is governed by a shareholders' agreement, entered into when the joint venture was established in 2015. The agreement has provisions on governance, funding, restrictive covenants, pre-emptive rights in case of sales of shares (directly or indirectly) and exit rights for each shareholder. As part of the joint venture arrangement, OLX Brazil has also been granted an exclusive, non-transferable, non-assignable, royalty-free license to use the OLX-name, certain OLX domains and OLX trademarks.

In August 2019, OLX Brazil acquired Anapro (Facher Tecnologia Ltda.), a company based in Brazil focused on CRM and Sales management solutions for the real estate market.

In October2020, OLX Brazil acquired Grupo ZAP, a key player in the online real estate classifieds market in Brazil as further set out in Section 5.7.

The key events in the Company's Brazil segment's history are:

2010: Launch of OLX;

2011: Naspers acquired OLX Brazil, and Bomnegócio (Schibsted's Brazilian site) opened in Brazil;

2013/2014: Major investments made to build up OLX;

2015: Merger between OLX and Bomnegócio (a site that was launched by Schibsted), with Schibsted thereby acquiring a 25% stake in OLX Brazil; Start of monetization;

2016: OLX Brazil became the number one platform for car sales in Brazil;

2017: Storiaimóveis, a premium site targeted at real estate developers, agents and agencies, was launched;

2017: Acquisition of Telenor's 25% stake in OLX Brazil by Schibsted, thereby increasing ownership interest to 50%;

2018: First profitable year for OLX Brazil, and launch of Autoshift, an exclusive site in motor for professional retailers for both new and used cars;

2019: Acquisition of Anapro (Facher Tecnologia Ltda.) (Brazil); and

2020: Acquisition of Grupo ZAP.

In 2019, the Company's Brazil segment had EUR 86.0 million in operating revenues (representing 11.3% of the Group's operating revenues before eliminations). Brazil segment primarily comprises the joint venture OLX Brazil which is accounted for using the equity method of accounting with subsequent adjustments are included in eliminations, and 758 FTEs The Company's Brazil segment had growth in operating revenues of 25% in the period from 2018 to 2019. The EBITDA margin in Brazil has improved from 4% in 2018 to 7% in 2019. Total marketing expenditure in Brazil was EUR 11.5 million in 2019, with 71% of advertisement spending consisting of online advertising spend.

Brazilian online classifieds sites

OLX (generalist)

OLX is a market leader[27] in Brazil and has strong brand recognition among Brazilian internet users. OLX also operates across

[26] See the chart in Section 8.3 and the sources used therein regarding Brazil.
[27] See the chart in Section 8.3 and the sources used therein regarding Brazil.

several verticals, and was the market leader in the car vertical in terms of visits (2.1 times more visits than number two competitor), number of listings in 2019 (2.7 times more listings than the number two competitor), and in the real estate vertical in terms of visits in 2019.

In 2015, OLX introduced listing fees for its motor and real estate verticals. In 2017, OLX extended its real estate offer with the launch of "Storiaimóveis", a premium site targeted at real estate developers, agents and agencies. In 2018, as OLX launched Autoshift, an exclusive site in motor for professional retailers for both new and used cars. Since 2018, OLX has also entered into partnerships with various banks to offer financing and other services. These partnerships enable OLX to become further involved in the transaction value chain by being part of the end to end user experience. In 2020, OLX introduced a new transactional model (OLX pay), with a full-escrow model (Compra Segura) via digital wallet and offering delivery services.

InfoJobs Brazil (jobs)

InfoJobs Brazil was launched in Brazil in 2007 following its success in Spain. InfoJobs Brazil is a market leader[28] in the job vertical in terms of visitor traffic to its classifieds site in 2019. Between 2013 and 2019, InfoJobs Brazil has experienced increased monthly visits and resumes registered on its sites.

The Group owns 76.23% of InfoJobs Brazil, while the remaining share is owned entities affiliated with RedArbor, an online classifieds group that specializes in employment.

Global markets

Overview

Adevinta's Global Markets comprise a global portfolio of online classifieds sites with well recognised brands across Italy, Austria (50/50 joint venture, Willlhaben), Ireland (50/50 joint venture, DistilledSCH), UK (via Shpock), Hungary, Colombia, Mexico, Chile, Tunisia, and Belarus. In November 2020, Adevinta divested its online classifieds businesses in Morocco, Tunisia and Colombia. See Section 5.7.

In 2019, Adevinta's Global Markets segment had operating revenues of EUR 124.2 million, with Italy, Austria (50/50 joint venture, Willhaben), Ireland (50/50 joint venture, DistilledSCH) and Hungary being the largest contributors. The total marketing expenditure for Global Markets was EUR 24.6 million in 2019, with 77% of advertisement spending consisting of online advertising spend. Global Markets had a growth of 5%in operating revenues from the year 2018 to 2019, and an improvement in EBITDA margin from negative 26% in the year ended 31 December 2018 to positive 8% in 2019.

The Global Markets portfolio includes brands in both the generalist and vertical categories.

Set forth below is an overview of some of the Group's key markets within Global Markets.

Italy

Italy represents a mature economy, with internet penetration of 69% in 2019. the Group's total advertising spending in Italy was EUR 11 million in 2019, with 71% of advertising spend being online advertising spend. The Company believes that Italy represents significant opportunity with country's total advertising spending of USD 9.5 billion in 2019 of which 30% of advertising spend being online advertising spend.

The Group's operations in Italy consist of Subito, a generalist brand, with strong positions in cars and jobs and a challenger position in real estate, and InfoJobs, which is a job vertical online classifieds site. Subito is a generalist online classifieds site and a market leader within online classifieds in Italy in terms of traffic in 2019, and was the most recognised[29] online classifieds brand in Italy with a 37% brand awareness score according to Ipsos, a global market research and public opinion specialist ("Ipsos") and with more than 81% of traffic from mobile use in 2019. In addition to its strong generalist brand, Subito was also market leading in the car vertical, number two in the jobs vertical and number four within the real estate vertical, all in terms of traffic in 2019. Within the real estate vertical, Subito's main focus is on private sector, rentals and vacation rentals.

Austria

Austria has a mature economy and high internet penetration of 80% in 2019. The Group's total advertising expenditure in

[28] See the chart in Section 8.3 and the sources used therein regarding Brazil.
[29] Based on Ipsos brand awareness tracker (2019)

Austria (excluding Shpock) was EUR 4.8 million in 2019, with 35% of advertisement spending being online advertising spend.

The Group operates two brands in Austria: Willhaben, which is a 50/50 joint venture that was founded by Schibsted and Styria Medien AG in 2006, and Shpock. Willhaben is a generalist online classifieds site with strong growth in terms of visits and live listings between 2017 and 2019 and with approximately 77% of traffic from mobile use in 2019. Willhaben was Austria's seventh largest[30] online classifieds site in terms of traffic in 2019, as well as a market leading operator[31] in the motor and real estate verticals in terms of traffic in 2019.

In 2019, Willhaben was the most recognised brand[32] in Austria within the real estate and motor verticals, scoring 54% and 56% respectively on brand awareness in a survey conducted by Ipsos in 2019.

Ireland

The Group believes that Ireland offers a strong growth opportunity with 82% internet penetration in 2019 and 5.6% year-on-year real GDP growth between 2018 and 2019. The Group's total marketing expenditure in Ireland was EUR 1.6 million in 2019 with 57.8% of advertisement spending being online advertising spend.

The Group operates three online classifieds sites as part of DistilledSCH, the Group's 50/50 joint venture with the Irish-owned company Distilled Media:

- *DoneDeal*, a generalist online classifieds site with a strong presence in the car vertical, enjoying the market leading position in terms of traffic in 2019, with a 34% top of mind brand awareness among online classifieds for motor in 2019; and

- *Daft* is a market leader[33] in the real estate vertical in terms of traffic in 2019 which had above 50% top-of-mind brand awareness among online classifieds for real estate in 2019.

- *Adverts*, which is a generalist online classifieds site with a strong market position within online classifieds in Ireland in 2019, and has a particularly strong presence in the Dublin area;

Hungary

The Group believes that Hungary is an attractive market with total advertising expenditure in 2019 of EUR 767 million, internet penetration of 80% in 2019, and a real GDP growth of 4.9% between 2018 and 2019. The Group's total marketing expenditure in Hungary was EUR 1.9 million in 2019 with 70% of advertisement spending being online advertising spend.

The Group's online classifieds sites in Hungary consist of Jófogás and Használtautó. Jófogás is a a market leading[34]generalist online classifieds site in Hungary in terms of traffic and brand recognition in 2019, with a top-of-mind (ToM) brand awareness score (which is a marketing metric measuring the percentage of customers for whom a given brand comes to mind first when a customer is asked an unprompted question about a category) among generalist online classifieds sites of 43%. Használtautó is market leading[35] within the car vertical in terms of traffic and brand recognition in 2019, with a top-of-mind (ToM) brand awareness score among car online classifieds sites of 42%, where Jófogás has a 14% score. Használtautó has been fully integrated with Jófogás, selling bundles of a number of listings and add-on products to further strengthen its leading position within motor. Jófogás and Használtautó had 66%% of traffic from mobile in 2019.

Shpock

Shpock is a generalist (app-first) mobile online classifieds site that was acquired by Schibsted in 2015. The mobile online classifieds site is turning its focus from location-based discovery to a transactional classifieds site, with categories ranging from electronics, fashion and furniture to specialised verticals such as motor and real estate. Shpock is focusing its efforts on the UK as it is winding down its activities in and will exit two other countries: Germany and Austria.

In 2019, Shpock had approximately 26 million listings in the UK and since its launch in July 2015, Shpock has had 105 million total downloads worldwide and had approximately 92% of traffic from mobile in 2019.

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[30] Similarweb, 2019 (information extracted June 2020)
[31] Similarweb, 2019 (information extracted June 2020)
[32] Based on Ipsos brand awareness tracker (2019)
[33] Similarweb, 2019 (information extracted June 2020)
[34] Based on Ipsos brand awareness tracker (2019) and Similarweb, 2019 (information from Similarweb extracted June 2020)
[35] Based on Ipsos brand awareness tracker(2019) and Similarweb (information from Similarweb extracted June 2020)

5.7 Investments

Please see the Transactions as described in Section 7. Reference is further made to OLX Brazil's acquisition of Grupo Zap as further set out in Section 5.8.

5.8 Significant Recent Trends and Developments

Trading update for the three months period ended 30 September 2020

On October 27, 2020, Adevinta announced the results for its third quarter of 2020 ended 30 September, reporting a 1.6% year-on-year increase in revenues, driven by positive organic growth in France and Brazil.

The recovery experienced in the three months period ended June 30 continued into the three months period ended 30 September, thus resulting in positive growth during each month of the three months period ended 30 September. Classifieds revenues were up 4.6% in the three months period ended 30 September, while display advertising revenues decreased 4.3%. L'Argus Groupe, acquired in October 2019, added 4.2 points to total revenue growth, but changes in exchange rate had a negative 2.6-point impact.

Gross operating profit (EBITDA) including JVs increased by 6% yoy. The negative impact of COVID-19 on Adevinta's main markets was mitigated by strong cost reduction initiatives implemented throughout the group and favourable phasing, since some expected marketing expenses and hiring only started to ramp up at the end of the quarter.

Revenues in France increased by 17% in the three months period ended 30 September (or 8% excluding L'Argus), showing good resilience in the challenging business environment implied by the COVID-19. Total classifieds revenues grew 24% compared to last year (including contribution from L'Argus), driven by the cars and real estate verticals and the ramp up of transactional. Advertising revenues remained subdued below previous year level due to a strong slowdown in September driven by the challenging context. EBITDA margin decreased 6 pp impacted by the dilutive impact of acquisitions, further investment in marketing and in the transactional model ahead of revenue generation. Those were partially offset by strict cost control measures and limited year-on-year increase in personnel costs due to slower-than-expected pace of hirings ramp-up.

Revenues in Spain saw negative growth of -7% in the three months period ended 30 September 2020 compared to the same period in 2019 although strongly recovering from three months period ended 30 June 2020. Classifieds revenues were down 10% compared to the three months period ended 30 September 2019. Real estate market was gradually recovering after the hit in the three months period ended 30 June 2020, although still below pre-COVID-19 levels. The jobs market was impacted by lower volumes given the decrease in signed employment contracts and the most recent expectations for the economy contraction. On the other hand, the Company saw the car market back to growth led by higher ARPU thanks to the successful migration of customers to new product offering and benefiting from a good momentum in used car sales. Display advertising increased by 5% year-over-year driven by programmatic revenues due to successful initiatives to improve sold inventory and benefiting from traffic growth. The EBITDA margin in the three months period ended 30 September 2020 remained stable compared to last year, despite the decline in revenues, due to solid cost control measures, such as reductions in marketing investment and administrative costs and stable personnel costs.

Strong depreciation of Brazilian real against euro compared to the three months period ended 30 September 2019 continued to impact total revenue growth in Brazil. However, operational revenue in the segment was back to growth in the quarter and increased by 4% in local currency driven by OLX Brazil's acceleration towards the end of the quarter. OLX Brazil, which is a 50% owned joint venture, increased revenue in in the three months period ended 30 September 2020 by 5% in local currency, driven by solid performance in indirect advertising and value added services, including new partnership in real estate and C2C financing in cars. In addition, classifieds revenues benefited from successful initiatives to improve clients satisfaction and enhance new sales. Infojobs Brazil decreased its operational revenues by -10% in local currency; revenue from Professionals and Advertising were the main affected business lines due to the pandemic of COVID-19. Nonetheless, the trend improved month over month reducing the negative gap compared to the three months period ended 30 September 2019. In the three months period ended 30 September 2020, cumulative EBITDA increased by EUR 0.2 million when compared to the same period in 2019. OLX Brazil contributed positively in the three months period ended 30 September 2020, partly offset by InfoJobs Brazil due to revenue shortfall. OLX Brazil was positively impacted by a one-off tax credit over marketing expenses from previous years and the variation of the management long-term incentive in OLX Brazil. Even excluding those, EBITDA margin would have been improving compared to the three months period ended 30 September 2019, as a result of the revenue increase and favorable phasing of marketing expenses, while the Company continued to invest in product & tech resources.

In the three months period ended 30 September 2020, the Global Markets portfolio saw negative revenue growth of -9% compared to the same period in 2019 (or -7% at constant currency) showing strong signs of recovery throughout the quarter amongst the challenging COVID-19 context led by Ireland and Willhaben. Classifieds revenues were down -7% year-on-year although improving throughout the quarter. Revenues in advertising were also down by -7% despite strong signs of recovery in September. For the three months period ended 30 September 2020, EBITDA was flat year-on-year at EUR 6.4 million as overall cost reductions and small positive one-off in Hungary offset the revenue decline and the further investment in Shpock as part of the transformation to a transactional model. Italy, Willhaben, Ireland and Hungary all increased EBITDA when compared to the three months period ended 30 September 2019 as revenues recovered and investment in personnel and marketing remained conservative on the back of the COVID-19 context.

Adevinta's divestment of its online classifieds businesses in Morocco, Tunisia and Colombia

In November 2020, Adevinta divested its online classifieds businesses Avito in Morocco, Tayara in Tunisia and Fincaraiz in Colombia to Frontier Digital Ventures, a group listed on the Australian Securities Exchange which specializes in developing online classifieds businesses in emerging markets, with a particular focus on real estate and motors verticals and general classifieds website. The disposals are expected to have a marginal positive impact on the Company's EBITDA figures.

OLX Brazil's acquisition of Grupo ZAP Brazil

On 30 October 2020, OLX Brazil acquired Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately EUR 580 million (equivalent). The investment was equally financed by OLX Brazil's two shareholders, the Group and OLX B.V., a subsidiary of Prosus. Following completion of this acquisition, OLX Brazil started operating in the real estate market under the OLX, ZAP and Viva Real brands, with complementary positions to meet the different demands of end users, private advertisers and professionals within the sector.

COVID-19

In March 2020, the outbreak of COVID-19 was characterized as a pandemic by the World Health Organization. The outbreak has resulted in government authorities and businesses throughout the world implementing numerous measures intended to contain and limit the spread of COVID-19, including travel bans and restrictions, quarantines, shelter-in-place and lockdown orders and business restrictions, shutdowns and other limitations. The COVID-19 pandemic and the response thereto has adversely impacted and may continue to adversely impact the Group's combined business, as well as its employees, customers, users, suppliers, vendors, banking partners, business partners and businesses in which the Group has minority investments.

COVID-19 has impacted all of the Group's markets. The Group's performance for the three months period ended 30 September 2020 confirmed the trend that the Group had seen throughout the three months period ended 30 June 2020, with improving momentum in operational KPIs, translating into revenues. Adevinta's operating revenue increased by 3% in the three months period ended 30 September 2020 compared to the same period in 2019. Operating revenues for Adevinta in France increased by 17% and in Spain, Brazil and Global Markets decreased by 7%, 27% and 9%, respectively, in the three months period ended 30 September 2020 compared to the same period in 2019. The Group continued to implement strong cost saving initiatives throughout the quarter and benefited from the phase-out of expenses, driving exceptional year-on-year growth in EBITDA margin despite the dilutive impact of acquisitions. Consolidated EBITDA grew 5% year-on-year to 54.1 million euros for the three months ended 30 September 2020.

As a consequence of the current crisis, the Group sees an acceleration of the trends that support the development of the digital economy. Strong secular shifts in online behavior and changing consumption patterns are driving expectations for more convenient user digital journeys. Professionals are rethinking their operating models and demanding more efficient and digital content advertising solutions. In that context, the Group believes online classifieds marketplaces will play a more important role going forward. Following the Transaction, the Group will become the world's leading online classifieds pure player with unprecedented scale. The Group will benefit from number one positions in 17 countries, covering 1 billion people. As the largest player in the sector, the Group will be uniquely positioned to accelerate growth. The Group will leverage its complementary expertise and know-how across geographies and verticals to ensure best-in-class product offering and user experience for its customers.

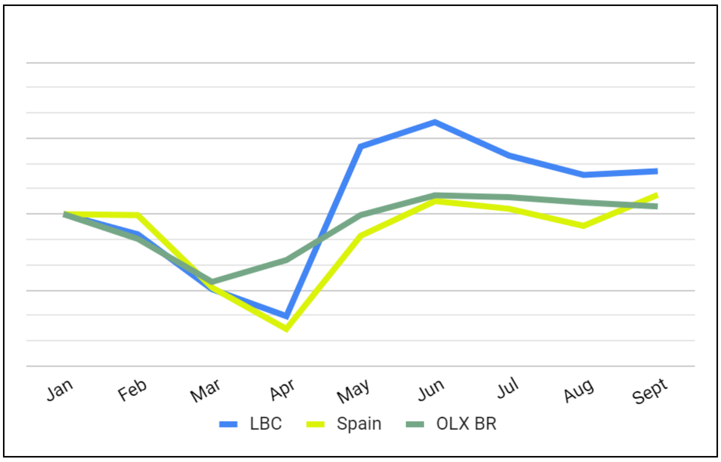
The Group remains confident in the resilience of its business and in its sustainable growth profile. Inherent operational leverage is strong in some geographies while the Group will continue to invest in product and technology. This supports the Group's long-term objectives for the current Adevinta portfolio. In addition, the Group expects the eBay Classifieds acquisition to drive substantial and sustainable revenue and cost synergies with an estimated run-rate EBITDA impact of 134 to 165 million euros in the third year following its closing. The Group's strategic and financial targets for the combined entity will be unveiled subsequently.

As expected the Group's performance has continued to improve in the three months period ended 30 September 2020, benefiting from positive market dynamics following the end of lockdowns, especially in the motor space, and from favorable customer trends, including accelerated adoption of transactional solutions. Looking ahead the Group remains cautious on the short-term perspectives in the context of growing restrictions in its key markets, shrinking clients' stock and rising unemployment rates due to macroeconomic uncertainty. The advertising market remains weak and the impact on group revenues is typically higher in the last quarter due to seasonality. In the three months period ended 30 September 2020, the Group has successfully managed its cost base to mitigate the adverse impact of the crisis through savings initiatives and phase-out of expenses, leading to a high level of EBITDA margin. The Group will catch up and accelerate investment in marketing and product and tech resources as from the fourth quarter in order to drive future growth, secure the Group's positions and seize opportunities that will arise from the crisis, leading to a decrease in EBITDA margin.

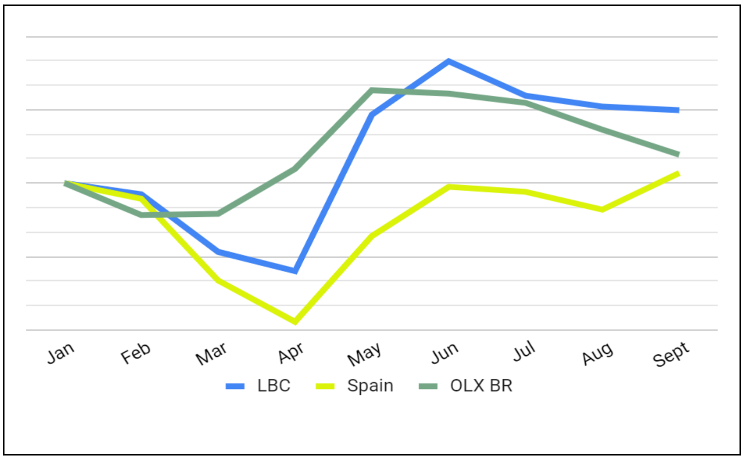
Adevinta

As illustrated in the charts below, Adevinta's operational KPIs have continued to recover throughout the three months period ended 30 September, especially in France, Spain and Brazil. In France, traffic dropped significantly following the lockdown of the country but recovered strongly during April and in May 2020, with traffic reaching record levels following the end of the first lockdown. In Spain, traffic developed positively, above May 2019 levels. In Spain, Adevinta's real estate marketplaces also reached high KPIs (in terms of traffic) in May and June 2020, while its motor vertical recovered in June 2020. In Brazil, Adevinta experienced growth in traffic from mid-May 2020.

Visits



Leads



The Transaction

Reference is further made to the Transaction as set out in Section 7.

Significant changes

There have been no significant changes in the financial or trading position nor to the financial performance of the Group since the date of the interim financial statements for the nine months period ended 30 September 2020.

5.9 Disclosure About Dependency on Contracts, Patents and Licenses

The Transaction Agreement

See Section 7.3 for a summary of the key terms and conditions pursuant to the Transaction Agreement.

Transaction Financing

See Section 7.2 for the debt financing arrangements the Company will enter into concurrently with or in advance of the closing of the Transaction.

Senior Credit Facilities Agreement

The Company has entered into a senior credit facilities agreement (the "**Senior Credit Facilities Agreement**"**).** The Senior Credit Facilities Agreement provides for a senior secured term loan facility consisting of a EUR denominated tranche in an aggregate principal amount of EUR 900 million (the "**EUR Term Facility**") and a USD denominated tranche in an aggregate principal amount of USD 506 million (approximately EUR 425.7 million) (the "**USD Term Facility**" and together with the EUR Term Facility, the "**Term Facilities**") and a multicurrency revolving credit facility in a principal amount of EUR 450 million (the "**Revolving Facility**" and, together with the Term Facilities, the "**Senior Facilities**") to be made available to the borrowers thereunder, subject to the ability to increase this amount under certain conditions. The original borrower under the Senior Facilities will be the Company but the Senior Credit Facilities Agreement permits additional entities, including eBay Classifieds Holding B.V. and Adevinta Finance AS, to accede as borrowers subject to satisfaction of certain conditions set out in the Senior Credit Facilities Agreement. The Senior Facilities are secured on a first ranking basis over the Shared Collateral.

The EUR Term Facility does not amortize and matures 84 months from the date of initial utilisation (the "**Closing Date**"). The USD Term Facility amortizes at a rate of 1% per annum (payable in instalment of 0.25% on each quarter date) and matures 84 months from the Closing Date. The Revolving Facility matures 60 months from the Closing Date.

Undertakings and covenants pursuant to the Senior Credit Facilities Agreement

The Senior Credit Facilities Agreement contains customary negative undertakings (subject to certain agreed exceptions, materiality qualifications, grace periods, baskets, thresholds and other qualifications) including, but not limited to, restrictions on:

- incurring indebtedness except for certain permitted indebtedness;
- restricted payments except for certain permitted payments;
- liens except for certain permitted liens;
- creation of restrictions on distributions from specified restricted subsidiaries of the Company except for certain permitted restrictions;
- sales of assets and subsidiary stock except for certain permitted sales;
- affiliate transactions except for certain permitted affiliate transactions;
- mergers and consolidations except for certain permitted mergers and consolidations; and
- impairing security interests with respect to the collateral,

Each of which is in all material respects consistent with the equivalent undertaking applicable to the Notes. Certain of the negative covenants will be suspended if and for as long as the Term Facilities achieve and maintain investment-grade ratings provided that no default is continuing.

The Senior Credit Facilities Agreement also contains positive undertakings (subject to certain agreed exceptions, materiality qualifications, grace periods, baskets, thresholds and other qualifications), including, but not limited to

- authorizations subject (where applicable) to certain legal reservations and completion of perfection requirements;
- compliance with laws;
- no amendments to, or waivers in respect of, the Acquisition Agreement which could reasonably expected to materially and adversely affect the interests of the finance parties;
- *pari passu* ranking except for obligations mandatorily preferred by generally applicable law;
- compliance with sanctions, anti-corruption and anti-money laundering laws;
- further assurances subject to the agreed security principles;
- restriction on direct ownership of shares by the Company (other than shares in (1) Adevinta Finance AS; (2) Adevinta Oak; (3) eBay Classifieds Holding B.V.; and (4) any other entity incorporated in the Netherlands or Norway provided that all such shares are subject to certain specified securities; and
- commercially reasonable efforts to obtain and maintain public ratings with from at least two of Fitch, Standard & Poors and Moody's for the Company, including some of its subsidiaries, and the Term Facilities.

The Senior Credit Facilities Agreement also requires compliance with a consolidated senior secured net leverage ratio (being the ratio of consolidated secured net leverage to consolidated EBITDA, subject to various adjustments set out in the Senior Credit Facilities Agreement) (the "**Consolidated Senior Secured Leverage Ratio**") of 7.12:1, such ratio having been set with an agreed level of headroom. The Consolidated Senior Secured Leverage Ratio is tested quarterly on and after the second complete financial quarter after the date of initial funding under the Senior Credit Facilities Agreement and only when the aggregate outstanding amount Revolving Credit Facility utilizations (subject to various adjustments set out in the Senior Credit Facilities Agreement) net of cash, exceeds on a test date 40% of the total Revolving Credit Facility commitments. A failure to comply with the Consolidated Senior Secured Leverage Ratio covenant when tested results in a default under the Revolving Facility only and does not constitute a default for the purposes of any other Senior Facility unless and until the lenders of the Revolving Facility have taken acceleration action as a result of such default. The Senior Credit Facilities Agreement contains equity cure provisions with respect to the Consolidated Senior Secured Leverage Ratio covenant.

If an event of default has occurred and is continuing, the Senior Credit Facilities Agreement provides that the agent bank may, and shall, if so instructed by the relevant majority lenders (being 50% of the lenders by total commitments), accelerate the Senior Facilities and/or declare that all or part of any amount outstanding under the Senior Facilities are immediately due and payable and/or payable on demand. In addition, similar rights are available to the majority lenders under the Revolving Facility in the case of a financial covenant event of default, but with respect to the Revolving Facility only.

The usage of the gross proceeds from the Term Facilities is described Section 7.2.

The Notes

The Company has issued notes in the total amount of EUR 1,060.0 million (equivalent) comprising of(i) EUR 660 million aggregate principal amount of $2^{5/8}$% senior secured notes due 2025 (the "2025 Notes") and (ii) EUR 400 million aggregate principal amount of 3 % senior secured notes due 2027 (the "2027 Notes", together with the 2025 Notes, the "**Notes**") under an indenture dated on or about 5 November 2020 (the "**Indenture**") between, among others, the Company, certain guarantors, Citibank, N.A., London Branch as trustee and security agent. The indenture governing the Notes contains customary covenants with respect to limitations on consolidated and subsidiary indebtedness; payments of dividends, distributions, certain subordinated indebtedness and investments; limitations on liens; limitations on asset sales; and limitations on transactions with affiliates. The indenture governing the Notes requires the Company to make an offer to purchase all the Notes outstanding under the indenture at 101% of their principal amount if any person or group directly or indirectly beneficially owns or controls more than 50% of the voting equity in the Company.

The Notes (and the guarantees contained therein) and the Indenture are all governed by New York law. To establish the relative rights of the some of the Group's current and future creditors, the Company, among others, entered into an English-law governed intercreditor agreement (the "**Intercreditor Agreement**") with certain lenders, among others, prior to the issuance of the Notes. The Intercreditor Agreement sets out, among other thing, the relative ranking of certain debtors, including the Company, when payments can be made by the Company, among other debtors, when enforcement action can be taken in respect of that debt (including with respect to the security granted over the Shared Collateral), the terms to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions. The terms under the Intercreditor Agreement are customary compared with similar financing arrangements.

The usage of the gross proceeds from The Notes is described in Section 7.2.

EUR 600 million multi-currency term loan and revolving credit facility

On February 27, 2020, the Company refinanced its existing EUR 300 million bank facility with a EUR 600 million multi-currency term loan and revolving credit facility, by and among Adevinta Finance AS, Adevinta Netherlands NV and Adevinta Holdco Spain S.L., subsidiaries of Adevinta, as borrowers, Adevinta and Adevinta Finance AS, as guarantors, BNP Paribas S.A., Danske Bank A/S, DNB Markets (a part of DNB Bank ASA) and Swedbank AB (Publ), as mandated lead arrangers and bookrunners, ING Belgium NV/SA and J.P. Morgan Securities Plc, as lead arrangers, Danske Bank A/S and DNB Markets (a part of DNB Bank ASA), as coordinators and DNB Bank ASA as facility agent, and the financial institutions listed therein as lenders. The EUR 600 million facility consists of a EUR 400 million multicurrency revolving credit facility (the "**EUR 400 million RCF**") and a EUR 200 million dual currency term loan facility (the "**EUR 200 Million Term Loan**" and, together with the EUR 400 million RCF, the "**EUR 600 million multi-currency term loan and revolving credit facility**").

The obligations of the borrowers under the EUR 600 million multi-currency term loan and revolving credit facility are unsecured and are guaranteed by Adevinta and Adevinta Finance AS. The liability of each guarantor is limited to EUR 800 million plus any unpaid amount of interest, fees, liability, costs and expenses.

The EUR 600 million multi-currency term loan and revolving credit facility imposes certain limitations, including financial and operating covenants upon the Group, pursuant to which, among other things:

- the Group must maintain a leverage ratio of no more than to 3.00:1 for any 12-month period ending at the end of each quarter (though it may exceed 3.00:1 but not 4.00:1 for up to four such periods, which may be consecutive, during the life of the facility);
- there are limitations on the ability of the Group (other than Adevinta and Adevinta Finance AS) to incur further indebtedness;
- there are limitations on the ability of the Group to provide financial support to or for the benefit of any company which is not a member of the Group;
- no member of the Group may dispose all or part of their assets, subject to certain permitted dispositions; and
- neither the borrowers nor Adevinta shall (and each shall ensure that no other member of the Group will) create or allow to exist any security on any of its assets or operating revenue without the prior written consent of the majority lenders, subject to certain permitted situations, including a general permission provided that the total aggregate amount of indebtedness secured by such security pursuant to such permission does not exceed EUR 20 million (or its equivalent in any other currency or currencies).

The EUR 600 million multi-currency term loan and revolving credit facility also contains customary events of default (subject to certain exceptions and grace periods), including (without limitation) (i) non-payment, (ii) material inaccuracy of representations and warranties, (iii) breach of covenants, (iv) insolvency of, and insolvency proceedings in relation to, any material group member (as defined therein), and (v) cross default (in respect of non-payment or acceleration of financial indebtedness unless such financial indebtedness is, in aggregate, less than EUR 5 million (or its currency equivalent)).

Delisting of Adevinta from the OSE, a change of control of Adevinta ASA (which occurs if any person or group of persons acting in concert (other than Schibsted or any of its subsidiaries) gains control of 40% or more of the issued share capital or the voting rights of Adevinta) or if any borrower or guarantor (other than Adevinta) ceases to be a wholly-owned subsidiary of Adevinta constitute termination events pursuant to which the agent (if so directed by the majority lenders) may cancel the commitment or declare all or part of the utilizations, including accrued and unpaid interest immediately due and payable. The Transaction would constitute a change of control under this agreement, but the Company intends to use the proceeds from the Notes to repay these bridge term loan facilities in full.

Terms specific to the EUR 400 million multicurrency revolving credit facility

The EUR 400 million RCF matures in February 2025, with two one-year extension options. Borrowings under this facility bear interest at a rate equal to the aggregate of IBOR (which means in relation to any utilization, in EUR, EURIBOR, in NOK, NIBOR; and in any optional currency (other than NOK), LIBOR) plus an applicable margin, which ranges from 0.8% to 2.1% depending on the Group's leverage ratio at the time of the most recent compliance certificate. Interest on each advance is payable on the last day of each interest period (which can be one, two, three or six-month periods, at the option of the borrower, unless a different period is agreed with the lenders, provided that no more than six one-month interest periods may be selected in one calendar year).

The EUR 400 million RCF includes an accordion increase option, which provides flexibility for the parties to agree to increase borrowing by up to EUR 120 million during the term of the facility. The accordion increase option has not been exercised.

Terms specific to the EUR 200 million multicurrency term loan facility

The EUR 200 million term loan matures in February 2023. The EUR 200 million term loan was drawn in NOK and converted into euros through a cross-currency swap and variable interest rate was swapped to fixed interest rate. Borrowings under the EUR 200 million term loan bear interest at a rate equal to the aggregate of IBOR plus an applicable margin, which ranges from 0.9% to 2.15% depending on the Group's leverage ratio at the time of the most recent compliance certificate. The total interest rate applicable to the EUR 200 million term loan for the nine months period ended 30 September 2020 is however lowered after taking into account the interest rate swaps ("IRS") under which Adevinta Finance, as a fixed rate player, shall pay; (i) a fixed rate of 0,447% on a fixed rate payer currency amount of EUR 50 million under an IRS with Danske Bank, (ii) a fixed rate of 0,46% on a fixed rate currency amount of EUR 62,5 million under another IRS with Danske Bank, (iii) a fixed rate of 0,462% on a fixed rate payer currency amount of EUR 62,5 million under an IRS with DNB, and (iv) a fixed rate of 0,422% on a fixed rate payer currency amount of EUR 25,5 million under an IRS with Swedbank.

Interest on each advance is payable on the last day of each interest period (which can be either three-month or six-month periods, at the option of the borrower, unless a different period is agreed with the lenders, provided that no more than six one-month interest periods may be selected in one calendar year).

Grupo ZAP Bridge Term Loan Facilities

In April 2020, the Company entered into (i) a EUR 150 million short-term bridge term loan facility with BNP Paribas Fortis SA/NV, pursuant to a facility agreement dated April 6, 2020, by and among Adevinta ASA, Adevinta Finance AS, BNP Paribas Fortis SA/NV, as mandated lead arranger and bookrunner, and BNP Paribas Fortis SA/NV, as original lender and (ii) a EUR 75 million short-term bridge term loan facility with J.P. Morgan Securities Plc, pursuant to a facility agreement dated April 9, 2020, by and among Adevinta ASA, Adevinta Finance AS, J.P. Morgan Securities plc, as mandated lead arranger and bookrunner, and J.P. Morgan AG, as original lender (the EUR 150 million short-term bridge loan facility and the EUR 75 million short-term bridge loan facility, together the "**Grupo ZAP Bridge Term Loan Facilities**"), in both cases to finance part of the purchase price for Adevinta's acquisition of Grupo ZAP and for general corporate purposes. Adevinta Finance AS, a direct subsidiary of Adevinta, is the borrower under both facilities. Both bridge term loan facilities are guaranteed by Adevinta. The Group intends to use the proceeds from the Notes to repay these bridge term loan facilities in full.

EUR 150 Million Bridge Term Loan Facility
The EUR 150 million bridge term loan facility matures in January 2021, with two three-month extension options. Borrowings under this facility bear interest at a rate equal to the aggregate of EURIBOR plus an applicable margin, which ranges from 0.8% to 2.4% depending on depending on the time period that has elapsed since the date of this facility agreement. Interest on each advance is payable on the last day of each interest period (which can be either one-month or three-month periods, at the option of the borrower, unless a different period is agreed with the lenders, provided that no more than five one-month interest periods may be selected in one calendar year). Unless the lender agrees otherwise, a utilization request may not be submitted if another loan under the facility remains outstanding.

The obligations of the borrower under the EUR 150 million bridge term loan facility are unsecured and are guaranteed by Adevinta. Adevinta's liability under such guarantee is limited to EUR 180 million plus any unpaid amount of interest, fees, liability, costs and expenses.

- The EUR 150 million bridge term loan facility imposes certain limitations, including financial and operating covenants upon the Group, pursuant to which, among other things:

- the Group must maintain a leverage ratio of no more than to 3.00:1 for any 12-month period ending at the end of each quarter (though it may exceed 3.00:1 but not 4.00:1 for up to four such periods, which may be consecutive, during the life of the facility);
- there are limitations on the ability of the Group (other than Adevinta and Adevinta Finance AS) to incur further indebtedness and provide financial support;
- there are limitations on the ability of the Group to provide financial support to or for the benefit of any company which is not a member of the Group;
- no member of the Group may dispose all or part of their assets, subject to certain permitted dispositions;
- neither the borrower nor Adevinta shall (and each shall ensure that no other member of the Group will) create or allow to exist any security on any of its assets or operating revenue without the prior written consent of the lender, subject to certain permitted situations, including a general permission provided that the total aggregate amount of indebtedness secured by such security pursuant to such permission does not exceed EUR 20 million (or its equivalent in any other currency or currencies); and
- for as long as any amount is outstanding under this facility, the borrower and Adevinta shall procure that no repayment or prepayment of utilizations is made under the EUR 600 million multi-currency term loan and revolving credit facility (other than ordinary repayment of loans at the end of an interest period).

The EUR 150 million bridge term loan facility also contains customary events of default (subject to certain exceptions and grace periods), including (without limitation) (i) non-payment, (ii) material inaccuracy of representations and warranties, (iii) breach of covenants, (iv) insolvency of, and insolvency proceedings in relation to, any material group member (as defined therein), and (v) cross default (in respect of non-payment or acceleration of financial indebtedness unless such financial indebtedness is, in aggregate, less than EUR 5 million (or its currency equivalent)).

Upon receipt of any proceeds related to a capital markets transaction received by the borrower or the Group, the borrower shall prepay each loan under the EUR 150 million bridge facility and cancel the available commitments under such facility in an amount equal to the amount of such proceeds (on a pro rata basis with prepayment of the EUR 75 million bridge facility, described below, and any other bilateral facility between Adevinta Finance AS as borrower and a commercial bank as lender, where the use of proceeds have been applied to finance the acquisition of Grupo ZAP and/or general corporate purposes).

Delisting of Adevinta from the OSE, a change of control of Adevinta ASA (which occurs if any person or group of persons acting in concert (other than Schibsted or any of its subsidiaries) gains control of 40% or more of the issued share capital or the voting rights of Adevinta) or if Adevinta Finance AS ceases to be a wholly-owned subsidiary of Adevinta constitute termination events pursuant to which the lender may cancel its commitment or declare all utilizations, including accrued and unpaid interest immediately due and payable.

The EUR 150 million bridge term loan facility includes a “most favored lender” clause, pursuant to which if Adevinta or Adevinta Finance AS agrees to introduce any pricing terms, representation, financial covenant, general undertaking and/or any event of default under a bilateral facility agreement, which is not included under this agreement or is more favorable to the lender under such bilateral facility agreement than the terms set out in the EUR 150 million bridge term loan facility, then such terms shall be deemed to be incorporated into the EUR 150 million bridge term loan facility agreement.

EUR 75 Million Bridge Term Loan Facility
The terms described under “—EUR 150 Million Bridge Term Loan Facility” are also applicable to the EUR 75 million bridge term loan facility, except that the guarantee by Adevinta of the obligations of the borrower under the EUR 75 million bridge term loan facility is limited to EUR 90 million plus any unpaid amount of interest, fees, liability, costs and expenses.

OLX Brazil’s acquisition of Grupo ZAP Brazil

Please see Section 5.7 for the description of OLX Brazil’s acquisition of Grupo ZAP Brazil.

Financial Leases

As of the nine months period ended 30 September 2020, the Group had financial leases of EUR 101.2 million.

5.10 Marketing and sales

Adevinta has a multi-brand marketing strategy and operate with independent brands by country. Over the years, the various brands have built strong positions with high brand recognition in their local markets.

The Group’s online classifieds sites benefit from a high share of direct traffic, particularly for the Group’s established online classifieds sites. The Group’s brands use a combination of communication and marketing approaches with the aim of driving audience growth and increasing brand awareness and reputation, directed at both professional and consumer buyers and sellers. The Group's brands typically use a combination of online and offline channels and advertise in a variety of media, including offline channels such as TV, radio, print, outdoor advertising and events, as well as online channels such as social media and search engines. Paid digital advertising includes search engine marketing (SEM) where the Group pays for listings generated from search engine queries. In addition, the Group's brands engage in search engine optimization (SEO) to increase organic traffic from search engines, and promote the Group's online classifieds sites to ensure that they benefit from free exposure offered through channels such as social media and blogs.

The Group's sales activities are organised independently for each country, enabling its sales force to benefit from its strong local brands and traffic position, all while having a close proximity to the customers in the local market. Sales to professionals are typically segmented by verticals (car, real estate, jobs) using a combination of in-field sales agents and tele-sales. The Group's various brands have built strong partnerships both in local markets and across these markets. For example, the Group has a global partnership with Google, as well as synergies with eBay through the TreeBay commercial arrangement in Germany, the UK and Australia. These partnerships are expected to continue post-closing of the Transaction.

Information technology

The Company's online classifieds sites platforms are designed to provide private listers and professionals with real-time access to listings made available through its online classifieds sites and mobile applications. The Company's online classifieds sites are based on group-wide technology and are maintained independently as platforms by the various online classifieds sites in the local markets that are tailored to meet local demands, all while integrating increasing levels of shared technology and components that are developed and operated by its global teams. The Company is dependent on both its own technology, as well as technology provided by third parties, such as Amazon Web Services (AWS) and AppNexus.

The platforms imbedded on each online classifieds site rely on a common foundation including the data platform and platform services. The data platform collects data by capturing behavioural, content and transaction events that are used by the user-facing components.

Platform Services (PS) provide the core infrastructure services and tooling on top of public cloud infrastructure used to deliver, run and secure the Group's online classifieds sites. The objective of platform services is to enable online classifieds sites' engineers to deliver maximum business impact at a quicker pace, through:

- *Delivery@PS:* empowering engineering teams across online classifieds sites to enhance adaptability, quality and productivity in the phases of the engineering process that go from writing to deploying code and drive automation across the entire organization including continuous integration and deployment.

- *Run@PS:* providing a robust, transparent, seamless and comprehensive runtime environment across online classifieds sites allowing the Group's programmers to test the Group's platforms and programs while running to bring stability and scalability for services and applications, including monitoring, logging and incident management.

- *Secure@PS:* enabling online classifieds site engineers to achieve the highest security standards and includes services, such as automated vulnerability scanning, penetration testing and log auditing.

The user-facing parts of the platform include the online classifieds site itself, as well as the shared technology components, and the advertising platform. The online classifieds sites integrate shared components such as messaging, notification, and rankings and reviews.

The Company's advertising platform consists of a combination of third-party technology such as AppNexus and Google Ad Manager and internal technology including the Group's data management platform, a self-service advertising solution and a common booking API abstraction layer. Following the Group's separation from Schibsted, the Company continued to use AppNexus, initially through a Group agreement between Schibsted and AppNexus which covers the use of the AppNexus advertising technology stack, including ad serving, programmatic buying and selling services, analytics and forecasting.

In the Company's technology development, the Company uses available off-the-shelf technology when appropriate. This includes open-source technology, as well as third-party providers of infrastructure such as logging and monitoring. Platform Services' solutions are built on industry-standard open-source infrastructure technology such as Kubernetes and Kafka, but also leverages third-party offerings such as Travis (test and deployment automation), Artifactory (engineering artefacts repository) and Datadog (monitoring and metrics).

All of the global technology is built and deployed in the cloud, with AWS as the main provider. The Company's online classifieds site platforms historically were entirely on-premises and co-located, but several are now fully migrated to AWS, and most are in a hybrid, transitional state with both on-premises and AWS-hosted systems. The Company has entered into an enterprise agreement with AWS which governs the AWS service across the Group. The general enterprise agreement is supplemented by local agreements in certain markets. All agreements contain customary contractual provisions for cloud services.

The Company has several initiatives to encourage learning and knowledge sharing among its employees, including shared documentation and gatherings that brings together technical staff working on similar topics such as the Data Engineering Day and Messaging gathering.

5.11 Property, plant and equipment

The Company's property, plant and equipment comprises office buildings which had no net carrying amount as of 31 December 2019 (EUR 2.1 million as of 31 December, 2018). In addition, the Company has equipment, furniture and similar assets, which had net carrying amount of EUR 25.3 million as of 31 December 2019 (EUR 17.4 million as of 31 December 2018). The Company's equipment, furniture and similar assets mainly comprise furniture and IT equipment used in the Group's offices across all jurisdictions.

The Company mainly has lease contracts for office buildings and vehicles used in its operations. The Company's office buildings generally have lease terms range between three and 15 years, while motor vehicles generally have lease terms between one and three years. For an overview of the impact of IFRS 16 on the Company's Consolidated income statement for the year ended 31 December 2019, see Note 30 "Lease Agreements" to the Adevinta Audited Financial Statements for 2019.

The most significant leases relate to the leases of Schibsted France's premises in Rue du Faubourg Saint-Martin in Paris (the agreement expires 2026), Subito's premises in Via Benigno Crespi in Milan (the agreement expires in 2025), Adevinta Spain's premises in Calle de Hernani, Madrid (the agreement has been extended to 2021) and Calle Ciudad de Granada, Barcelona (the agreement expires in 2028) and Adevinta France's premises Rue Des Jeuneurs in Paris (the agreement expires in 2029) and Adevinta Products and Technology's premises in Oxford street (the agreement expires in 2027). These leases contain rights to extensions.

5.12 Material Contracts

The Transaction Agreement

Under the terms of the Transaction Agreement, eBay and certain of its subsidiaries shall receive, in the aggregate, USD 2.5 billion in cash and the Consideration Shares as total consideration for the Target on a cash-free and debt-free basis. Pursuant to the Transaction Agreement, the cash consideration is subject to a cash adjustment for cash and debt of eBay Classifieds as of the time of closing the Transaction. The Transaction Agreement includes customary representations, warranties and obligations, including that the Company shall pay a termination fee equal to USD 92 million to eBay if the Transaction Agreement is terminated under certain circumstances. Under the Transaction Agreement, the issuance of the Consideration Shares will occur pursuant to two separate transactions that will take place within a short time interval on closing of the Transaction. The Company estimates that it will incur expenses of NOK 2,000,000 for each of the two transactions.

For further details on the Transaction, see Section 7.

The Notes

On 5 November 2020, the Company issued the Notes consisting of (i) the 2025 notes (EUR 660 million aggregate principal amount of 2.625% senior secured notes due 2025) and (ii) the 2027 notes (EUR 400 million aggregate principal amount of 3.000% senior secured notes due 2027). The Notes were issued pursuant to an indenture between, among others, Adevinta and Citibank N.A., London Branch, as trustee and security agent. The Notes shall be guaranteed by certain subsidiaries of Adevinta, and secured by charges over shares in certain subsidiaries, as well as by security over material bank accounts and intercompany receivables of Adevinta. The Company intends to use the proceeds from the Notes to, among other things, fund a portion of the cash consideration for the Transaction and refinance existing debt. The guarantees and security will be shared with the lenders under the Senior Credit Facility Agreement. For more details about the Notes, see Section 5.9.

The Senior Credit Facilities Agreement

The Senior Credit Facilities Agreement is a senior secured term loan facility consisting of the EUR Term Facility (a EUR 900 million EUR-denominated tranche), the USD Term Facility (a USD 506 million U.S. dollar-denominated tranche) and a multicurrency revolving credit facility in a principal amount of EUR 450 million. Adevinta intends to use the proceeds from the EUR Term Facility and the USD Term Facility to, among other things, fund a portion of the cash consideration for the Transaction and refinance existing debt. The Senior Credit Facilities will be guaranteed and secured as described under the summary of the Notes above.

For more details about the Senior Credit Facilities Agreement, see Section 5.9.

5.13 Legal and Arbitration Proceedings

As of the date of this Prospectus, the Company is not aware of any governmental, legal or arbitration proceedings during the course of the preceding twelve months, including any such proceedings which are pending or threatened, of such importance that they have had in the recent past, or may have, a significant effect on the Company or the Group's financial position or profitability.

5.14 Regulation and Compliance

From the period 31 December 2019 and the date of this Prospectus, the Company is not aware of any material changes in the Company's regulatory environment.

6. INTRODUCTION TO EBAY CLASSIFIEDS

6.1 Overview

eBay, the parent company of eBay Classifieds, is a global commerce leader which was founded in 1995 in San Jose, California. In April 1998, eBay reincorporated in Delaware, and in September 1998, eBay completed the initial public offering of its common stock. eBay's Marketplace platform, which is eBay's only reportable segment following eBay's classification of the eBay Classifieds platform as discontinued operations, includes eBay's online marketplace located at www.ebay.com, its localised counterparts and the eBay suite of mobile apps.

eBay Classifieds consists of the following eBay subsidiaries: eBay Mobile Labs, LLC, eBay Services Mexico, S. de R.L. de C.V. and eBay Classifieds Holding B.V. and its subsidiaries, which include, among others, Mobile.de GmbH and exclude the Danish Entity, which will be acquired by Schibsted Nordic following completion of the Transaction. eBay Classifieds, together with the Danish Entity, is referred to herein as "**eCG**". Founded in 2004, eBay Classifieds is a leading digital classifieds brand across 13 countries, including Germany, Denmark, Canada, the Netherlands, Belgium, the United Kingdom and Australia. Headquartered in Amsterdam, the Netherlands, eBay Classifieds consists of multiple platforms offering online classifieds listings across motors, real estate and general classifieds. Germany, the Netherlands and Canada are eBay Classifieds' largest markets. eBay Classifieds' platforms operate under a number of brands, most significantly Mobile.de, eBayK, Marktplaats, Kijiji and Gumtree. The eBay Classifieds platforms enable users to list, buy, sell and pay for items through various online, mobile and offline channels that include retailers, distributors, liquidators, import and export companies, auctioneers, catalogue and mail-order companies, classifieds, directories, search engines, commerce participants, shopping channels and networks.

eCG is among the fastest growing major online classifieds companies globally, with total operating revenue of EUR 952 million for the year ended 31 December 2019 (EUR 863 million for the year ended 31 December 2018), and EBITDA margin (which equals EBITDA margin incl. JVs, as eCG has no joint ventures) of 34.6% for the year ended 31 December 2019 (34.3% for the year ended 31 December 2018). eCG's portfolio currently includes 17 different online classifieds sites and, in the nine months period ended 30 September 2020, attracted an average of more than 26 million daily users, 1.6 million average listings per day and 1.5 billion average monthly visits across markets with a combined population of 540 million people. For the year ended 31 December 2019, eCG derived 66% of its operating revenues from classifieds, while 34% was derived from advertising.

6.2 Significant factors affecting results of operations

The factors that Management believes have had a material effect on eBay Classifieds' results of operations during the periods under review, as well as those considered likely to have a material effect on eBay Classifieds' results of operations in the future, are described below.

Sale of classifieds products and services

eCG derives most of its operating revenues from sale of classifieds products and services. For the year ended 31 December 2019, revenues from classifieds products and services represented 66% of its operating revenues, of which the verticals (real-estate, motor and jobs) represented 84% of the classifieds products and services operating revenues, while generalist online classifieds products and services represented 16% of the operating revenues. Classifieds revenues result from sales of products and services to its customers, including products and services sold to professional customers in the verticals to facilitate listings, such as subscription packages with various features to increase performance and convenience (for example bulk uploads, dealer tools and inventory management for a large number of listings). In general, professional customers' willingness to pay for listings and additional products and services increases when they are offered products and services that help them increase sales (e.g., increased visibility or better pricing) or improve their operations (e.g., better tools for placing new listings or managing existing listings). In addition, the volume of classifieds products and services sold is affected by the sites' market position, general market conditions, the industry shift from offline to online marketing channels and from desktop to mobile.

eBay Classified's classifieds operating revenues are affected by the price paid by customers for the classifieds products and services. Generally, private listers placing listings on eBay Classified's generalist sites are not charged for listings, but can pay for a limited number of features, e.g., for increased visibility.

eBay Classifieds offers different types of fee structures to its professional customers, although most professional customers, particularly in its motors verticals and categories, contract with eBay Classifieds through subscription packages with the options to select tiers of pricing with increased features and convenience options. The revenue generated by eBay Classifieds from professional customers depends, among other things, on the market position of our platforms, the amount of effective leads being delivered by the platform, its ability to develop and improve our products and services, as well as the number and quality of features on its sites, how successful our pricing strategy is and competition.

Market position

eBay Classifieds revenue is driven by various factors such as the amount and type of inventory on the platform, the amount of traffic and buyers visiting the platform, the amount of leads generated for buyers and the pricing applied to sellers for their listings or leads. A factor in driving traffic, listings and the number of buyers and sellers on our sites is network effects. Once a site has reached an important mass of both traffic and listings, the better the site is positioned to attract even more audience and listings.

eBay Classifieds has sites with leading positions in terms of traffic in key geographies such as Germany, The Netherlands and Belgium, the UK and Canada.

In geographies where eBay Classifieds does not have leading positions, eBay Classifieds typically focuses more on measures aimed at increasing traffic and listings on its sites, partly by focusing on developing its classifieds product and service offerings to increase the attractiveness of the site for professional customers, while at the same time implementing marketing efforts to increase visibility of the site and increase traffic.

Macroeconomic conditions

The volumes of classifieds products and services sold to customers on eBay Classified's sites are influenced by general economic conditions, both in the global market or in the regional markets in which it operates. In motors verticals and categories, market conditions within used and new cars, profitability of the dealer channel, the continued shift to online marketing and the number of listings placed on our sites drive the revenue from professional customers.

Germany, Benelux and Canada are the top three markets for eBay Classifieds. eBay Classified's German businesses, Mobile.de and eBayK, together are the largest contributor to the group, contributing 46% and 42% of its operating revenues in the years ended 31 December 2019 and 2018, respectively, and Germany is thus its largest regional market. Germany is Europe's largest economy by GDP, is characterized by a robust macroeconomic climate, and is perceived to have handled COVID-19 relatively well within Europe.

eBay Classified's Benelux businesses (Marktplaats in the Netherlands and 2dehands/2ememain in Belgium) contributed 16% and 17% of its operating revenues in the years ended 31 December 2019 and 2018, respectively, and Benelux is its second largest regional market. The Netherlands and Belgium together are the fifth largest economic region in Europe by GDP and have robust economies.

eBay Classified's Canadian business contributed 15% and 17% of its operating revenues in the years ended 31 December, 2019 and 2018, respectively, and is its third largest regional market. Canada is a large and stable economy. eBay Classified's Canadian business has, next to its strong generalist presence, increasingly focused on the motors category, including through the launch of a dedicated motors vertical, Kijiji Autos.

COVID-19

Recent macroeconomic developments due to COVID-19, protective measures and associated economic downturns have had a profound impact on the current macroeconomic environment, the full effect of which has not been absorbed. However, given that eBay Classified's businesses focus on second hand goods and are pure-play online digital-only, eBay Classifieds has been less affected by such general economic conditions than traditional offline retail and is recovering from COVID-19.

Synergies from operating several sites

In the geographic markets where eBay Classifieds operates several online classifieds sites either through organic launches or acquisitions, eBay Classifieds focuses on capturing synergies between the platforms through cross-listing of inventory across the platforms, thereby improving reach and generating incremental leads to its sellers. In addition to these synergies, in some markets eBay Classifieds also leverages common technology platforms such as between Marktplaats and 2dehands and with the MoVe platform, as well as central technology components servicing the group, such as in messaging.

Seasonality

eCG has generally experienced lower levels of operating revenues, both from classifieds and in advertising, in the first and third quarter of each year, compared to the other quarters, which is due to lower activity levels in these quarters. The fourth quarter of each year is typically highest due to higher advertising budgets of customers both in online and advertising and classifieds services and products. For example, operating revenues decreased between the fourth quarter of 2018 and the first quarter of 2019, then increased between the first quarter and the second quarter of 2019, decreased between the second quarter and third quarter of 2019 and increased between the third quarter and the fourth quarter of 2019.

Revenue from advertising

Although revenue from classifieds products and services is eBay Classified's largest revenue component, eBay Classifieds also derives operating revenues from the sale of advertising on its sites. Sale of advertising represented 34% of eCG's operating revenues in the year ended 31 December 2019, compared to 37% in the year ended 31 December 2018 , with its operating revenues from the sale of advertising being affected by a number of factors, including those described under Section 5.4.

The relationship between operating revenues and operating expenses

eBay Classified's operating expenses are primarily related to the operation of the sites, marketing efforts to attract and increase traffic to these sites and launch new products, sales efforts to attract and retain professional customers and advertisers and product development to provide an attractive user experience through continuous efforts on product enhancement and new features, as well as investments in IT equipment and facilities services (such as rent and energy). The direct cost to eBay Classifieds for each listing or advertisement placed on its website is marginal. Consequently, neither volume of listings nor product and customer mix has a significant impact on our operating expenses. This means that if eBay Classifieds is successful in increasing its operating revenues, its operating margins will also increase. Conversely, a fall in revenue will not necessarily result in a decrease in expenses. As such, an element of eBay Classified's strategy is to increase "operational leverage", that is, increase operating revenue more than the cost base.

During the period under review, eCG's operating expenses including marketing as a share of operating revenues decreased from 58% to 57% in the years ended 31 December 2018 and 2019, respectively, principally reflecting the increase in operating revenue during the period.

Marketing expenses are an important element in growing the businesses. During the period under review, eBay Classified's marketing expenses as a percentage of operating revenues were 19% and 20% in the years ended 31 December 2019 and 2018, respectively as focused on driving increased efficiency in marketing. eBay Classified's efforts to strengthen the market position of sites in an existing market are primarily carried out by aiming to build the right product with the right market-fit, developing the right go-to-market strategy and building brand awareness, as well as increasing traffic through marketing investment.

Product and technology

eBay Classifieds has placed, and will continue to place, significant focus on continuously improving user experience through product innovation and technology investments in order to attract professional customers and drive classifieds operating revenues. eBay Classifieds has, during the period under review, continued to invest in its products and related technology to improve its offering to consumers, customers and third parties and product and technology costs are, accordingly, important cost items for eBay Classifieds. Development in products and technology takes place both centrally and locally. Central product development focuses on those areas which are common for the group and/or where synergies can be achieved through deployment across multiple platform such as site operations, common technology components for the group such as a messaging platform, data science and analytics and trust & safety.

eBay Classifieds' product development is typically in the form of enhancements on existing products and development of new features on our sites, which requires man-hours. Consequently, eBay Classifieds' investments in products and technology primarily impact its number of employees and its personnel expenses, which are all expensed.

Strategic investments and acquisitions

Acquisitions and investments have been, and are expected to continue to be, an important driver of eBay Classified's growth, supporting its strategy of maintaining market leading positions and creating value in the verticals. During the period under review, eBay Classifieds acquired different complementary businesses, including Kapaza! Belgium in 2017, Motors.co.uk in 2019 and Carsguide/Autotrader Australia in 2020. Each of these acquisitions led (or is expected to lead) to an increase in eBay Classified's operating revenues through acquired revenues as well as deal synergies, and an increase in operating expenses, most notably in personnel costs as well as transaction-related expenses.

Foreign exchange rate exposure

The USD is eBay Classified's presentation currency. eBay Classified's carve-out financial statements presented herein are presented in EUR by translating its USD results into EUR. As a result, eBay Classifieds is exposed to fluctuations in exchange rates in other currencies through its operations in countries outside the United States.

For eBay Classified's results of operations, see Section 10.13.4.

6.3 History and development of eBay Classifieds

Acquisitions and partnerships have been important in developing eBay Classifieds' current portfolio of online classifieds marketplaces. The list below provides an overview of key events in the history of eBay Classifieds:

Year	Important events
1995	DBA launches in Denmark
1996	mobile.de launches in Germany
1997	2dehands and 2ememain launch in Belgium
1998	Bilbasen launches in Denmark
1999	Marktplaats launches in Netherlands
2000	Gumtree launches in the United Kingdom
2004	eBay acquires Marktplaats in Netherlands
2004	Gumtree launches in Poland
2004	eBay acquires mobile.de in Germany
2005	Gumtree launches in South Africa. eBay acquires Gumtree
2006	Kijiji launches in Canada and Italy
2006	Vivanuncios (founded as Vivastreet Mexico) launches in Mexico
2007	Gumtree launches in Australia
2008	eBay acquires Den Bla Avis and BilBasen in Denmark
2009	eBayK launches in Germany
2013	eBay acquires 2dehands.be/2ememain.be in Belgium
2015	eBay acquires Vivanuncios
2019	eBay acquires Motors.co.uk
2020	eBay acquires Autotrader and CarsGuide

6.4 eBay Classifieds – Key Markets

eBay Classifieds has 12 marketplaces across seven countries and operates and report its business in six main business segments: the United Kingdom, Germany, the Benelux, Denmark, Canada and Australia.

eBay Classifieds owns and operates both leading online generalist and vertical classifieds marketplaces that are accessible through eBay Classifieds sites (desktop and mobile). Verticals are marketplaces that cater to a specific category (such as real estate, cars and jobs), while the generalist marketplaces cover all categories. Some generalist marketplaces also have vertical marketplaces.

eBay Classifieds' marketplaces have the following categories of users; (i) consumers searching for products and services listed on eBay Classifieds marketplaces; (ii) listers placing inventory for sale, which can in turn be divided into private and professional listers; and (iii) third parties using the marketplaces to promote their products and services, for example by purchasing advertising space on a site.

Germany

Overview

eBay Classifieds' operations in Germany consists of Mobile.de, a leading online classifieds site for vehicles and a market leader in Germany and eBayK, the eight most visited site in Germany, and a leader for generalist online classifieds in terms of both awareness and usage/traffic.

A key highlight in the eBay Classifieds' Germany market's history is the acquisition of MotorTalk by Mobile.de in September 2015.

Germany is the largest geography within eBay Classifieds' portfolio in terms of revenue. In 2019, the Germany operating businesses (Mobile.de and eBayK) had EUR 438 million in operating revenues (with approximately 60% of revenues deriving from Mobile.de and approximately 40% from eBayK), and 338 FTEs (excluding variable workforce) as of the end of 2019. The Germany businesses grew revenues by 18% CAGR from 2018 to 2019. The total marketing expenditure in Germany was EUR 71 million in 2019.

In terms of brand awareness and recognition, eBay Classifieds' Germany online classifieds sites have strong positions in all of its key markets.

Germany Market Online classifieds sites

Mobile.de

As of December 2019, Mobile.de had circa 42,000 dealer customers across Germany, 1.7 million average live listings, 1.1 million unique active users and a 67% brand consideration and an average of 33 million monthly unique visitors in 2019. Mobile.de represented 29% of eCG's operating revenue in 2019. The site features the largest range of cars, commercial vehicles and motorcycles in Germany. The wide selection of new and used vehicles and the coverage achieved by Mobile.de ensure a balance between supply and demand lead to a high rate of successful sales. Mobile.de also helps its users find financing and insurance deals and it offers highly efficient online advertising options. For example, Mobile.de introduced a motor financing product/service in 2018 which generates a referral fee for introducing motor buyers to lenders.

Mobile.de has continuously delivered a strong growth track record. Today, Mobile.de remains mainly a B2C platform, with significant potential to expand further into the C2C space, leveraging its partnership with eBayK as well as C2B/B2B by leveraging both its audience and deep dealer relationships.

eBayK

eBayK is a leading generalist classifieds ads platform in Germany. eBayK is a destination for German locals to connect and fulfil the core need of finding immediate value across a range of categories – goods, motor, real estate and more. The primary categories in 2019 were goods categories, led by the Family, Kids and Baby and the Home and Garden categories. As of December 2019, eBayK had 65.2 million monthly unique visitors, 34 million live listings and 82% brand consideration. eBayK represented 17% of eCG's operating revenue in 2019.

eBayK is one of Europe's largest generalist classifieds sites and is the preferred platform for users. eBayK has achieved a strong growth track record resulting from verticalization and monetization efforts.

eBayK and Mobile.de have an arrangement whereby motor listings can be syndicated on both platforms. Dealers are given the option to cross-list between the platforms either through a pay-per-listing model or as part of their dealer subscription package. This arrangement has contributed positively to eBayK's motor growth. eBayK has also gained significant traction in real estate, where it has now become the second largest destination by traffic. eBayK leads in the C2C real estate classifieds and on this basis successfully launched and scaled a professional offering to German real estate agents.

Benelux

Overview

Benelux comprises the Netherlands (Marktplaats) and Belgium (2dehands and 2ememain). The two businesses are managed by the same general manager. Benelux purchased the Kapaza domain names and platform in Belgium in 2018, increasing operating revenues with little incremental operating costs, and thereby improving margin.

Benelux has the highest operating income margin of the eBay Classifieds business segments due to its mature business profile,operating leverage and marketing cost reductions in 2019. Higher yields were realized through successful transition of customers from text to product listing ads and the transition of relationships with application programming interface partners to direct billing. Next to this, marketing spend was considerably reduced in the Netherlands over the past three years. The Netherlands accounted for 87% of total Benelux operating revenue in 2019. In 2019, the Benelux segment market generated EUR 151 million in operating revenues, and had 144 FTEs as of the end of 2019. The total marketing expenditure for the Benelux segment market was EUR 14 million in 2019.

In terms of brand awareness and recognition, eBay Classifieds' Benelux online classifieds sites have strong positions, in terms of traffic, particularly Marktplaats.

Marktplaats

Marktplaats is a leading classifieds ads platform in the Netherlands, reaching 56% of the Dutch internet population. It was founded in 1999 and acquired by eBay in 2004. Marktplaats is also a leading motor classifieds site in the Netherlands, with around 7,352 dealers live on site by the end of 2019. Marktplaats is the strongest generalist in eBay Classifieds' portfolio by multiple measures.As of December 2019, Marktplaats, had 24.6 million monthly unique visitors, 10.8 million live listings and 87% brand recognition. Marktplaats successfully added transactional services, such as payments, escrow service and shipping to its platform in 2018-2019. The Marktplaats operating business represented 14% of eCG's operating revenue in 2019.

2dehands and 2ememain

2dehands was founded in 1997 in the Netherlands, was launched in Belgium in 2000, and is a leading generalist classifieds destination in both the Flemish regions (2dehands) and the Walloon regions (2ememain). Both these sites were acquired by eBay in 2013. In 2018, eBay subsequently acquired the key assets from Kapaza (Schibsted) and directed Kapaza's traffic to 2dehands/2ememain for additional scale. The Belgium site was moved on to the multi-tenant Marktplaats platform in 2019 to improve product experience and realize synergies.

Canada

eBay Classifieds' operations in Canada are carried out through Kijiji Canada. Kijiji Canada was founded in 2005 and is headquartered in Toronto, Canada. In 2018, eBay Classifieds developed a multi-tenant new motor vertical that was introduced in 2018 as Kijiji Autos next to the existing Kijiji generalist platform. Kijiji Canada represented 15% of eCG's operating revenue in 2019.

Kijiji Canada is a leading generalist classifieds platform in Canada with strength in motor, real estate and goods, with 83% in brand awareness. Through Q4 2019, Kijiji Canada had monthly unique visitors of 31.5 million and 92% brand recognition. The wide selection of new and used vehicles and the coverage achieved by Kijiji Canada ensures a balance between supply and demand leads to a high rate of successful sales. At the end of 2019, approximately 4,600 car dealers in Canada listed on Kijiji's vehicle online classifieds site.

In 2019, Kijiji Canada generated EUR 144 million in operating revenue. Kijiji Canada had 124 FTEs as of the end of 2019. Between 2018 and 2019, revenues of Kijiji Canada remained broadly stable.

Other Markets

United Kingdom

eBay Classifieds' operations in the United Kingdom are primarily carried out through Gumtree.com and Motors.co.uk. Gumtree.com is one of the United Kingdom's largest general classifieds sites, with 23 million monthly unique visitors, over 2 million overall live listings and 276,000 total motor live listings. In February 2019, as part of its strategy to verticalize further and focus on the motor categories, Gumtree.com fully acquired Motors.co.uk. Motors.co.uk is the number two motor vertical in the UK and, as of the end of 2019, had 2,764 dealers, 391,000 motor live listings and a large direct and field-sales team. During 2019, Motors.co.uk was subsequently fully integrated with Gumtree.com. Gumtree.com and Motors.co.uk go to market with a joint proposition together with eBay UK (jointly, the "eBay Motors Group"), allowing car dealers to cross-list across the three properties and gain access to the largest reach in the UK.

Gumtree.com has a 48% brand recognition and 168 FTEs as of the end of 2019. Gumtree.com had nearly 8,000 car dealers and over 640,000 live dealer listings in 2019.

Australia

eBay Classifieds' operations in Australia are carried out through Gumtree Australia. Gumtree Australia generates operating revenue mostly from motor and general classifieds. In June 2020, and as part of its strategy to focus on motor, Gumtree Australia acquired a 100% stake in Cox Automotive Media Solutions, a company duly organised under the laws of Australia with key brands Carsguide and Autotrader Australia. Gumtree Australia is a leading generalist classifieds destination for Australian locals to connect and fulfil the core need of finding immediate value across a range of categories – goods, motor, jobs, and more. Together with Carsguide and Autotrader, the company is the number two motor classifieds vertical destination in Australia.

South Africa

eBay Classifieds' South African activities are carried out through Gumtree South Africa. Gumtree is a leading general classifieds site in South Africa and also has a strong position in the motor vertical. At the end of 2019, Gumtree South Africa had an unaided brand awareness of 83%.

Italy

eBay Classifieds' operations in Italy are carried out through Kijiji Italy and Automobile.it. Kijiji was launched in 2005 and is one of the largest general classifieds sites in Italy. Automobile.it was launched as a separate local platform in 2016 and is the second largest motor classifieds vertical in the country. During 2019, Kijiji Italy had 7.0 million average monthly unique visitors (13.1 million average visits per month) and 3.1 million average live listings on the platform. Automobile.it has experienced significant growth, and at the end of 2019 had approximately 2,900 car dealers live on the platform, and approximately 173,000 live listings.

Mexico

eBay Classifieds' operations in Mexico are carried out through Vivanuncios. Vivanuncios is one of the leading real-estate online classifieds sites in Mexico. Vivanuncios in 2018 shifted its focus from a multi category approach to a dedicated focus on the real-estate category and is now the supply-side leader amongst agents and developers. With approximately 380,000 live listings as of December 2019, Vivanuncios is well-positioned to continue commercializing. As one of the demand-side traffic leaders, Vivanuncios continues to evolve its leading user experience with a focus on providing differentiated customer experiences including virtual viewings and neighbourhood insights.

6.5 Information technology

eBay Classifieds' online classifieds sites run on local technology platforms or on a number of scalable multi-tenant global platforms. All platforms are supported by globally built services and infrastructure. eBay Classifieds' strategy is to leverage its scale in technology and therefore has developed three key international platforms in-house - Horizon, MoVe and Bolt:

- *Horizon*, is an end-to-end general classifieds platform that is designed to support high traffic requirements in established markets. It was not originally designed as a multi-tenant platform, but is in the process of adaptation to scale to many markets. Horizon is currently used for the Netherlands and Belgium online classifieds sites.

- *MoVe* is a vertical multi-tenant platform for motors online classifieds sites, providing a clean user experience for both web and mobile and a dealer tool solution to cater to inventory management and reporting. The platform is configurable by market, allowing for different category structures and is built on international vehicle standards. www.kijijiautos.ca in Canada is live on this platform and it is also being rolled out in Australia under the Autotrader.com.au brand. More markets will follow.

- *Bolt* is a multi-tenant general classifieds platform that supports emerging markets with different languages and is specialized around the real-estate vertical. The main online classifieds sites are Gumtree South Africa and Vivanuncios Mexico.

For its desktop and smartphone web traffic, eBay Classifieds hosts responsive web applications. A significant portion of eBay Classifieds' online classifieds sites traffic is on native mobile applications for iOS and Android. All platforms run on top of either a centrally managed infrastructure hosted in eBay Classifieds' private cloud, or in some cases on public cloud. The user-facing components of the eBay Classifieds platforms contain a full user journey of user acquisition and activation, to buying and selling with capability to close the transaction. These core flows on all platforms are supported by global services, e.g., search functionality, chat functionality, notification center, push notifications, personalization features and identity management to name but a few.

eBay Classifieds has implemented a ‘Journey to Cloud’ strategy with the long-term goal of full public cloud hosting. Currently, eBay Classifieds has been transitioning from bare metal to a majority on-premise cloud so that it is cloud-ready (i.e. data hosted in such a way on premises that will allow it to easily transfer to public cloud), but there is no fixed date to transition to public cloud. eBay Classifieds uses Google Cloud Platform, Microsoft Azure and Amazon AWS. The current preferred cloud provider is Google Cloud Platform.

eBay Classifieds as a division of the eBay group relied on its parent for corporate IT services as well as infrastructure such as a data warehouse and picture service, which is not partitioned and is not within the scope of the Acquisition and is hosted by eBay Inc. eBay Classifieds owns the underlying data in these systems related to the eBay Classifieds business.

eBay Classifieds has invested in big data initiatives since 2015. These systems include data collection and governance. Data is used to create customer-facing innovations such as image search, price prediction, recommendation services, ranking and profiling. Currently, eBay Classifieds is expanding its big data initiatives in marketing and advertising built around a customer 360 degree view.

In relation to IT security, eBay Classifieds has implemented all policies and practices as laid out through eBay governance guidelines. There is a strong security and governance team that ensures these practices are adhered to and continue to strengthen and harden the security posture of the group to protect the assets of the company.

6.6 Intellectual property

Trademarks and domains

eBay Classifieds’ business operates under different brands, including key brands such as Gumtree, Motors.co.uk, Marktplaats, mobile.de, Kijiji, eBayK, BilBasen, and dba. Building and maintaining strong brands is an important part of eBay Classified’s strategy, and eBay Classifieds is to some extent dependent on the ability to protect its brands through trademark registrations and domain registrations.

eBay Classifieds has protected its key brands through national and international trademark registrations, as well as through registration of relevant domain names. Consequently, eBay Classifieds has built up an extensive portfolio of registered trademarks and domain names.

Proprietary technology

eBay Classifieds operates its sites based on a combination of technology platforms and components eBay Classifieds develops and on technology provided by third parties. The platforms and components eBay Classifieds develops contain technology which is proprietary to eBay Classifieds.

6.7 Property, plant and equipment

eBay Classifieds’ property, plant and equipment comprises equipment, furniture and similar assets, which had a book value of EUR 23 million as of 31 December 2019. eBay Classifieds’ equipment, furniture and similar assets mainly comprise furniture and IT equipment used in eBay Classifieds offices across all jurisdictions.

eBay Classifieds’ leases all of its office premises pursuant to long-term lease agreements as operating leases. As of 31 December 2019, eBay Classifieds current lease liabilities were EUR 5 million.

7. THE TRANSACTION

7.1 Overview

On 20 July 2020, the Company entered into the Transaction Agreement with eBay, pursuant to which the Company agreed to acquire 100% of eCG, the global classifieds business of eBay, for USD 2.5 billion in cash, subject to certain post-closing adjustments for indebtedness and cash, and the issuance of the Consideration Shares. At closing of the Transaction, the Company will issue to subsidiaries of eBay (i) the Listing Shares representing 33.3% of the total voting rights in Adevinta, and (ii) Class B Shares for the remainder of eBay's stake (resulting in a total economic stake of approximately 44%, representing both Class A Shares and Class B Shares). In turn, eBay will sell (or cause to be sold) its direct or indirect shareholdings in eBay Mobile Labs, LLC, eBay Services México, S. de R.L. de C.V. and Mobile.de GmbH to the Group, and eBay will cause eBay Classifieds Holding B.V. to be contributed to the Group, following which eBay Classifieds Holding B.V will merge with and into Adevinta Oak Holdings B.V., a newly created Dutch subsidiary of Adevinta ("**Adevinta Oak**"), with Adevinta Oak being the surviving entity and a direct wholly-owned subsidiary of Adevinta.

In an Extraordinary General Meeting held on 29 October 2020 (the "**EGM**"), the Company's shareholders approved the Transaction, including the issuance of the Consideration Shares and the implementation of new governance rights. For the latter, see Section 11.9.

In connection with the Transaction, Schibsted Nordic has agreed, following completion of the Transaction, to acquire the Danish Entity from a subsidiary of Adevinta for USD 330 million on a debt- and cash-free basis, which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393 (see Step 5 below).

Closing of the Transaction is expected by the end of the first quarter of 2021. For the relevant closing conditions pursuant to the Transaction Agreement, see Section 7.3.1.

Key steps for consummating the Transaction are as follows:

- Step 1: Prior to closing, eBay Classifieds Holding B.V incurs the Classified Indebtedness (as further set out in Section 7.2) in the amount of USD 1.2 billion;

- Step 2A: One or more eBay subsidiaries sell to one or more Adevinta subsidiaries shares of eBay Mobile Labs, LLC and eBay Services Mexico, S. de R.L. de C.V for USD 2.25 million in cash, subject to a net debt adjustment (to be settled in cash);

- Step 2B: (i) One or more eBay subsidiaries sell to one or more subsidiaries of Adevinta shares of Mobile.de for (a) USD 1,292,750,000 in cash and (ii) Class A Shares in Adevinta, subject to a net debt adjustment (to be settled in cash); (ii) Adevinta will pay eBay or one of eBay's designees USD 5 million in consideration for any intellectual property rights to be transferred and assigned pursuant to the Intellectual Property Matters Agreement;

- Step 3: eBay Classifieds Holding B.V. repays existing indebtedness and distributes any remaining cash and any shares in Adevinta received in Steps 1 and 2 to its parent company;

- Step 4: eBay indirectly, through eBay International Holding GmbH, transfers shares of eBay Classifieds Holding B.V. to Adevinta in exchange for the Consideration Shares in, subject to a net debt adjustment (to be settled in cash);

- Step 5: Following the Contribution, Marktplaats B.V., a wholly-owned subsidiary of eBay Classifieds Holding B.V., transfers the Danish Entity directly or indirectly (via a sale to Adevinta or one of its subsidiaries) to Schibsted for consideration of USD 330 million, which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393; and

- Step 6: eBay Classifieds Holding B.V. merges with and into Adevinta Oak, with Adevinta Oak being the surviving entity.

For a description of the Group following completion of the Transaction, see Section 8.

7.2 Transaction Financing

Prior to completion of the Transaction,

(a) The Group has entered into the Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of EUR 900 million, (b) the USD Term Facility in an aggregate principal amount of USD 506 million and (c) the Revolving Facility in an aggregate principal amount of up to EUR 450 million (equivalent), which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis; and

(b) The Group will issue EUR 1,060.0 million (equivalent) aggregate principal amount of the Notes.

The Group intends to use the gross proceeds from the Notes, the Term Facilities, cash on hand and the eBay rollover equity into Adevinta (i.e. the Consideration Shares payable to eBay or its subsidiaries for the Transaction) (i) to pay part of the consideration for the Transaction, (ii) for eBay Classifieds Holding B.V. to repay existing intercompany debt owed to certain subsidiaries of eBay and to fund a distribution to its sole shareholder, (iii) repay all borrowings under and terminate the Group's EUR 600 million multi-currency term loan and revolving credit facility and the Grupo Zap Bridge Term Loan Facilities and (iv) to pay fees and expenses related to the consummation of the Transaction, the Notes, utilization of the Term Facilities and the repayment of the of the Grupo Zap Bridge Term Loan Facilities (together, the "**Transactions**").

Prior to completion of the Transaction, it is also expected that a member of the Schibsted Group will provide a short-term loan to Adevinta or one of its subsidiaries in a principal amount not less than the principal amount of the Bridge Facility (the "**Schibsted Loan**") to replace the Bridge Facility. Following completion of the Transaction, it is expected that Schibsted Nordic will purchase the Danish Entity from a subsidiary of Adevinta (the "**Danish Acquisition**"), the proceeds of which will be applied (directly or indirectly) in repayment of the Schibsted Loan in full. Upon completion of the Danish Acquisition, the Bridge Facility will be cancelled in full (there is no intention to draw down under the Bridge Facility).

The following table sets forth the estimated sources and uses of funds in connection with the Transactions:

Sources of Funds(1)		**Uses of Funds(1)**	
	(in EUR millions)		
Notes (2)	1,060.0	Acquisition of eBay Classifieds(6)	8,805.9
USD Term Facility(3)	430.8	eBay Classifieds Holding B.V.	
EUR Term Facility	900.0	Repayment of existing intercompany	
eBay rollover equity into Adevinta(4)	7,915.2	debt and distribution(7)	1,021.7
Cash on hand(5)	100.8	Refinancing of existing Adevinta debt(8)	487.0
		Fees and expenses for Transactions(9)	92.2
Total sources of funds	**10,406.8**	**Total uses of funds**	**10,406.8**

Note 1. For a description of the Group's capitalization adjusted for the Transactions, see Section 9.1. Note 1 excludes the EUR 281.0 million aggregate amount of bridge commitments that will be cancelled in full upon completion of the acquisition of the Danish Entity by the Schibsted Group.

Note 2. The amount is presented prior to the offset of EUR 22.7 million of debt arrangement costs.

Note 3. Represents the EUR equivalent of the amounts expected to be drawn under the USD Term Facility, translated at the 30 September 2020 closing rate of USD/EUR 0.8514. Investors are encouraged to not view such translations as a representation that such U.S. dollar amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate. The amounts are presented prior to the offset of EUR 30 million of debt arrangement costs.

Note 4. Represents the Consideration Shares. The estimated purchase price of EUR 7,915.2 million is based upon the closing price of Adevinta shares of NOK 160.3, translated into Euro at the 30 September 2020 closing rate of EUR/NOK 0.09144. Such translations should not be viewed as a representation that such NOK amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on the Issue Date or any other date.

Note 5. See Section 9.1 and Note 5 to the table included therein.

Note 6. Represents the cash consideration of USD 1,300 million (EUR1,106.9 million at the September 30 2020 closing rate of USD/EUR 0.8514) for eBay Mobile Labs LLC, eBay Services Mexico, S. de R.L. de C.V, Mobile.de GmbH and IP rights plus the eBay rollover equity into Adevinta of EUR 7,915.2 million described in Note 4 and the effect of deal contingent forwards entered into to hedge the cash consideration which had a valuation of EUR 64.8m on September 30 2020. The amount is also shown net of the cash inflow expected from the Schibsted Group for the Danish Entity for USD 330m, which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393.

Note 7. See Section 7.1

Note 8. See Section 5.9.

Note 9. Includes certain of the estimated fees and expenses related to the Transactions.

7.3 A Summary of certain provisions of the Transaction Agreement:

7.3.1 Closing Conditions

Conditions to closing of the Transaction under the Transaction Agreement include, but are not limited to: (i) receipt of any consents, authorisations and approvals required to be obtained prior to the consummation of the transactions or agreed by the parties to be obtained, and contemplated by the Transaction Agreement, from any applicable governmental entity; (ii) approval by the Norwegian FSA of the Prospectus for the Listing and publication of the Prospectus by the Company, pursuant to the relevant rules; (iii) receipt of the approval by the Company's shareholders of the Transaction and certain related actions, including but not limited to the issuance of shares to eBay and/or its subsidiaries as consideration for the Transaction, which approval was obtained at the Company's EGM held 29 October 2020, (iv) completion of consultation in accordance with clause 25.1 of the Dutch Works Councils Act with the competent works council of Marktplaats B.V., a subsidiary of eBay Classifieds, in the Netherlands, which consultation has been completed; and (v) no governmental entity of competent authority and jurisdiction having issued an order or enacted a law that makes illegal or prohibits the consummation of the transactions contemplated by the Transaction Agreement.

7.3.2 Termination Provisions

As of the date of this Prospectus, the Transaction Agreement may be terminated at any time before closing by:

1. mutual consent of the parties;
2. by either party if (i) closing of the Transaction has not occurred on or before 20 April 2021, subject to a three-month extension if all conditions to the closing of the Transaction, other than certain conditions relating to regulatory approvals, have been satisfied or waived on such date (as may be so extended, the "**Outside Date**"); (ii) there is a breach of certain representations, warranties, covenants or agreements under the Transaction Agreement and such breach cannot be cured before the Outside Date or is not cured within 60 days following receipt of notice of breach or (iii) a governmental entity of competent authority and jurisdiction issues an order or enacts a law that remains in effect and makes illegal or prohibits the consummation of the Transaction; or
3. by eBay if a takeover bid or offer for any class or classes of the Company's securities representing in the aggregate 15% or more of the outstanding voting power is commenced, and the Board recommends such bid or offer to the Company's shareholders or fails to recommend against it within a certain time period.

The Transaction Agreement also includes the following USD 92,000,000 break fees which may be payable by the Company to eBay (or another designee of eBay):

- Fiduciary break fee — payable to eBay if (i) eBay terminates the Transaction Agreement under the circumstances described under (3) above, or (ii) after the date of the Transaction Agreement, a competing proposal is made and (A)(x) either party terminates the Transaction Agreement due to closing not having occurred by the Outside Date or (y) eBay terminates the Transaction Agreement due to the Company's breach and (B) the Company enters into a competing proposal within one year following termination; and
- Regulatory break fee—payable to eBay if the Transaction Agreement is terminated due to the failure to obtain certain regulatory approvals.

7.3.3 Representations, Warranties and Covenants

eBay has provided customary title, capacity and authority representations and warranties, as well as customary representations and warranties on eBay Classifieds and its business to the Company. Except for the customary title, capacity and authority representations and warranties, eBay's representations and warranties will not survive the closing of the Transaction. Additional coverage for representations and warranties relating to eBay Classifieds and its business as well as a a customary tax indemnity is provided by representations and warranty insurance the Company procured, in respect of which claims are subject to customary limitations. eBay has also given certain covenants applicable until closing, including in connection with the operation of eBay Classifieds and certain covenants with respect to contracts and leases shared by eBay Classifieds and eBay's retained business which may continue after closing.

The Company has provided customary title, capacity and authority representations and warranties to eBay. In addition, the Company has provided certain representations and warranties on the Company's business and the availability of funds to satisfy the total cash consideration payable to eBay or its subsidiaries at closing. Except for the customary title, capacity and authority representations and warranties, the Company's representations and warranties will not survive the closing of the Transaction. The Company has also given certain covenants applicable until closing, including in connection with the operation of the Company's business and with respect to obtaining regulatory approval of the Transaction.

See also Section 2.3, "*Risks Related to the Transaction*". For Adevinta's corporate governance following completion of the Transaction, see Section 11.9.

8. THE GROUP FOLLOWING THE TRANSACTION

8.1 Overview

Other than where context requires otherwise, any references to the “Group”, “combined business”, “Company” or “combined Company” in Section 8 refer to the combined business of the Group and eBay Classifieds following completion of the Transaction.

Following the closing of the Transaction, the Group expects to be the world’s largest online classifieds company (excluding China) based on revenues generated from online classifieds listings and advertisements. The Group will connect buyers seeking goods or services with a large base of sellers.

The Group will own and operate generalist (which cover consumer goods, often alongside motor, real estate and jobs) as well as vertical (which focus on one of the key monetizable categories: motors, real estate and jobs and typically rely heavily on professional sellers paying listing fees as an important revenue stream) online classifieds sites in 20 countries around the world, with several leading market positions in the countries in which the Group will operate based on number of visits, that are accessible via desktop, mobile and dedicated apps. Adevinta and eBay Classifieds are highly complementary businesses and the Company expects to benefit from significant synergies, including across vertical and generalist online classifieds sites.

The combined business of Adevinta and eBay Classifieds will have six key markets:

- *Germany (EUR 438.2 million in pro forma operating revenues for the year ended 31 December 2019)*, which consists of Mobile.de, a leading online classifieds site for the German automotive market and eBayK, one of Europe’s largest generalist classifieds platforms and a leader in Germany;

- *France (EUR 356.9 million in pro forma operating revenues for the year ended 31 December 2019)*, which has leading generalist online classifieds sites and expanding verticals (real estate, motor and jobs), and includes leboncoin (a generalist site), A Vendre A Louer (a real estate vertical site), MB Diffusion (operating three vertical online classifieds sites: AgriAffaires, an online classifieds site for new and used agricultural, forestry and winegrowing equipment, MachineryZone, an online classifieds site for new and used construction, transport and handling equipment, and Trucks Corner, an online classifieds site for second-hand trucks, semi-trailers and heavy vehicles), Vide Dressing (a general goods vertical online classifieds site), Locasun (a holiday rental and travel specialist online classifieds vertical site) and L’Argus (an automotive vertical site);

- *Spain (EUR 182.0 million in pro forma operating revenues for the year ended 31 December 2019)*, which is based on a multi-brand model with leading market positions in established generalist sites and verticals (real estate, motor and jobs), horizontals such as InfoJobs (a vertical site in jobs segment), Fotocasa and Habitaclia (real estate vertical sites s), Milanuncios (a generalist site) and Coches.net and Motos.net (motor vertical sites);

- *Netherlands (EUR 131.7 million in pro forma operating revenues for the year ended 31 December 2019)*, which consists of Marktplaats, one of the leading generalist classifieds sites in the Netherlands, and which has a leading position in the motor categories as well;

- *Canada (EUR 143.6 million in pro forma operating revenues for the year ended 31 December 2019)*, which consists of Kijiji Canada, Canada’s leading generalist classifieds site with strong market positions in motor(through notably Kijiji Autos’ separate automotive site) and real estate rentals;

- *Brazil (EUR 86.0 million in pro forma operating revenues for the year ended 31 December 2019 (with OLX Brazil presented on a 100% consolidated basis; EUR 7.0 million excluding OLX Brazil)*, where the Group operates through a 50/50 joint venture, with one focused brand, OLX (which in October 2020 completed its acquisition of Grupo ZAP, a leading online classifieds site for real estate operating in Brazil), with leading generalist online classifieds sites and expanding real estate and motor verticals, including Storiaimóveis (a vertical site in real estate) and Autoshift (a motor vertical site), and through a separate majority owned job vertical site (Infojobs);

The combined business will also operate in *Other Markets* (*EUR 364.2 million in pro forma operating revenues for the year ended 31 December 2019*), which consists of markets with varying levels of maturity comprising Adevinta’s Global Markets segment and all of eBay Classifieds’ markets other than Germany, the Netherlands and Canada. The Group’s other Markets include approximately 27 online classifieds sites. The Group has leading positions in (i) generalist online classifieds sites in Ireland (50/50 joint venture, DistilledSCH), Italy, Hungary, Austria (50/50 joint venture, Willhaben), the UK, Australia, South Africa, Belarus, and Chile, (ii) motors in Ireland, Italy, Austria, and Hungary and (iii) real estate in Ireland, Austria, and Mexico. In November 2020, Adevinta divested its online classifieds businesses in Morocco, Tunisia and Colombia as further set out in Section 5.8.

For a reconciliation of the Group's operating revenue be geography to pro forma operating revenue, see Section 8.3

8.2 Overview of operations following the completion of the Transaction

Following the completion of the Transaction, the combined businesses of Adevinta and eBay Classifieds' online classifieds sites will have the following categories of primary users: (i) consumers searching for products and services listed on our online classifieds sites; (ii) listers placing inventory for sale, which can in turn be divided into private individuals and professional listers; and (iii) advertisers, i.e. third parties using the online classifieds sites to promote their products and services, for example by purchasing advertising space on a site.

The combined business will derive most of its operating revenues from sale of classifieds products and services in the form of various fees, products and add-on products (for example, bulk uploads or individual dashboards for efficient management of a large number of listings) purchased by private and professional listers on its online classifieds sites. Most of the combined business' classifieds operating revenues are expected to be generated from services and products sold to professional listers, primarily in its vertical categories. The combined business' ability to generate operating revenues will depend, to a large extent, on the number of listings and traffic on its sites. Listings and traffic on online classifieds sites are affected by the network effects, whereby listing inventory and user traffic are mutually reinforcing. In particular, external factors such as internet penetration and mobile adoption, the general market conditions of the relevant geographic markets and the industry shift from offline to online channels and from desktop to mobile affect the number and content of listings, online traffic and the combined business' ability to monetize its online classifieds sites. Network effects drive profitability: as listings and traffic on the combined business' online classifieds sites increase, its operating expenses, such as sales, marketing and personnel expenses, as a percentage of operating revenues decreases. In addition to classified operating revenues, the combined business' will also sell advertising as well as additional products and services.

For the year ended 31 December 2019, operating revenues from classifieds products and services represented 72% of the pro forma operating revenues, of which the vertical sites (real estate, motor and jobs) represented 85% of the pro forma classifieds operating revenues, while generalist sites/other represented 15% of our pro forma classifieds operating revenues. For a reconciliation of our revenue by category to pro forma operating revenue, see Section 8.3. In general, professional customers' willingness to pay for listings and additional products and services increases when they are offered products and services that can help them increase leads and sales (e.g., increased visibility or better pricing, better tools for placing new listings or managing existing listings).

The combined businesses of eBay Classifieds and the Company will upon completion of the Transaction hold a complementary portfolio of assets, as indicated in the chart below, which includes a selection of key countries and brands (including the acquisition of Grupo ZAP).

For information on the pro forma operating revenues by geography and category for the year ended 31 December 2019, see Section 8.3.

The table below sets out the three key metrics by which the Company measures the combined business' performance by for the year ended 31 December 2019, excluding unconsolidated joint ventures.

	For the year ended 31 December 2019	
	Adevinta	**eCG**
Traffic (Average Monthly Visits)[1] (millions)	1,025[3]	1,388
Live Listings[2] (thousands)	67,400[3]	68,995
Operating revenue (EUR millions)	680.3	952.0

Note 1. The sum of average monthly visits of each of the Company's and eCG's sites (source: internal data).

Note 2. The sum of the monthly average of the daily active listings of each of the Company and eCG's sites (source: management estimates).

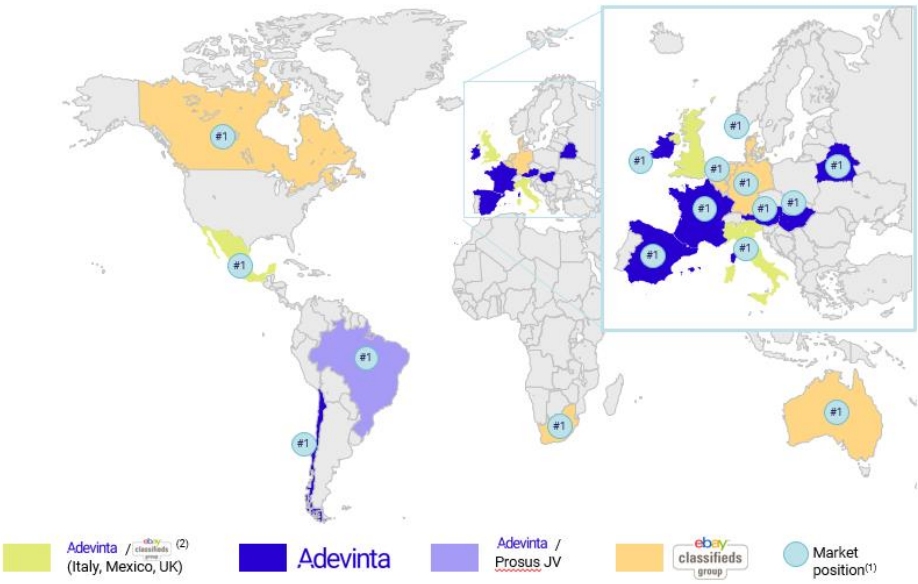
Note 3. Excluding JVs.

8.3 Business strengths of the combined business' following the completion of the Transaction

As a combined company, the key business strengths are:

Globally scaled pure-play online classifieds leader, with leading market positions. Following the completion of the Transaction, the Group will be the world's largest online classifieds business based on revenues generated from online classifieds listings and advertisements (excluding China), with pro forma operating revenues of EUR 1,561.2 million for the financial year ended 31 December 2019. The combined business will have an extensive geographic footprint and, leading market positions across 17 countries around the world (including Germany, France, Spain, Brazil, the Netherlands and Canada) based on traffic operating generalist and vertical online classifieds sites, including real estate, motor and jobs. The Group's leboncoin site is the leading generalist online classifieds site in France, with 28.7 million average monthly visits, and the Group's Mobile.de site is a leading German motor classifieds site. The combined businesses' will generate operating revenue primarily through online classifieds listings and advertisements and its leading market positions in certain markets enables the Group's online classifieds sites to generate an extensive number of listings and attract significant consumer traffic, which in turn enables the Group's online classifieds sites to benefit from positive network effects. As more listings are added that attract more consumer traffic to the Group's online classifieds sites, the Group's online classifieds sites attract even more listings.

The Combined business' Countries of Operations with Market Positions upon completion of the Transaction [36]



Note 1. Market position based on traffic(visits)

Note 2. Germany not included as overlapping geography given immaterial size.

Positive network effects also provide other benefits for the Group, such as strengthening the Group's online classifieds sites' brand recognition. Additionally, the Group's scale also increases the amount of data that can be gathered from the online classifieds sites, which in turn allows the Group to develop better data analytics and offer improved services to sellers, improving the value proposition for both customers and users on the Group's online classifieds sites.

In addition, the Group's scale will enable greater focus, investments and efficiencies to further accelerate growth in the geographies in which it operates. The Group's technology efforts are group-wide, allowing technology developments to be leveraged and deployed across our various online classifieds sites. The Group also combines the strengths of local product and technology capabilities with the benefits of selective centralized scalable technology components, data and platform services.

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[36] Source: Adevinta and eBay Classifieds.

Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets. The combined business will have a diversified geographical and vertical mix. The Group will have leading positions in several markets and a strong portfolio of brands across the 17 markets which the Group will operate, which have a combined population coverage of approximately one billion people. The Group believes that its diversification reduces its exposure to any single market or segment.

The Group is expected to have a multi-brand strategy with deep vertical positions. The following charts show the Group's leadership positions across generalist and verticals in its major markets upon completion of the Transaction:

	Traffic[1]	Ad Listings[2]	Customers[3]	Traffic	Ad Listings	Customers	Traffic	Ad Listings	Customers
Generalist	1 (4)	1 (4)	1 (4)	2 (7)	2 (4)	NA	1 (5,6)	NA	NA
Real estate	1	1	1	2 (7)	1 (9)	1 (9)	1 (6)	3 (5)	2 (5)
Motors	1	1	1	1 (7)	1 (9)	1 (9)	1 (6)	1 (10)	1 (10)
Jobs	4	5	3	1 (7)	NA	NA	1 (10)	NA	NA

Note 1. Mediametrie – 2019 average from January-November.

Note 2. RE: Autobiz - 2019 average online ads (part and pro) - sale and rental categories (excluding offices & retail), Autos: Autobiz - 2019 average online ads (part and pro) - motor category only (excluding motor equipment & motor), Jobs: Autobiz - 2019 average online ads (only pro).

Note 3. Autobiz – 2019 average agents for real estate, dealers for motor and Recruiters for Jobs.

Note 4. Company Information.

Note 5. Excludes MercadoLibre due to lack of business model comparability to OLX Brazil.

Note 6. Comscore January 2019.

Note 7. Ipsos: 2018 average.

Note 8. Insights by SimilarWeb (www.similarweb.com) – 2019 average. Desktop & Mobile web.[37]

Note 9. Autobiz, - 2019 average.

Note 10. Autobiz, February 2019. The chart depicting the Group's market position in Brazil excludes Grupo Zap.

[37] Information extracted June 2020.

The table below illustrates pro forma operating revenues of the combined business by geography for the year ended 31 December 2019.

	Adevinta[(1)]	eCG [(2)]	Total (Adevinta +eCG)[(3)]	Percentage of Total [(4)]
	Year ended 31 December, 2019			
In EUR millions				
Germany	-	438.2	438.2	27%
France	356.9	-	356.9	22%
Spain	182.0	-	182.0	11%
Netherlands	-	131.7	131.7	8%
Canada	-	143.6	143.6	9%
Brazil	7.0	-	7.0	0.4%
Global/Other Markets	123.8	240.4	364.2	22%
Other/Headquarters	10.6	-	10.6	0.6%
Total	**680.3**	**953.9**	**1,634.2**	**100%**

Note 1. For Adevinta, this represents operating revenue by segment (external segment revenues) and is calculated based on operating revenue generated by each key markets segment (along with other/headquarters and eliminations) for the year ended 31 December 2019, after eliminations.

Note 2. eCG operating revenues by geography is calculated based on operating revenues based on management accounts generated by business unit in the relevant country site for the year ended 31 December 2019, which is not prepared in accordance with IFRS. The numbers have been translated from USD to EUR using a rate of 1.1. Total eCG operating revenues for the year ended 31 December 2019 (using the audited combined carve-out financial statements of eCG and its combined subsidiaries for the year ended 31 December 2019, and not the operating revenues that are based on management accounts) were EUR 952 million.

Note 3. Total (Adevinta + eCG) is calculated based on adding the Adevinta and eCG columns presented together without any further eliminations or adjustments. Total pro forma operating revenues for the year ended 31 December 2019 (using EUR 952 million for total eCG operating revenues for the year ended 31 December 2019 (see note 2)) were EUR 1,632.2 million.

Note 4. Percentage of total (Adevinta + eCG) is calculated by dividing the total (Adevinta + eCG) columns over the total (Adevinta + eCG) operating revenues.

The table below illustrates pro forma operating revenues of the combined business by category for the year ended 31 December 2019.

	Adevinta[(1)]	eCG[(2)]	Total (Adevinta +eCG)[(3)]	Percentage of Total [(4)]
	Year ended 31 December 2019			
In EUR millions				
Classifieds:				
Jobs	92.4	19.7	112.1	7%
Motor	175.9	470.7	646.6	40%
Real Estate	205.2	38.1	243.3	15%
Generalist/HQ/Other	71.8	100.6	172.4	10%
Total -Classifieds	**545.3**	**629.1**	**1,174.4**	**72%**
Advertising	135.0	324.9	459.9	28%
Total	**680.3**	**954.0**	**1,634.3**	**100%**

Note 1. Adevinta operating revenue by category is calculated based on operating revenue generated by each segment (external segment revenues) for each category for the year ended 31 December 2019.

Note 2. eCG's operating revenue by category is calculated based on operating revenues based on management accounts generated by each business unit for each category for the year ended 31 December 2019, which is not a measure prepared in accordance with IFRS. The numbers have been translated from USD to EUR using a rate of 1.1. Total eCG operating revenues for the year ended 31 December 2019 (using the audited combined carve-out financial statements of eCG and its combined subsidiaries for the year ended 31 December 2019, and no the managerial operating revenues) were EUR 952 million.

Note 3. Total (Adevinta + eCG) is calculated based on adding the Adevinta and eCG columns presented together without any further eliminations or adjustments. Total pro forma operating revenues for the year ended 31 December, 2019 (using EUR 952 million for total eCG operating revenues for the year ended 31 December 2019 were EUR 1,632.3 million.

Note 4. Percentage of total (Adevinta + eCG) is calculated by dividing the total (Adevinta + eCG) columns over the total (Adevinta + eCG) operating revenues.

As illustrated by the tables above, the Group will also be present in some of the largest and strongest economies in the world, as well as in some of the fastest growing emerging markets (e.g. Brazil). The Group's diversified and balanced portfolio, built over time through successful acquisitions and integrations, provides the Group with the ability to transfer know-how between markets. The Group's diversification between more mature and less mature businesses, complemented by strong local brands, provides the Group with significant upside in terms of growth potential and monetization as well as lower customer concentration. The Group further believes that geographic diversification across well-established and other high-growth markets brings balance between growth and profitability.

Resilient Business Model. The Group operates under trusted brands with a resilient business model. The Group's resilience is a result of (i) its exposure to the digital economy, (ii) its leading market positions, which result in the Group's customers turning to it even during challenging economic climates and (iii) the majority of the Group's classifieds revenues being derived from professional listers, whose products and services tend to be subscription-based and who therefore generate relatively predictable cash flows. Professional customers typically enter into recurring, subscription-based listing packages, under which customers are typically charged on a monthly basis through a fixed fee or based on the number of simultaneous listings and subject to the package being chosen. Further, the Group's operating revenue sources are diversified through a high number of customers, customer categories and markets.

The Group's resilience is also demonstrated through its performance despite the COVID-19 pandemic and associated challenging economic environment (see also, Section 5.4). The Group is experiencing a strong recovery trajectory from the COVID-19 crisis which is supported by an accelerated shift to digital both on the consumer and customer front. The Group successfully implemented cost savings initiatives, which allowed us to mitigate, to a certain extent, the impact on the Group's profits, the Group has continued to invest in P&T to support its future growth, with P&T and other initiatives returning to pre-COVID levels. Most operational KPIs have returned to pre-COVID-19 levels. The Group's traffic and listings have also achieved all-time high levels during the second quarter of 2020.For example, visits, new listings and email replies all continued to grow above 2019 levels for the second quarter of 2020. In addition, the Group's financial performance has recovered faster than expected, especially in France, Germany and the Netherlands, where the Group experienced positive organic growth in June 2020.

The Group also believes that its positioning at the center of the second-hand economy supports its resilience at a time when consumers are increasingly focused on consuming in a more sustainable and cost-efficient way. For example, the Group's users potentially saved 25.3 million tonnes of carbon dioxide emissions, 1.5 million tonnes of plastic, 9.5 million tonnes of steel and 0.9 million tonnes of aluminium by buying and selling on the Group's marketplaces in 2019 according to the Second Hand Effect Report 2019 prepared by Schibsted, Adevinta and IVL Swedish Environmental Research Institute.[38]

Substantial Synergy Potential. The Group expects to benefit from substantial total cost and operating revenue synergy potential in the range of EUR 134 million to EUR 165 million of run-rate EBITDA as a result of the Transaction.Cost synergies are expected to represent approximately two-thirds of expected synergies (EUR 100 million) and operating revenue synergies are expected to represent the remaining approximately one-third (EUR 53 million). The Group expects to realize approximately EUR 50 million of cost synergies in the first 18 months following closing of the Transaction. The Group expects to achieve these run-rate EBITDA synergies within three years.

The Group expects to generate cost synergies by reducing advertising serving costs, and integrating technology infrastructure, cloud infrastructure and rationalizing footprint between the combined business, among other initiatives. In particular, with respect to the approximately EUR 107 million of anticipated Transaction synergies:

- The Group expects to benefit from approximately EUR 66 million in Product & Technology cost synergies as a result of economies of scale and service consolidation and joint product research and development;
- the Group expects to realize cost synergies of approximately EUR 31 million in General and Administrative synergies, through the elimination of certain duplicative functions across the two organizations and expected procurement efficiencies in non-personnel costs;

[38] The numbers regarding omissions only relate to the Company.

- the Group expects to benefit from EUR 1 million cost synergies within Advertising through ad serving cost reduction; and
- the Group expects to benefit from EUR 9 million cost synergies through the in-market consolidation of Italy and Mexico (i.e. overlapping geographies).

The Group expects to generate operating revenue synergies as a result of know-how sharing across the combined group as well as the ability to leverage (i) eBay Classifieds' motors expertise and its advertising know-how and (ii) Adevinta's, expertise in launching new verticals and advanced data-driven offerings for customers and transactional services (i.e. facilitating delivery and payment solutions to accelerate the monetization of the Group's online classifieds sites). The Group also intends to leverage eBay Classifieds' advertising technology, thereby improving the Group's advertising yields and accelerating revenues. The Group's key markets also have significant growth opportunities. For example, the Group has untapped monetization potential in France, where its recent acquisitions of L'Argus and PayCar in 2019 provide the Group with tools (such as product bundling and data pooling) to unlock this potential. The Group also has untapped monetization potential in Germany, through opportunities for upselling, product development and adjacent products. The Group also expects to generate operating revenue synergies in generalist online classified sites, by launching and further scaling transactional classifieds models across Germany, France and the Netherlands, while achieving cost savings at a local level from improved contracts with third-party vendors.

The Group expects to incur approximately EUR 111 million in one-off integration costs, with the majority of the costs expected to be incurred in the first 18-24 months. In this context, see Section 2.3.

Experienced Management Team with Strong Track Record of Completing Strategic Acquisitions. The Group will bring together superior talent in two of the largest companies in the industry, operating in key areas including management, Product and Technology, IT and M&A. Both businesses possess a solid understanding of M&A integration, as well as knowledge on how to deliver exceptional value and growth. The Group believes that the combined leadership will be well-positioned to deliver the next phase of growth. The talented team has a shared set of strategic principles, a strong history of acquiring and growing generalist online classifieds sites and successfully verticalizing them to create value, a proven track record of building leading positions in markets of scale and strong local expertise in our core markets.

The Group has a proven track record of expanding its business through selective acquisitions, with more than 15 acquisitions (including entry joint ventures) in the past five years. For example, the Group's combination of Coches.net with Milanuncios in 2017 created a compelling offer for car dealers which contributed to the acceleration of Adevinta's operating revenue growth in the motor vertical in Spain of 27% in 2018. As a result, the Group has now a stronger market position in Spain and have benefitted from customer acquisition and advertising monetization. Adevinta also recently acquired Pilgo SAS, L'Argus, Locasun and PayCar in France, successfully integrating employees and product features (e.g. car valuation tool from L`Argus). eBay Classifieds has recently acquired Motors.co.uk in the United Kingdom and Cox Automotive Media Solutions in Australia. In particular, following the acquisition of Motors.co.uk, Motors.co.uk business experienced an operating revenue increase of 33.3% in 2019, compared to 2018.

Note 1. Bom Negocio was a Schibsted-backed asset.

[40] Source: Company information.

Note 2. Between FY17 to FY19.

The Group is a "people-first" organization where the Group recognizes that people are its most valuable assets, and the Group aims to offer world-class workplaces where all its employees can reach their full potential. The Group's diversity and inclusion initiatives help us to create an attractive workplace where everyone feels they belong, and the Group offer many learning opportunities to help the Group's people to grow and develop. The Group's culture aligns strongly with that of eBay Classifieds, with a shared emphasis on human connections, inclusion, trust and diversity, which are all qualities which will facilitate integration and in turn enable swift execution on our future strategy.

8.4 The Transaction and the Company's strategy

The Transaction reinforces the strategy that the Company communicated to the investors during the IPO and also creates additional opportunities to strengthen the Company's business. The Company intends to leverage its core competencies and strengths to execute these strategies. The Group's business strategies following completion of the Transaction are:

- **Enhance Matchmaking Performance of the Group's Online Classifieds Sites.** The Group creates the opportunity for everyone and everything to find their matching needs on its online classifieds sites. As the Group's mission statement states, "we believe every house can be a home, every person has a role to play, and every object can live a second life." The Group also believe in empowering professionals with the best tools and solutions and delivering a seamless and customized user experience to the customers. The Group is focused on deepening its value chain, by sustainable development of its classifieds offerings.

  As the Group's results of operations are directly linked to the number and quality of matches that the Group's online classifieds sites facilitate, the Group intends to continue to develop features and capabilities on its online classifieds sites that improve the matchmaking and user experience of the Group's online classifieds sites for both users and customers. Investments that are targeted to enhance the user experience focus on, among other things, efficient search processes, which may for example include new search functionalities such as the ability to save search criteria and receive notifications for new listings that match searches. This focus on developing features and products on the Group's online classifieds sites to improve matchmaking for listers has been manifested by deploying features such as image recognition technology to automatically categorize items for sale, application programming interfaces for professionals to rapidly upload large volumes of listings and artificial intelligence-enabled moderation to reduce the risk of fraud, nudity and other unwanted listings.

- The focus on product development and enhanced matchmaking is important for the Group's operations and the Group intends to pursue its matchmaking strategy through building, in compliance with data protection laws, on the data collected across all of its online classifieds sites and markets, in order to identify the preferences and needs of the Group's consumers, customers and third parties. The Group believes this will improve its ability to optimise products for local needs, respond quickly to customers and consumers requirements and contribute to enhanced matchmaking, traffic and ultimately increased network effects. This will also help us strengthen the Group's liquidity position, by improving its online classifieds sites and helping the Group to monetize them.

- **Accelerate Monetization of the Group's Generalist Online Classifieds Sites**. The Group's strategy focuses on providing a seamless experience to its consumers and customers on the Group's online classifieds sites. By building strong brands and holding the content (listings), the Group's drive traffic, which subsequently drives monetization and ultimately drives operating revenues. The Group believes that consumer demand for hyper-specialized experiences focusing on discrete user needs, such as frictionless end-to-end user experiences (search, negotiate, buy, pay and deliver), immediate use, or alternative consumption models (for example, peer to peer payment), may fragment traditional online classifieds sites, in particular in the most lucrative vertical categories, such as real estate, motor and jobs. The Group will continue its focus on improving its existing products and services and developing new value-add products and services to address this fragmentation. The Group also intends to be prepared for the potential shift in users' demand by optimizing its generalist online classifieds sites to cover demand by selectively investing in adjacent markets with new models and technology and further along the value chain in a financially disciplined manner. The Group believes there is opportunity to further verticalize its online classifieds sites and introduce new business models such as transactional models, payments and advertising, there is still room to further grow and monetize our combined reach.

- **Pursue Further Value Creation in Core Verticals.** The Group believes that there is potential for further value creation in its vertical offering, notably in real estate and motor. These categories are distinct in that they have products and services with high gross merchandise value, dedicated professional customers, unique consumer journeys and continued digitalization of their underlying ecosystems, which therefore creates greater potential for increasing classified operating revenues through more competitive pricing and offering value-added services in these core verticals. The Group will continue its focus on improving its existing products and services and developing new value-add products and services, such as valuation tools and C2B solutions. The Group intends to build on existing technology components using its shared data and infrastructure to identify and develop these features. The Group expects that by continuing focused and increased investments in its verticals offering, the Group will deepen its relationships with customers in the Group's core verticals by customizing and improving user experiences.

Realize Synergies Through Integration. The Group intends to implement and realize the cost and operating revenue synergies in connection with the Transaction (with cost and operating revenue synergy potential in the range of EUR 134 million to EUR 165 million as a result of the Transaction.

The Group intends to rationalize the cost base of the combined business by reducing advertising serving costs, integrating technology infrastructure, cloud infrastructure and rationalising footprint between the combined business initiatives.gs. In addition, the Group intends to enhance its product offering through cross-border transactional services, expansion of classifieds offerings across markets, strengthening display advertising platforms and improving yields.

- **Continue to Pursue Profitable Growth Through Disciplined Portfolio Optimization and Management**. The Group continuously evaluate its portfolio of assets to optimise value creation and the Group will continue to pursue attractive options for both organic and inorganic growth, including in bolt-on acquisitions and in-market consolidation in our existing markets, as well as by pursuing acquisitions outside its core classifieds business to enhance long-term growth. The Group will pursue further industry consolidation offering value creation in a financially disciplined manner. The Group has a strong track record of successfully acquiring and integrating new companies. The Group believes its history of acquisitions, its size and geographic reach, combined with a similar technology platform and the ability to deploy the Group's existing products into new online classifieds sites, renders the Group well positioned to selectively pursue and capitalize on various growth opportunities in a disciplined fashion.

8.5 Marketing and sales following completion of the Transaction

The Group has a multi-brand marketing strategy and operate with independent brands by country. Over the years, the various brands have built strong positions with high brand recognition in their local markets.

The Group's online classifieds sites benefit from a high share of direct traffic, particularly for our established online classifieds sites. The Group's brands use a combination of communication and marketing approaches with the aim of driving audience growth and increasing brand awareness and reputation, directed at both professional and consumer buyers and sellers. The Group's brands typically use a combination of online and offline channels and advertise in a variety of media, including offline channels such as TV, radio, print, outdoor advertising and events, as well as online channels such as social media and search engines. Paid digital advertising includes search engine marketing (SEM) where the Group pays for listings generated from search engine queries. In addition, the Group's brands engage in search engine optimization (SEO) to increase organic traffic from search engines and promote its online classifieds sites to ensure that they benefit from free exposure offered through channels such as social media and blogs.

The Group's sales activities are organized independently for each country, enabling its sales force to benefit from its strong local brands and traffic position, all while having close proximity to the customers in the local market. Sales to professionals are typically segmented by verticals (car, real estate, jobs) using a combination of in-field sales agents and tele-sales. The Group's various brands have built strong partnerships both in local markets and across these markets. For example, the Group has a global partnership with Google, as well as synergies with eBay through the TreeBay commercial arrangement in Germany, the UK and Australia. These partnerships are expected to continue post-closing of the Acquisition.

8.6 Intellectual property

Trademarks and domains

The combined business' of Adevinta and eBay Classifieds' classifieds sites will operate under different brands, including key brands such as leboncoin, Milanuncios, InfoJobs, Fotocasa, Habitaclia, Subito, Gumtree, Motors.co.uk, Marktplaats, Mobile.de, Kijiji and eBayK. Building and maintaining strong brands is and will be an important part of the Group's strategy, and it is to some extent dependent on the ability to protect the Group's brands through trademark registrations and domain registrations. The Group has protected its key brands through national and international trademark registrations, as well as through registration of relevant domain names related to its brands. Consequently, the Group has built up an extensive portfolio of registered trademarks and domain names. In addition to trademarks the Group owns, the Group has certain trademark licenses, including OLX Brazil's license to use the OLX name.

Proprietary technology

The combined business of Adevinta and eBay Classifieds will operate its sites based on a combination of technology platforms and components the Group develops and technology provided by third parties. The platforms and components the Group develops contain technology which is proprietary to us. Schibsted has granted the Group a perpetual license to certain technology components. The Group also utilises off-the-shelf technology from various third parties. In addition, as part of the Group’s separation from Schibsted, the Group has granted Schibsted the right to use certain technology components.

9. CAPITALISATION AND INDEBTEDNESS

This Section provides information about (a) the Company's capitalisation and net financial indebtedness on an actual basis as of 30 September 2020 and (b) in the "As Adjusted" columns, the Company's capitalisation and net financial indebtedness on an adjusted basis to show the estimated effects of the following items only to the Company's capitalisation and net financial indebtedness:

- *the offering of the Notes;*
- *the entry into the Senior Credit Facilities Agreement;*
- *the settlement of certain existing debt.*

No effect is given to the Transaction or the sale of the Danish Entity at the closing of the Transaction to Schibsted Nordic Marketplaces ASA for USD 330 million, *which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393(plus certain adjustments).*

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 10 "Operating and Financial Review", and the Company's Financial Statements and the notes related thereto included in Appendix A—Financial Statements to this Prospectus.

9.1 Capitalisation

The following tables sets forth the cash and cash equivalents and capitalization of the Group as of 30 September 2020 (i) on an actual basis, (ii) as adjusted to give effect to the offering of the Notes, the entry into the Senior Credit Facilities Agreement and settlement of certain existing debt.

EUR millions	As of 30 September 2020 (unaudited)	Adjustments [(1)]	As Adjusted as of the date of the Prospectus (unaudited)
Total current liabilities			
—Guaranteed			
—Secured			
—Unguaranteed/unsecured	582.6	(224.2)	**358.4**
Total non-current liabilities			
—Guaranteed			
—Secured [(2)]		2,390.8	2,390.8
—Unguaranteed/unsecured	382.7	(192.1)	190.6
Total liabilities (A)	**965.3**	**1,974.5**	**2,939.8**
Shareholders' equity			
—Share capital			
—Legal reserves			
—Other reserves			
Total equity (B)	**1,293.7**	**-**	**1,293.7**
Total capitalization (A)+(B)	**2,259.0**	**1,974.5**	**4,233.5**

Note 1. Adjustments giving effect to:

- the issuance of the Notes: EUR 1,060 million. The amount is presented prior to the offset of EUR 22.7 million of debt arrangement costs
- the Senior Credit Facilities: EUR 1,330.8 million. Refers to the Revolving Facility (assuming no drawings under the Revolving Facility) and the Term Facilities, including a USD 506 USD tranche (the "**USD Term Facility**") and EUR

900 million EUR tranche (the "**EUR Term Facility**"). The amounts are presented prior to the offset of EUR 30 million of debt arrangement costs:

In EUR millions	
USD Term Facility	506.0
FX rate (September 30, 2020)	0.8514
	430.8
EUR Term Facility	900.0
Total Term Facilities	**1,330.8**

- repayment of all borrowings under the Group's EUR 600 million multi-currency term loan and revolving credit facility and its Grupo ZAP Bridge Term Loan Facilities.

Note 2. The Senior Credit Facilities and the Notes will be guaranteed by certain subsidiaries of Adevinta and eCG and secured by shares of certain of the guarantors as well as certain material bank accounts and the intercompany receivables of Adevinta.

9.2 Net financial indebtedness

EUR millions	As of 30 September 2020		
	Actual	Adjustments[1]	As Adjusted
A. Cash	(326.7)	1,974.5	2,301.2
B. Cash equivalents	-	-	-
C. Trading securities	-	-	-
D. Liquidity (A)+(B)+(C)	**(326.7)**	**1,974.5**	2,301.2
E. Current financial receivables	-		
F. Current bank debt	224.4	(224.2)	0.2
G. Current portion of non-current debt	-	-	-
H. Other current financial debt	16.6	-	16.6
I. Current financial debt (F)+(G)+(H)	**241.0**	**(224.2)**	**16.8**
J. Net current financial indebtedness (I)-(E)-(D)	**(85.7)**	**(2,198.7)**	**(2,284.4)**
K. Non-current bank debt	194.7	2,198.7	2,393.4
L. Bonds issued	-	-	
M. Other non-current financial debt	84.6	-	84.6
N. Non-current financial debt (K)+(L)+(M)	**279.3**	**2,198.7**	**2,478.0**
O. Net financial indebtedness (J)+(N)	**193.6**	**-**	**193.6**

Note 1. Adjustments giving effect to the issuance of the Notes, the Senior Credit Facilities and repayment of all borrowings under the Group's EUR 600 million multi-currency term loan and revolving credit facility and its Grupo ZAP Bridge Term Loan Facilities, as described in the notes to the capitalization table above.

Indirect and Contingent Indebtedness

	Payments due by period					
(in EUR millions)	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**	**Carrying amount**
Notes [1]	—	—	660	400	1,060	1,060.0
Senior Credit Facilities[1]	—	—	—	1,330.8	1,330.8	1,330.8
Other loans[1][2]	0.4	2.6	0.2	—	3.2	2.8
Lease liabilities[1]	22.0	42.7	33.7	36.0	134.4	101.2
Total indebtedness	**22.4**	**45.3**	**693.9**	**1,766.8**	**2,528.4**	**2,494.8**

Note 1. See Section 9.1

Note 2. Includes capital and interest payments.

10. SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

The following selected financial information has been extracted from the Company's audited financial statements as of and for the years ended 31 December 2018 and 2019 and the Company's unaudited interim financial statements for the first nine months and for the three months period ended 30 September of 2020 with comparable figures for 2019, which are included in Appendix A—Financial Statements to this Prospectus. This Section should be read together with Section 9 "Capitalisation and Indebtedness".

10.1 Introduction and Basis for Preparation

The following tables set out the Group's selected consolidated and combined financial information and other financial data at the dates and for the periods indicated.

The selected combined financial information and other data for the years ended 31 December 2018 is derived from the Company's audited combined financial statements as of, and for the year ended 31 December 2018, which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, the Company's independent auditors, as set forth in their audit report included elsewhere in this Prospectus. The combined financial statements for the financial year ended 31 December 2018 have been prepared by combining the historical financial information of Schibsted and they combine the results of operations, assets and liabilities of the entities forming the group and certain allocations of expenses incurred by Schibsted on the Company's behalf. The selected consolidated financial information and other data as of and for the year ended 31 December 2019 is derived from the Company's audited consolidated financial statements and the Group's combined subsidiaries as of, and for the year ended 31 December, 2019, which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, our independent auditors, as set forth in their audit report included elsewhere herein.

The selected consolidated financial information and other data for the three- and nine-months periods ended 30 September 2019 and 2020, is derived from the Company's unaudited condensed consolidated interim financial statements as of and for the three- and nine-months periods ended 30 September 2020 and 2019, which have been prepared in accordance with the IFRS applicable to interim financial reporting as adopted by the EU (IAS 34 Interim Financial Reporting).

The selected unaudited consolidated financial information and other information included in this Prospectus for the three- and nine-months periods ended 30 September 2020 has been derived by adding the income statement for the three- and nine-months periods ended 30 September 2020 to the income statement for the year ended 31 December 2019 and subtracting the income statement for the nine months period ended 30 September 2020.

The Company's consolidated financial statements are prepared in accordance with IFRS, as adopted by the EU. Adevinta implemented IFRS 16 Leases from 1 January, 2019. IFRS 16 replaces IAS 17 Leases and related interpretations and sets out principles on recognition, measurement, presentation and disclosure of leases. Comparable figures for prior years were not restated when applying the new accounting standard.

The data below should be read together with information included in the Risk Factor Section in Section 2 and the Company's audited consolidated financial statements attached to this Prospectus in Appendix A.

10.2 Consolidated/Combined Income Statement Data

The table below shows the consolidated/combined income statement data for the financial years ended 31 December 2018 and 2019.

	Year ended 31 December	
	2018	2019
(in EUR million)		
Operating revenues	**594.6**	**680.3**
Personnel expenses	(201.3)	(234.8)
Other operating expenses	(242.3)	(246.0)
Gross operating profit (loss)	**151.0**	**199.5**
Depreciation and amortization	(26.5)	(45.3)
Share of profit (loss) of joint ventures and associates	6.8	5.9
Impairment loss	(56.6)	(24.6)
Other income and expenses	(6.3)	(12.8)
Operating profit (loss)	**68.4**	**122.8**

(in EUR million)	Year ended 31 December 2018	2019
Financial income	1.2	1.7
Financial expenses	(15.3)	(7.8)
Profit (loss) before taxes	**54.3**	**116.7**
Taxes	(61.3)	(49.6)
Profit (loss)	**(7.0)**	**67.1**
Profit (loss) attributable to:		
Non-controlling interests	0.4	3.1
Owners of the parent	(7.4)	64.0

The table below shows the consolidated/combined income statement data for the for the three months period ended 30 September of 2019 and 2020, and for the first nine months of 2019 and 2020.

	For the three months period ended 30 September		For the nine months period ended 30 September	
(in EUR million)	2019	2020	2019	2020
			(unaudited)	
Operating revenues	**165.4**	**171.1**	**496.0**	**490.6**
Personnel expenses	(58.2)	(61.8)	(168.8)	(190.5)
Other operating expenses	(55.6)	(55.2)	(177.2)	(167.2)
Gross operating profit (loss)	**51.7**	**54.1**	**150.0**	**132.9**
Depreciation and amortization	(10.4)	(14.7)	(32.1)	(43.3)
Share of profit (loss) of joint ventures and associates	1.1	(0.9)	1.6	(1.5)
Impairment loss	(0.0)	-	(0.3)	0.0
Other income and expenses	(1.4)	(24.9)	(8.9)	(29.4)
Operating profit (loss)	**41.0**	**13.6**	**110.3**	**61.7**
Net financial items	(2.6)	(26.3)	(3.7)	(93.8)
Financial income	0.0	0.0	2.2	0.1
Financial expenses	(2.6)	(26.3)	(5.9)	(93.9)
Profit (loss) before taxes	**38.4**	**(12.7)**	**106.6**	**(32.1)**
Taxes	(16.2)	(15.0)	(43.2)	(35.7)
Profit (loss)	**(22.2)**	**(27.7)**	**63.4**	**(67.8)**
Profit (loss) attributable to:				
Non-controlling interests	0.9	0.9	2.0	0.0
Owners of the parent	21.3	(28.6)	61.4	67.8

10.3 Consolidated/Combined Statement of Financial Position Data

The tables below show the consolidated/combined statement of financial position for the financial years ended 31 December 2018 and 2019, and for the nine months period ended 30 September 2020.

	As of 31 December		As of 30 September
(in EUR million)	2018	2019	2020
(Assets			
Intangible assets	1,301.0	1,394.8	1,364.2
Property, plant and equipment and right-of-use assets	19.8	85.9	111.7
Investments in joint ventures and associates	375.3	381.1	266.6
Deferred tax assets	3.7	1.6	0.9
Other non-current assets	9.4	14.8	23.1
Non-current assets	**1,709.2**	**1,878.1**	**1,766.5**

Income tax receivable	3.0	10.9	2.8
Contract assets	2.0	7.5	5.6
Trade receivables and other current assets	384.1	151.6	123.5
Cash and cash equivalents	55.1	71.8	326.7
Assets held for sale	-	-	33.9
Current assets	**444.3**	**241.7**	**492.5**
Total assets	**2,153.5**	**2,119.8**	**2,259.0**
Equity And Liabilities			
Equity attributable to owners of the parent	1,317.8	1,524.4	1,276.3
Non-controlling interests	13.9	14.4	17.4
Equity	**1,331.7**	**1,538.8**	**1,293.7**
Deferred tax liabilities	72.3	82.9	81.7
Non-current interest-bearing borrowings	448.5	201.7	194.7
Lease liabilities, non-current	—	53.2	84.6
Other non-current liabilities	4.3	11.8	21.7
Non-current liabilities	**525.0**	**349.5**	**382.7**
Current interest-bearing borrowings	—	0.3	224.4
Income tax payable	10.0	4.5	6.9
Lease liabilities, current	—	13.3	16.6
Contract liabilities	51.2	56.8	53.4
Other current liabilities	235.6	156.5	274.2
Liabilities held for sale	-	-	7.1
Current liabilities	**296.8**	**231.5**	582.6
Total equity and liabilities	**2,153.5**	**2,119.8**	**2,259.0**

	As of 31 December		As of 30 September
	2018	2019	2020
(in EUR million)			
			(unaudited)
Assets			
Total non-current assets	1,709.2	1,878.1	1,766.5
Total current assets	444.3	241.7	492.5
Total assets	**2,153.5**	**2,119.8**	**2,259.0**
Equity and Liabilities			
Total equity	**1,331.7**	**1,538.8**	**1,293.7**
Total non-current liabilities	525.0	349.5	382.7
Total current liabilities	296.8	231.5	582.6
Total equity and liabilities	**2,153.5**	**2,119.8**	**2,259.0**

10.4 Consolidated/Combined Cash Flow Data

The table below shows the consolidated/combined cash flow for the financial years ended 31 December 2018 and 2019.

	Year ended 31 December	
(in EUR million)	2018	2019
Net cash flow from operating activities…	73.9	134.1
Net cash flow from investing activities…	(33.8)	(137.0)
Net cash flow from financing activities…	(22.9)	19.2
Effects of exchange rate changes on cash and cash equivalents ……………………	0.4	0.3
Net increase (decrease) in cash and cash equivalents…………………………………..	**17.7**	**16.6**
Cash and cash equivalents as at the beginning of the period…………………………	37.4	55.1
Cash and cash equivalents as at the end of the period…………………………………..	**55.1**	**71.8**

The table below shows the consolidated/combined cash flow data for the for the three months period ended 30 September of 2019 and 2020, and for the first nine months period ended 2019 and 2020.

	For the three months period ended 30 September		For the nine months period ended 30 September	
(in EUR million)	2019	2020	2019	2020
			(unaudited)	
Net cash flow from operating activities…	36.8	33.8	107.7	89.8
Net cash flow from investing activities…	(11.8)	(10.7)	(52.1)	(44.6)
Net cash flow from financing activities…	(2.9)	(2.6)	(23.7)	212.2
Effects of exchange rate changes on cash and cash equivalents ……………………	(0.0)	(0.4)	(0.0)	(0.8)
Net increase (decrease) in cash and cash equivalents…………………………………..	**22.1**	**18.4**	**31.8**	**254.9**
Cash and cash equivalents as at the beginning of the period…………………………	64.9	308.3	55.1	71.8
Cash and cash equivalents as at the end of the period…………………………………..	**86.9**	**326.7**	**86.9**	**326.7**

10.5 Other Financial Data

(in EUR million)	Year ended 31 December 2018	2019
	(unaudited)	
EBITDA/Gross operating profit (loss)[1)	151.0	199.5
EBITDA incl. JVs [(2)]	156.2	206.1
EBITDA margin incl. JVs [(3)]	24%	28%
Net interest bearing debt[(4)]	156.5	196.7

(in EUR million)	Three months period ended 2019	2020	For the nine months period ended 30 September 2019	2020
	(unaudited)		(unaudited)	
EBITDA/Gross operating profit (loss)[(1)]	51.7	54.1	150.0	132.9
EBITDA incl. JVs[(2)]	54.1	57.1	153.7	142.2
EBITDA margin incl. JVs[(3)]	30%	31%	28%	27%

(in EUR million)	As of 30 September 2019	2020
	(unaudited)	
Net interest bearing debt[(4)]	64.9	193.7

Note 1 . EBITDA/Gross operating profit(loss) is a non-IFRS measure. For a definition of this measure, see Section 4.3.2.

Note 2. EBITDA incl. JVs is a non-IFRS measure. For a definition of this measure, see Section 4.3.2.The criteria for determining EBITDA, incl. JVs applied by us might not be the same as the criteria adopted by other companies and, therefore, the figures presented by us might not be comparable with those presented by such other groups.

Note 3. EBITDA margin incl. JVs is a non-IFRS measure. For a definition of this measure, see Section 4.3.2.

Note 4. Net interest-bearing debt is a non-IFRS measure. For a definition of this measure, see Section 4.3.2.

The tables below set forth a reconciliation of the Group's profit (loss) to EBITDA, EBITDA incl. JVs and EBITDA margin incl. JVs for the periods presented:

(in EUR million)	Year ended 31 December 2018	2019
Profit (loss)	(7.0)	67.1
Other income and expenses	(6.3)	(12.8)
Impairment loss	(56.6)	(24.6)
Share of profit(loss) of joint ventures and associates	6.8	5.9
Taxes	(61.3)	(49.6)
Depreciation and amortization	(26.5)	(45.3)

(in EUR million)	Year ended 31 December	
	2018	2019
Financial income	1.2	1.7
Financial expenses	(15.3)	(7.8)
Net financial items	(14.1)	(6.1)
EBITDA/Gross operating profit (loss) (unaudited)	**151.0**	**199.5**
Proportional EBITDA from JVs (unaudited)*	5.1	6.5
EBITDA incl. JVs (unaudited)	**156.2**	**206.1**
Divided by		
Operating revenues	594.6	680.3
Operating revenues generated by JVs	49.4	59.2
=Operating revenues incl. JVs (unaudited)	644	739.5
EBITDA margin incl. JVs (unaudited)[1]	**24%**	**28%**

(in EUR million)	Three months period ended 30 September		For the nine months period ended 30 September	
	2019	2020	2019	2020
Profit (loss)	22.2	(27.7)	(63.4)	(67.8)
Other income and expenses	(1.4)	(24.9)	(8.9)	(29.4)
Impairment loss	(0.0)	-	(0.3)	0.0
Share of profit(loss) of joint ventures and associates	1.1	(0.9)	1.6	1.5
Taxes	(16.2)	(15.0)	(8.9)	(29.4)
Depreciation and amortization	(10.4)	(14.7)	(32.1)	(43.3)
Financial income	0.0	0.0	2.2	0.1
Financial expenses	(2.6)	(26.3)	(5.9)	(93.9)
Net financial items	(2.6)	(26.3)	(3.7)	(93.8)
EBITDA/Gross operating profit (loss) (unaudited)	**51.7**	**54.1**	**150.0**	**132.9**
Proportional EBITDA from JVs (unaudited)*	2.4	3.0	3.7	9.3
EBITDA incl. JVs (unaudited)	**54.1**	**57.1**	**153.7**	**142.2**
Divided by				
Operating revenues	165.4	171.1	496.0	490.6
Operating revenues generated by JVs	14.9	12.2	43.3	36.4
=Operating revenues incl. JVs (unaudited)	180.3	183.3	539.3	527.0
EBITDA margin incl. JVs (unaudited)[1]	**30%**	**31%**	**28%**	**27%**

*Proportional EBITDA from JVs equals the Group's proportional ownership of gross operating profit(loss) from each of the Group's JVs.

Note 1. Proportional EBITDA from JVs, which is earnings before other income and expenses, impairment, interest, tax and depreciation and amortization for the Group's joint ventures (Willhaben (Austria) and OLX (Brazil)), is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see Section 4.3.2. Management believes the measure enables an evaluation of operating performance, as it shows the impact of the Group's joint ventures on its performance.

The table below sets forth a reconciliation of the Group's non-current interest bearing borrowings to net interest-bearing debt for the periods presented:

	Year ended 31 December		For the nine months period ended 30 September	
	2018	2019	2019	2020
(in EUR million)				
			(unaudited)	
Non-current interest bearing borrowings....	448.5	201.7	151.4	194.7
Current interest bearing borrowings	–	0.3	0.4	224.4
Lease liabilities	–	66.5		101.2
Cash and cash equivalents.....................	(55.1)	(71.8)	86.9	326.7
Cash pooling holdings	(236.8)	–	–	–
Net interest bearing debt (unaudited).....	**156.6**	**196.7**	**64.9**	**193.7**

10.6 Certain Key Performance Indicators

The table below sets forth the Group's certain key performance indicators for the periods presented. As used herein, the following terms have the meanings set forth below:

"Monthly Unique Active Users" refer to monthly average visits of all the Group's sites where visits are the number of times a unique person accessed content with at least a 30-minute (or greater) break in between access times; and total unique active users or visitors refer to the estimated number of different individuals that visited any content of a website, a category, a channel, or an application during the period presented.

"live listings" refer to a sum of the monthly average of the daily active listings of all the Group's sites where "listing" refers to when listers post their inventory on an online classifieds site; and

"professional customers" refer to professional users who list their inventory on online classifieds sites, such as real estate agents, car dealers and job recruiters.

France (Leboncoin)

	Year ended 31 December			For the nine months period ended 30 September	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Active Users)(1) m	25.2	27.1	28.7%	28.1	27.3
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	7.3%	2.8%	n.a.	(2.6%)
Real Estate					
Traffic (Monthly Unique Active Users)(1) m	10.0	10.7	11.2	11.1	13.2
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	6.5%	5,2.%	n.a.	19.0%
Live listings(2) (k)	1,144	1,125	1,060	1, 083	919
Live listings yoy growth (%)	n.a.	(1.7%)	(5.7%)	n.a.	(15.1%)
Professional customers(3)	28,596	26,253	27,012	27,106	27,712
customers yoy growth (%)	n.a.	(8.2%)	2.9%	n.a.	2.2%
Motor					
Traffic (Monthly Unique Active Users) (1) m	10.0	11.5	11.5	11.4	12.5
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	15.4%	0.1%	n.a.	9.6%
Live listings(4) (k)	888	895	868	862	880
Live listings yoy growth (%)	n.a.	0.8%	(3.0%)	n.a.	2.1%
Professional customers(5)	19,924	18,770	18,657	19,150	16,659
customers yoy growth (%)	n.a.	(5.8%)	(0.6%)	n.a.	(13.0%)
Jobs					

	Year ended 31 December			For the nine months period ended 30 September	
	2017	2018	2019	2019	2020
Traffic (Monthly Unique Active Users) (1) m	2.4	2.5	1.8	1,8	2.2
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	3.0%	(27.9%)	n.a.	25.4%
Live listings(6) (k)	61	60	59	59	67
Live listings yoy growth (%)	n.a.	(2.5%)	(2.2%)	n.a.	13.7%
Professional customers(7)	31,793	26,946	20,960	21, 416	15, 630
customers yoy growth (%)	n.a.	(15.2%)	(22.2%)	n.a.	(27.0%)

Note 1. Source: Mediametrie, Total Unique Visitors/Viewers – monthly average for the relevant period. "Total unique visitors" per month refer to the total number of Internet users who have visited brand sites at least once during the relevant month, regardless of place of connection.

Note 2. Source: Autobiz – monthly average of average online listings (part + professional) – sale and rental categories (excl. offices and retail) on a specific day of the month for the relevant period.

Note 3. Source: Autobiz – monthly average agents for the relevant period.

Note 4. Source: Autobiz – monthly average of online listings (part + professional) – cars category only (excl. auto equipment and motors) on a specific day of the month for the relevant period.

Note 5. Source: Autobiz – monthly average dealers for the relevant period.

Note 6. Source: Autobiz – monthly average of number of ads on a specific day of the month for the relevant period.

Note 7. Source: Autobiz – monthly average for the relevant period.

Spain

	Year ended 31 December			For the nine months period ended 30 September	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Active Users) (1) m	16.9	17.3	18.0	18.3	18.3
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	2.5%	3,8%	n.a.	(0.0%)
Real Estate					
Habitaclia					
Traffic (Monthly Unique Active Users) (2) m	n.a.	n.a.	n.a.	n.a.	n.a.
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Live listings(3) (k)	276	314	432	414	470
Live listings yoy growth (%)	n.a.	13.5%	37.8%	n.a.	13.3%
Professional customers(4)	3,849	5,622	8,107	7, 844	8, 312
customers yoy growth (%)	n.a.	46.1%	44.2%	n.a.	6.0%
Fotocasa					
Traffic (Monthly Unique Active Users)(5) m	n.a.	n.a.	n.a.	n.a.	n.a.
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Live listings(6) (k)	656	659	764	751	760
Live listings yoy growth (%)	n.a.	0.4%	16.0%	n.a.	1.1%
Professional customers(7)	11,203	10,782	11,863	11,734	11, 472
customers yoy growth (%)	n.a.	(3.8%)	10.0%	n.a.	(2.2%)
Motor (Coches.net)					
Traffic (Monthly Unique Active Users) (1) m	3.0	3.4	3.8	3,9	3.7
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	13.4%	13.3%	n.a.	(4.5%)

	Year ended 31 December			For the nine months period ended 30 September	
	2017	2018	2019	2019	2020
Live listings[8] (k)	156	182	218	210	245
Live listings yoy growth (%)	n.a.	16.9%	19.9%	n.a.	17.0%
Professional customers[9]	4,095	4,823	5,832	5, 757	6,171
customers yoy growth (%)	n.a.	17.8%	20.9%	n.a.	7.2%
Jobs (Infojobs)					
Traffic (Monthly Unique Active Users) [1] m	3.4	3.7	3.6	3.7	3.3
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	8.5%	(2.8%)	n.a.	(11.5%)

Note 1. Source: Comscore MMX Multi-Platform, Total Unique Visitors/Viewers – monthly average for the relevant period (Spain). "Total Unique Visitors" refer to estimated number of different individuals that visited any content of a website, a category, a channel, or an application during the selected reporting period.

Note 2. Source: External data not reliable for this site.

Note 3. Source: Autobiz – monthly average of number of ads on a specific day of the month for the relevant period.

Note 4. Source: Autobiz – monthly average for the relevant period.

Note 5. Source: External data not reliable for this site

Note 6. Source: Autobiz – monthly average of number of ads on a specific day of the month for the relevant period. Partial overlap exists among Fotocasa and Habitaclia.

Note 7. Source: Autobiz – monthly average for the relevant period. Monthly metric based on real estate agents that had an active listing on an online classified marketplace. Partial overlap exists among Fotocasa and Habitaclia.

Note 8. Source: Autobiz – monthly average of number of ads on a specific day of the month for the relevant period.

Note 9. Source: Autobiz – monthly average of dealers for the relevant period.

OLX Brazil

	Year ended 31 December			For the nine months period ended 30 September	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Active Users)[1] m	28.3	32.4	33.9	34.2	33.3
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	14.7%	4.7%	n.a.	(2.6%)
Real Estate					
Traffic (Monthly Unique Active Users) [1] m	4.6	4.6	4.7	4.6	6.3
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	(1.1%)	2.1%	n.a.	35.3%
Live listings[2] (k)	1,451	1,808	3,155	2,870	3, 997
Live listings yoy growth (%)	n.a.	24.6%	74.5%	n.a.	39.3%
Professional customers[3]	8,589	10,224	17,932	16, 561	21, 262
customers yoy growth (%)	n.a.	19.0%	75.4%	n.a.	28.4%
Motor					
Traffic (Monthly Unique Active Users)[1] m	7.0	6.3	6.4	6.3	8.5
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	(10.7%)	1.1%	n.a.	35.9%
Live listings[4] (k)	968	968	1,076	1, 046	1, 027
Live listings yoy growth (%)	n.a.	0.1%	11.1%	n.a.	(1.9%)
Professional customers[5]	15,331	17,634	19,828	18, 579	20, 840
customers yoy growth (%)	n.a.	15.0%	12.4%	n.a.	12.2%

Note 1. Source: Comscore, Total Unique Visitors/Viewers – monthly average for the relevant period. "Total Unique Visitors" refer to estimated number of different individuals that visited any content of a website, a category, a channel, or an application during the selected reporting period.

Note 2. Source: Autobiz – monthly average of number of ads on a specific day of the month for the relevant period.

Note 3. Source: Autobiz – monthly average number of agents for the relevant period. The number of agents is counted via the number of telephone numbers linked to 5 listings or more (this criterion was 10 listings or more until October 2018).

Note 4. Source: Autobiz – monthly average of number of ads on a specific day of the month for the relevant period.

Note 5. Source: Autobiz – monthly average number of car dealer listers for the relevant period. The number of car dealer listers is measured by the numbers of different telephone numbers identified on the website as a dealer.

10.7 Results of operations

Results of operations for the nine months period ended 30 September 2019 compared to the nine months period ended 30 September 2020.

	Nine months period ended 30 September		Change
	2019[1]	2020	%
(in EUR million)			
	(unaudited)		
Operating revenues	**496**	**490.6**	- 1%
Personnel expenses	(168.8)	(190.5)	13%
Other operating expenses	(177.2)	(167.2)	- 6%
Gross operating profit (loss)	**150**	**132.9**	-11%
Depreciation and amortization	(32.1)	(43.3)	35%
Share of profit (loss) of joint ventures and associates	1.6	1.5	- 6%
Impairment loss	(0.3)	0.0	-
Other income and expenses	(8.9)	(29.4)	-
Operating profit (loss)	**110.7**	**61.7**	- 44%
Net financial items	(3.7)	(93.8)	-
Financial income	2.2	0.1	-
Financial expenses	(5.9)	(93.9)	-
Profit (loss) before taxes	**(106.6)**	**(32.1)**	- 70%
Taxes	(43.2)	(35.7)	- 17%
Profit (loss)	**63.4**	**67.8**	7%

Note 1. Commencing in 2020, the segment figures for Willhaben (the Company's 50/50 joint venture) are presented on a 100% consolidated basis to reflect how the business and performance is monitored by management and comparative figures for 2019 (i.e. for the nine months period ended 30 September 2019) have been restated accordingly. Subsequent adjustments are included in "Eliminations" to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

Operating revenues

The following table sets out the breakdown of the Group's operating revenues by segment for the nine months ended 30 September 2019 and 2020:

	Nine months period ended 30 September		
(in EUR million)	**2019[1]**	**2020**	
	(unaudited)		**Change %**
Operating revenues			

(in EUR million)	Nine months period ended 30 September		
	2019[1]	**2020**	
	(unaudited)		**Change %**
France	255.9	283.6	11%
Spain	135.1	121.3	-10%
Brazil[2]	62.8	48.8	-22%
Global Markets	122.1	106.4	-13%
Other/Headquarters	9.5	5.5	-42%
Eliminations	(89.5)	(75.0)	16%
Total	**496.0**	**490.6**	**-1%**

Note 1. Commencing in 2020, the segment figures for Willhaben (the Company's 50/50 joint venture) are presented on a 100% consolidated basis to reflect how the business and performance is monitored by management and comparative figures for 2019 (i.e. for the nine months period ended 30 September 2019) have been restated accordingly. Subsequent adjustments are included in "Eliminations" to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

Note 2. The Brazil segment primarily comprises the joint venture OLX 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. Subsequent adjustments are included in "Eliminations" to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

Operating revenues for the nine months period ended 30 September 2020 decreased by EUR 5.4 million, or 1.0%, from EUR 496.0 million for the nine months period ended 30 September 2019 to EUR 490.6 million for the nine months period ended 30 September 2020. The decrease was primarily due to a decrease in operating revenues in all segments of the Group except for France, its largest market, which grew by 11%, primarily as a result of the impact of COVID-19.

France

Operating revenues from the Group's French segment for the nine months period ended 30 September 2020 increased by EUR 27.7 million, or 11%, from EUR 255.9 million for the nine months period ended 30 September 2019 to EUR 283.6 million for the nine months period ended 30 September 2020. The increase was primarily due to contribution to the Group's operating revenues from (i) its acquisition of L'Argus, (ii) its subscription revenues from motor and real estate verticals and (iii) the ramp up in transactional revenues. Following the lifting of lockdown restrictions, the Group's operating revenues returned to double digit organic growth in June 2020, driven by classifieds revenue, while advertising revenue remained below 2019 levels.

Spain

Operating revenues from the Group's Spanish segment for the nine months period ended 30 September 2020 decreased by EUR 13.8 million, or 10.0%, from EUR 135.1 million for the nine months period ended 30 September 2019 to EUR 121.3 million the nine months period ended 30 September 2020. The decrease was primarily due to a decline in operating revenues across all verticals, primarily as a result of COVID-19, following a good start to the year in January and February 2020

Brazil

Operating revenues from the Group's Brazilian segment, which is based on 100% of operating revenues in OLX Brazil in which the Group owns a 50% interest, for the nine months period ended 30 September 2020 decreased by EUR 14.0 million, or 22.0%, from EUR 62.8 million for the nine months period ended 30 September 2019 to EUR 48.8 million for the nine months period ended 30 September 2020. The decrease was primarily due to the depreciation of the BRL against the Euro, as compared to the nine months period ended 30 September 2019. Excluding foreign exchange effects, operating revenue from the Group's Brazilian business decreased by 1.9%, primarily due to the impact of COVID-19.

Global markets

Operating revenues from the Group's Global Markets segment for the nine months period ended 30 September 2020 decreased by EUR 15.7 million, or 13 %, from EUR 122.1 million for the nine months period ended 30 September 2019 to EUR 106.4 million for the nine months period ended 30 September. The decrease was primarily due to the 9% decrease in classifieds operating revenues as well as the 24% decrease in advertising revenues in the nine months period ended 30 September 2020, compared to the nine months period ended 30 September 2019, mainly as a result of COVID-19.

Personnel expenses

Personnel expenses for the nine months period ended 30 September 2020 increased by EUR 21.7 million, or 12.8 %, from EUR 168.8 million for the nine months period ended 30 September 2019 to EUR 190.5 million for the nine months period ended 30 September 2020. The increase in personnel expenses was primarily due to the Group's investment in talent and resources to support the long-term development of the Group's business. These expenses were limited to the second quarter of 2020, driven by hiring freeze guidelines and by the activation of government support measures in France and Spain.

Other operating expenses

Other operating expenses for the nine months period ended 30 September 2020 decreased by EUR 10 million, or 5.6%, from EUR 177.2 million for the nine months period ended 30 September 2019 to EUR 167.2 million for the nine months period ended 30 September 2020. The decrease in the amount of Other operating expenses was primarily due to cost reduction measures, including a reduction in marketing expenses in the second quarter of 2020, implemented to mitigate the impact of the shortfall in operating revenues, primarily due to COVID-19.

Gross operating profit (loss)

Gross operating profit for the nine months period ended 30 September 2020 decreased by EUR 17.1 million, or 11.4 %, from EUR 150.0 million for the nine months period ended 30 September 2019 to EUR 132.9 million for the nine months period ended 30 September 2020. The decrease in gross operating profit was primarily due to the decrease in operating revenues across all of our markets, mainly as a result of COVID-19. The decrease was partially offset by cost reduction initiatives implemented throughout the Group in order to mitigate the negative impact.

Operating expenses as a percentage of operating revenues was 69.8% in the nine months period ended 30 September 2019 compared to 72.9% in the nine months period ended 30 September 2020, while other operating expenses as a percentage of operating revenues decreased in the period, from 35.7% in 2019 to 34.1% in 2020.

Results of operations for the year ended 31 December 2018 compared to the year ended 31 December 2019

The following table sets forth the Group's income statement for the years ended 31 December 2018 and 2019, respectively. Adevinta has presented combined financial statements until the first quarter of 2019. IFRS 10 Consolidated Financial Statements requires a parent company to present consolidated financial statements. Adevinta did not control its subsidiaries until April 2019 and thus did not prepare consolidated financial statements prior to such date. Following its demerger from Schibsted, Adevinta obtained control of the subsidiaries and ownership interests comprising the Group and reports consolidated financial statements according to IFRS 10

	Year ended 31 December		Change
	2018	**2019**	**%**
(in EUR million)			
Operating revenues	**594.6**	**680.3**	**14.4%**
Personnel expenses	(201.3)	(234.8)	16.6%
Other operating expenses	(242.3)	(246.0)	1.5%
Gross operating profit (loss)	**151.0**	**199.5**	**32.1%**
Depreciation and amortization	(26.5)	(45.3)	70.9%
Share of profit (loss) of joint ventures and associates	6.8	5.9	(13.2)%
Impairment loss	(56.6)	(24.6)	(56.5)%
Other income and expenses	(6.3)	(12.8)	103.2%
Operating profit (loss)	**68.4**	**122.8**	**79.5%**
Financial income	1.2	1.7	41.7%
Financial expenses	(15.3)	(7.8)	(49.0)%
Profit (loss) before taxes	**54.3**	**116.7**	**114.9%**
Taxes	(61.3)	(49.6)	(19.1)%
Profit (loss)	**(7.0)**	**67.1**	1,058.6%

Operating revenues

The following table sets out the breakdown of the Group's operating revenues by segment for the years ended 31 December 2018 and 2019:

(in EUR million)	Year ended 31 December 2018	2019	Change %
Operating revenues[2]			
France	306.6	357.4	16.6%
Spain	160.0	182.0	13.8%
Brazil[1]	68.9	86.0	24.8%
Global Markets	118.3	124.2	5.0%
Other/Headquarters	7.1	13.4	88.7%
Eliminations	(66.2)	(82.7)	(24.9)%
Total	**594.6**	**680.3**	**14.4%**

Note 1. The Brazil segment primarily comprises the joint venture OLX 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. Subsequent adjustments are included in Eliminations to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

Operating revenues for year ended 31 December 2019 increased by EUR 85.7 million, or 14.4 %, from EUR 594.6 million for the year ended 31 December 2018 to EUR 680.3 million for the year ended 31 December 2019. The increase was primarily due to an increase in operating revenues in all segments of the Group.

France

Operating revenues from the Group's French segment for year ended 31 December 2019 increased by EUR 50.8 million, or 16.6%, from EUR 306.6 million for the year ended 31 December 2018 to EUR 357.4 million for the year ended 31 December 2019. The increase was primarily due to the increase in operating revenues from The Group's real estate and motor verticals and the incorporation of L'Argus into the French portfolio in October 2019, as well as Locasun and Paycar.

Spain

Operating revenues from the Group's Spanish segment for the year ended 31 December 2019 increased by EUR 22.0 million, or 13.8%, from EUR 160 million for the year ended 31 December 2018 to EUR 182 million for year ended 31 December 2019. The increase was primarily due to continued growth in operating revenues from the motor, jobs and real estate verticals. Display advertising also contributed positively to the strong performance, but with a lower growth rate compared to the verticals.

Brazil

Operating revenues from the Brazilian business, which is based on 100% of operating revenues in OLX Brazil, for the year ended 31 December 2019 increased by EUR 17.1 million, or 24.8%, from EUR 68.9 million for year ended 31 December 2018 to EUR 86.0 million for the year ended 31 December 2019. The increase was primarily due to the continued monetization of the motor and real estate verticals. Infojobs Brazil also contributed positively to revenue growth. The increase was partially offset by foreign exchange effects.

Global markets

Operating revenues from the Group's Global Markets business for year ended 31 December 2019 increased by EUR5.9 million, or 5.0%, from EUR 118.3 million for the year ended 31 December 2018 to EUR 124.2 million for the year ended 31 December 2019. The increase was due to an increase in classifieds revenues. In Italy operating revenues continued increasing in 2019, particularly driven by motor, partially offset by weaker revenue contribution in display advertising. In Hungary, operating revenues continued to grow in 2019. The Group's Investment Phase Operations continued to develop in terms of revenue and traffic.

Other/Headquarters

Operating revenues from the Group's other/headquarters business for the year ended 31 December 2019 increased by EUR 6.3 million, or 88.7%, from EUR 7.1 million for the year ended 31 December 2018 to EUR 13.4 million for year ended 31 December 2019. The increase was primarily due to re-invoicing costs to Schibsted in connection with certain shared teams.

Personnel expenses

Personnel expenses for year ended 31 December 2019 increased by EUR 33.5 million, or 16.6%, from EUR 201.3 million for the year ended 31 December 2018 to EUR 234.8 million for the year ended 31 December 2019. The increase in personnel expenses was primarily due to a higher number of FTEs in the Group, which increased from 3,639 in the year ended 31 December 2018 to 4,169 in the year ended 31 December 2019. Personnel expenses as a percentage of operating revenues decreased from 33.9% in the year ended 31 December 2018 to 34.5% in the year ended 31 December 2019. The increase in the number of FTEs was primarily due to new recruitments as a result of increased activity in existing businesses in France and Spain as well as the acquisition of L'Argus in October 2019.

Other operating expenses

Other operating expenses for the year ended 31 December 2019 increased by EUR 3.7 million, or 1.5%, from EUR 242.3 million for the year ended 31 December 2018 to EUR 246.0 million for the year ended 31 December, 2019. The increase was primarily due to an increase in expenses related to Product & Technology development, partially offset by the decrease in marketing spend mainly due to the strategic adjustments in Shpock and Mexico. Other operating expenses were significantly impacted by the implementation of IFRS 16. The implementation of IFRS 16 contributed EUR14.4 million to other operating expenses.

Gross operating profit (loss)

Gross operating profit for the year ended 31 December 2019 increased by EUR 48.5 million, or 32.1%, from EUR 151.0 million for the year ended 31 December 2018 to EUR 199.5 million for year ended 31 December 2019. The increase was primarily due to the increase in operating revenues, partially offset by the increased costs arising from product development and the establishment of The Group's corporate structure following the demerger from Schibsted. Furthermore, the implementation of IFRS 16 contributed EUR 14.4 million to the increase in gross operating profit.

Operating expenses as a percentage of operating revenues was 70.7% in the year ended 31 December 2019 compared to 74.6% in the year ended 31 December 2018.

The following table sets out the breakdown of the Group's gross operating profit for the years ended 31 December 2018 and 2019:

	Year ended 31 December		
(in EUR million)	**2018**	**2019**	
	(unaudited)		**Change %**
Gross operating profit			
France	169.3	191.3	13.0%
Spain	47.1	60.5	28.5%
Brazil	2.6	6.0	130.8%
Global Markets	(30.4)	10.1	133.2%
Other/Headquarters	(34.8)	(63.2)	(81.6)%
Eliminations	(2.7)	(5.2)	(92.6)%
Total	**151.0**	**199.5**	32.1%

France

Gross operating profit from the Group's French segment increased by EUR 22 million, or 13%, from EUR 169.3 million for the year ended 31 December 2018 to EUR 191.3 million for the year ended 31 December 2019. The increase was primarily due to the increase in operating revenues described above. EBITDA margin, however, decreased due to the dilutive impact of acquisitions and an increase in expenses related to Product and Technology development as well as sales activities.

Spain

Gross operating profit from the Group's Spanish segment increased by EUR 13.4 million, or 28.5%, from EUR 47.1 million for the year ended 31 December 2018 to EUR 60.5 million for the year ended 31 December, 2019. The increase was primarily due to higher growth in operating revenues compared to operating expenses, reflecting increased operational leverage.

Brazil

Gross operating profit from the Group's Brazilian segment increased by EUR 3.4 million, or 130.8%, from EUR 2.6 million for the year ended 31 December 2018 to EUR 6 million for the year ended 31 December 2019. The increase was primarily due to higher growth in operating revenues compared to operating expenses.

Global markets

Gross operating profit from the Group's Global Markets segment increased from a loss of EUR 30.4 million for the year ended 31 December 2018 to a profit of EUR 10.1 million for the year ended 31 December 2019. The increase was primarily due to the increase in the Group's Developed Phase Operations, to EUR 20 million for the year ended 31 December 2019 from EUR 12.7 million for the year ended 31 December 2018 due to operational leverage, particularly in Ireland and Hungary, and cost structure improvements. The Group's Investment Phase Operations reduced losses to EUR 9.8 million for the year ended 31 December 2019, from a loss of EUR 43.1 million for the year ended 31 December 2018, due to sharpened focus on the cost base through marketing and other cost reduction in both Shpock and Mexico.

Other/Headquarters

Gross operating profit from the Group's Other/Headquarters business for the year ended 31 December 2019 decreased by EUR 28.4 million, or 81.6%, from a loss of EUR34.8 million for the year ended 31 December 2018 to a loss of EUR 63.2 million for year ended 31 December 2019. The decrease was primarily due investments in scalable technology and data and expenses relating to the setup of corporate and functional teams as a result of the demerger from Schibsted.

Depreciation and amortization

Depreciation and amortization for year ended 31 December 2019 increased by EUR 18.8 million, or 70.9%, from EUR 26.5 million for year ended 31 December 2018 to EUR 45.3 million for the year ended 31 December 2019. The increase was primarily due to depreciation of right of use assets due to implementation of IFRS 16.

Share of profit (loss) of joint ventures and associates

Share of profit (loss) of joint ventures and associates for year ended 31 December 2019 decreased by EUR 0.9 million from EUR 6.8 million for year ended 31 December 2018 to EUR 5.9 million for the year ended 31 December 2019. Share of profit (loss) of joint ventures are comprised primarily of OLX Brazil and Willhaben.

The proportionate share of profit and loss after tax from joint ventures and associates is recognized on a separate line in the statements of profit and loss.

Impairment loss

Impairment loss for year ended 31 December 2019 was EUR 24.6 million, primarily relating to a write-down of goodwill in Mexico due to a decline in its performance and a change in business strategy as compared to EUR 56.6 million for year ended 31 December 2018, primarily relating to impairment of goodwill in the Group's operations in Chile, which was effectively a partial reversal of the gain recorded in 2017 related to the remeasurement of previously held equity interest in Yapo.cl.

Other income and expenses

Other income and expenses for year ended 31 December 2019 increased by EUR 6.5 million from net other expense of EUR 6.3 million for year ended 31 December 2018 to net other expense of EUR 12.8 million for the year ended 31 December 2019. Other expense primarily comprised restructuring costs in 2018 and restructuring, transition and listing costs and other expenses related to Adevinta's IPO in 2019.

Operating profit (loss)

Operating profit for year ended 31 December 2019 was EUR 122.8 million, an increase of EUR 54.4 million, or 79.5%, from EUR 68.4 million for year ended 31 December 2018. The increase was primarily due to the reasons described above.

Financial income

Financial income increased by EUR 0.5 million, or 41.7%, from EUR 1.2 million for year ended 31 December 2018 to EUR 1.7 million for the year ended 31 December 2019. Financial income mainly comprised of interest revenues of EUR 1.1 million and net foreign exchange gains of EUR 1.4 million in the years ended 31 December 2018 and 2019, respectively.

Financial expenses

Financial expenses decreased by EUR 7.5 million, or 49%, from EUR 15.3 million for year ended 31 December 2018 to EUR 7.8 million for the year ended 31 December 2019. Financial expenses in 2018 mainly comprised of EUR 9.8 million relating to the net interest cash-pool with Schibsted, EUR 1.9 million foreign exchange loss and EUR 0.9 million interest on put options. Financial expenses in 2019 mainly comprised EUR 4.4 million relating to the net interest cash-pool with Schibsted and other interest expenses, EUR 1.7 million relating to interest on lease liabilities and EUR 1.5 million of other financial expense.

Taxes

Taxes decreased by EUR 11.7 million, or 19.1%, from EUR 61.3 million for year ended 31 December 2018 to EUR 49.6 million for the year ended 31 December 2019, primarily due to reduction in losses for which no tax asset is recognized and subsequent recognition of previously unrecognized deferred tax benefits acquired in business combinations, partially offset by increase in tax expenses due to increase in profit before tax.

Profit (loss)

Profit increased by EUR 74.1 million, from a loss of EUR 7.0 million for year ended 31 December 2018 to a profit of EUR 67.1 million for the year ended 31 December 2019. The increase was primarily due to the factors described above.

10.8 Liquidity and capital resources

The Group's liquidity requirements arise primarily from the requirement to fund the Group's operating expenses, investments in product and technology development, development and purchase of intangible assets and property, plant and equipment and payment of debt. The Group's principal sources of liquidity are cash generated from the Group's operations and debt financing from banks. The Group's policy is to maintain available liquidity (cash, cash equivalents and available long-term bank facilities) in a minimum amount equal to at least 10% of next twelve months revenues.

As of the nine months period ended 30 September 2020, the Group had a net financial indebtedness of EUR 526.7 million and net of cash and cash equivalents of EUR 326.7 million). As adjusted to give effect to the Transactions, as of the nine months period ended 30 September 2020, the combined business' as adjusted total net debt would be EUR 2,478.7 million, consisting primarily of the Notes and the Senior Credit Facilities, excluding net of as adjusted cash and cash equivalents of EUR 34.2 million, see Section 9.1.

The Group's ability to generate cash from operations depends on its future operating performance, which is in turn dependent to some extent on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond The Group's control, as well as other factors discussed in Section 2.

For the Company's working capital statement, see Section 10.10

As part of the Transaction, the Group has entered into hedging arrangements to fix The Group's EUR debt commitment relative to the USD cash consideration. As part of the Grupo ZAP acquisition, the Group has also entered into a series of deal contingent hedges to fix the purchase price in EUR and eliminate the currency risk.

Dividends and Buybacks

For the Company's dividend policy, see Section 13.1. The Group also has and plan to continue performing share buybacks in the short to medium term to cover obligations arising from share incentive programs. In this context, see Section 14.4.3 and the relevant regulatory disclosures for the Company's share buybacks in Section 17.

Cash flows

The following table presents the primary components of the Group's consolidated cash flows as included in Adevinta's Interim Financial Statements for the nine months period ended 30 September, 2020, and Adevinta's Annual Financial Statements for 2019 and 2018. As the Group's business was financed through Schibsted's centralized funding for the years ended 31 December 2017 and 2018, the cash flows from financing below will not be entirely comparable with the cash flows from financing following completion of the demerger from Schibsted.

Cash flows for the nine months period ended 30 September 2019 and 2020

The following table summarizes the principal components of the Group's combined net cash flows for the nine months period ended 30 September 2019 and 2020:

	Nine months period ended 30 September	
(in EUR million)	**2019**	**2020**
	(unaudited)	
Consolidated Statement of Cash Flows		
Net cash flow from operating activities	107.7	89.8
Net cash flow from investing activities	(52.1)	(44.6)
Net cash flow from financing activities	(23.7)	212.2
Effects of exchange rate changes on cash and cash equivalents	(0.0)	(0.8)
Net increase (decrease) in cash and cash equivalents	**31.8**	**254.9**

Cash flows from operating activities decreased by EUR (17.8) million, from EUR 107.7 million in the nine months periods ended 30 September 2019 to EUR 89.8 million in the nine months periods ended 30 September 2020. The decrease was mainly caused by the decrease in operating profit. Cash flows used in investing activities decreased by EUR (7.5) million], from EUR (52.1) million in the nine months periods ended 30 September 2019 to EUR (44.6) million in the nine months periods ended 30 September 2020. The decrease was mainly caused by lower expenditure in the acquisition of subsidiaries and in the investments in other shares.

Cash flows from financing activities increased by EUR 235.9 million, from cash outflows of EUR (23.7) million in the nine months periods ended 30 September 2019 to cash inflows of EUR 212.2 million in the nine months periods ended 30 September 2020. The significant increase was mainly caused by the cash received from the Grupo Zap Bridge Term Loan Facilities, as well as due to the fact that in the first half-year of 2019 the Group had cash outflows for the increase in the Group's ownership interest in Spain to 100% and settling net financing from Schibsted which was partly offset by obtaining external financing.

Cash flows for the years ended 31 December 2018 and 2019

The following table summarizes the principal components of the Group's cash flows for the years ended 31 December 2018 and 2019:

	Year ended 31 December	
(in EUR million)	**2018**	**2019**
Consolidated Statement of Cash Flows		
Net cash flow from operating activities	73.9	134.1
Net cash flow from investing activities	(33.8)	(137.0)
Net cash flow from financing activities	(22.9)	19.2
Effects of exchange rate changes on cash and cash equivalents	0.4	0.3
Net increase (decrease) in cash and cash equivalents	**17.7**	**16.6**

Cash flows from operating activities increased by EUR 60.2 million, from EUR 73.9 million in the year ended 31 December 2018 to EUR 134.1 million in the year ended 31 December 2019. The increase was mainly caused by the increase in operating profit.

Cash flows used in investing activities increased by EUR 103.2 million, from EUR 33.8 million in the year ended 31 December 2018 to EUR 137 million in the year ended 31 December 2019. The increase was mainly caused by the acquisition of subsidiaries and increases in the development and purchase of intangible assets and property, plant and equipment.

Cash flows from financing activities increased by EUR 42.1 million, from cash outflows of EUR 22.9 million in the year ended 31 December 2018 to cash inflows of EUR 19.2 million in the year ended 31 December 2019. The increase was mainly caused by the spinoff from Schibsted. The increase was partially offset by the EUR 200 million drawdown from the Group's EUR 400 million RCF.

10.9 Pro Forma Financial Information

Introduction

The unaudited pro forma statement of financial position and unaudited pro forma income statements of the combined business of Adevinta and eCG set out herein (the "**Unaudited Pro Forma Financial Information**") has been prepared on the basis of the notes set out below to illustrate the effect of the Transaction, including the Danish Entity, through consideration of cash and shares, the offering of the Notes, the entry into the Senior Credit Facilities Agreement, the entry into the Bridge Facility Agreement and the settlement of certain existing debt (collectively the "**Transactions**") on (i) the consolidated statement of financial position of the Group as if the Transactions had taken place on 31 December 2019 and (ii) on the consolidated income statement of the Group for the year ended 31 December 2019 as if the Transactions had taken place on 1 January 2019.

The Unaudited Pro Forma Condensed Consolidated Financial Data has been prepared using the following principles and assumptions:

- The Transaction will be completed. The Transaction has not yet closed at the date of this Prospectus because the Group requires the relevant regulatory approvals. The Transaction is expected to complete in the first quarter of 2021;
- The entry into the Bridge Facility Agreement was completed as set out under Section 7.2; and
- No effect is given of the sale of the Danish Entity at the closing of the Transaction to Schibsted Nordic Marketplaces ASA for USD 330 million, which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393 (plus certain adjustments).

Pro forma adjustments reflected in the Unaudited Pro forma Financial Information are based on items that are factually supportable, directly attributable to the Transactions for which complete financial effects are objectively determinable. Unless specifically noted, all adjustments are expected to have continuing impact on the business. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It does not purport to represent what the combined businesses of Adevinta and eBay Classified's financial position or results actually would have been if the Transaction, the offering of the Notes, entry into the Bridge Facility Agreement and the entry into the Senior Credit Facilities Agreement had been completed on the dates indicated. Actual results may differ materially from the assumptions made for the purposes of the Unaudited Pro Forma Financial Information. No adjustment has been made to reflect the trading results of the combined businesses of Adevinta and eBay Classifieds 31 December 2019 or to reflect the effect of any synergies and efficiencies or the related costs of achieving synergies that may result from the Transaction.

The Transaction will be accounted for in accordance with IFRS 3 using the acquisition method of accounting under which the consideration is allocated to assets acquired and liabilities assumed based on their estimated fair values as of the date the Transactions are consummated (for the purposes of this Section 10.9, the "**Completion Date**"). Based on initial information, Management has finalized its preliminary assessment of the fair values at the date of the Transaction of certain identifiable intangible assets. There are number of items that can materially change the fair value of the identifiable intangible assets and goodwill as noted below:

- Further commercially sensitive and proprietary information about eBay Classifieds will only become available after the Completion Date which may materially change the fair values of the identifiable intangible assets from what is disclosed below.
- External and internal factors that influence the fair value of the identifiable intangible may change up until the Completion date which may materially change the fair values of the identifiable intangible assets from what is disclosed below.
- Fair value of the share consideration has been determined as at 19 November, and will be subject to change up until the Completion Date, which will have an impact on the total consideration for the Transaction and goodwill recognized.

The unaudited pro forma condensed financial information has been prepared by management in accordance with Annex 20 to Commission delegated Regulation (EU) 2019/980 supplementing the EU Prospectus Regulation as incorporated in Norwegian law through Section 7-1 of the Norwegian Securities Trading Act and in accordance with the principles that are consistent with the accounting principles as applied by the Company. There are no new accounting policies to be adopted following the Transaction. The Unaudited Pro Forma Consolidated Financial Data for the Group does not include all of the information required for financial statements under IFRS, and should be read in conjunction with the historical financial information of the Group.

As is evident from the above, the unaudited pro forma financial information in this Prospectus is presented for illustrative purposes only and may differ materially from the Group's actual results of operations and financial position following the Transaction. The unaudited pro forma financial information in this Prospectus is presented for illustrative purposes only and is not necessarily indicative of what the Group's actual financial position or results of operations would have been had the Transaction been completed on the dates indicated. Moreover, the unaudited pro forma financial information does not purport to project the future financial position or results of operations of the Group.The Company's auditor has given an assurance report on the pro forma financial information, included in this Prospectus in Appendix D.

Unaudited Pro Forma Statement of Financial Position as at December 31 2019

			Pro Forma Adjustments (unaudited)		
	Adevinta	**eCG**	**Acquisition accounting and transaction cost adjustments**	**New financing arrangements**	**Pro Forma Statement of Financial Position (unaudited)**
	Note 1	Note 2	Note 3	Note 4	
EUR in millions					
ASSETS					
Intangible assets	1,394.8	679.0	10,112.1	-	12,185.9
Property, plant and equipment and right-of-use assets	85.9	40.0	-	-	125.9
Investments in joint ventures and associates	381.1	-	-	-	381.1
Other non-current assets	16.4	388.0	-	-	404.4
Non-current assets	**1,878.2**	**1,107.0**	**10,112.1**	-	**13,097.3**
Trade receivables and other current assets	170.0	150.0	-	-	320.0
Cash and cash equivalents	71.8	20.0	(2,111.2)	2,172.1	152.7
Current assets	**241.8**	**170.0**	**(2,111.2)**	**2,172.1**	**472.6**
Total assets	**2,119.9**	**1,277.0**	**8,000.9**	**2,172.1**	**13,569.9**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent	1,524.4	1,093.0	6,719.2	(1.0)	9,335.6
Non-controlling interests	14.4	-	-	-	14.4
Total equity	**1,538.8**	**1,093.0**	**6,719.2**	**(1.0)**	**9,350.0**
Non-current interest-bearing borrowings	201.7	-	-	2,173.1	2,374.8
Other non-current liabilities	147.9	23.0	1,242.2	-	1,413.1
Non-current liabilities	**349.6**	**23.0**	**1,242.2**	**2,173.1**	**3,787.9**
Current interest-bearing borrowings	0.3	-	-	-	0.3
Other current liabilities	231.2	161.0	39.5	-	431.7
Current liabilities	**231.5**	**161.0**	**39.5**	-	**432.0**
Total liabilities	**581.1**	**184.0**	**1,281.7**	**2,173.1**	**4,219.9**
Total equity and liabilities	**2,119.9**	**1,277.0**	**8,000.9**	**2,172.1**	**13,569.9**

Note 1. Adevinta's assets and liabilities as at 31 December 2019 have been extracted, without adjustment, from Adevinta's audited Annual Financial Statements for 2019 included in Section 4.3.1 and in Appendix A in this Prospectus.

Note 2. eCG's assets and liabilities as at 31 December 2019 have been extracted from eCG's combined carve-out balance sheet as at 31 December 2019 included in the eCG audited combined carve-out financial statements for 2019 included elsewhere in this Prospectus, as adjusted to Adevinta's presentation. A reconciliation of eCG's combined carve out balance sheet to Adevinta's presentation is presented below:

Reconciliation at 31 December 2019 (unaudited)

EUR in millions	**eCG Combined Carve-out Balance Sheet December 31 2019 Note a**	**Adevinta balance sheet line item**	**eCG balance sheet under Adevinta presentation Note b**
eCG balance sheet line items			
Goodwill	659		
Intangible assets	20	Intangible Assets	679
Right-of-use assets	17		
Property and equipment, net	23	Property, plant and equipment and right-of-use assets	40
Long-term investments	39		
Deferred tax assets	349	Other Non-current assets	388
Non-current assets	**1,107**		**1,107**
Other current assets	31		
Accounts receivable, net	119	Trade receivables and other current assets	150
Cash and cash equivalents	20	Cash and cash equivalents	20
Current assets	**170**		**170**
Total assets	**1,277**		**1,277**
Lease liabilities	12		
Deferred tax liabilities	9		
Other liabilities	2	Other non-current liabilities	23
Non-current liabilities	**23**		**23**
Income taxes payable	53		
Accounts payable	19		
Deferred revenue	5		
Accrued expenses and other current liabilities	84	Other current liabilities	161
Current liabilities	**161**		**161**
Total liabilities	**184**		**184**
Total equity	**1,093**		**1,093**

Note a. The eCG balance sheet line items are extracted, without adjustment, from eCG's combined balance sheet as at 31 December 2019 which is included in the eCG combined carve-out Financial Statements.

Note b. This reflects eCG's combined carve-out balance sheet as at 31 December 2019 re-presented to conform to Adevinta's line item presentation format.

i. Goodwill and intangible assets in eCG's combined carve-out balance sheet have been reclassified as Intangible Assets to align with the Group's presentation.

ii. Right-of-use assets and Property and equipment, net in eCG's combined carve-out balance sheet have been reclassified as Property, plant and equipment and right-of-use assets to align with the Group's presentation.

iii. Long-term investments and Deferred tax assets in eCG's combined carve-out balance sheet have been reclassified as Other non-current assets to align with the Group's presentation.

iv. Other current assets and Accounts receivable, net in eCG's combined carve-out balance sheet have been reclassified as Trade receivables and other current assets to align with the Group's presentation.

v. Lease liabilities, Deferred tax liabilities and Other liabilities in eCG's combined carve-out balance sheet have been reclassified as Other non-current liabilities to align with the Group's presentation.

vi. Income taxes payable, Accounts payable, Deferred revenue and Accrued expenses and other current liabilities in eCG's combined carve-out balance sheet have been reclassified as other current liabilities to align with the Group's presentation.

Note 3. Based on initial information, Adevinta has performed a preliminary Purchase Price Allocation ("**PPA**") exercise. Consequently, the provisional fair value of the identifiable assets and liabilities of eCG are shown in the table below. These assets and liabilities may be materially different as at the date when the Transaction is consummated.

	EUR in *millions*
Net identifiable assets of eCG acquired	
Intangible assets	4,401.9
Property, plant and equipment and right-of-use assets	37.0
Other non-current assets	364.0
Trade receivables and other current assets	126.0
Cash and cash equivalents	26.0
Other current liabilities	(175.0)
Other non-current liabilities	(2,293.2)
Total net identifiable assets	**2,486.7**
Goodwill	6,416.2
Purchase Price	**8,902.9**

During the PPA exercise Adevinta have identified brands, customer relationships and technology for a total fair value of EUR 4,401.9 million. This amount is further split out in Note 3 to the Unaudited Pro Forma income statements below. Deferred tax liabilities of EUR 1,244.7 million have been recognized on the newly identified intangible assets based on the tax rates for the relevant jurisdictions where the economic benefit will be generated.

Goodwill amounting to EUR 6,416.2 million was recognized on the Transaction which represents the excess of the estimated purchase consideration (Note a) over the estimated fair value of the identifiable assets and liabilities in eCG. Goodwill has been recognized on the basis of synergies, workforce and future customer growth.

Adevinta expects to incur transaction costs of EUR 39.5 million which is an accrued liability within Other current liabilities in the Unaudited Pro Forma Statement of Financial Position. These amounts are not expected to have a continuing effect on the business.

Goodwill, acquired intangibles and deferred tax liabilities that were previously recognized on eCG's balance sheet of EUR 681.0 million, EUR 25. million, and EUR 2.5 million, respectively, have been eliminated as a part of the Transaction.

The net adjustment to the statement of financial position is reconciled below:

EUR in millions	**Intangibles**	**Cash**	**Equity attributable to the owners of the parent**	**Other non-current liabilities**	**Other current liabilities**
Cash consideration paid	-	(2,111.2)	-	-	-
Share consideration issued	-	-	6,791.7	-	-
Transaction costs	-	-	(39.5)	-	39.5

Intangibles and related deferred tax liabilities recognized	4,401.9	-	-	1,244.7	-
Recognition of Goodwill	6,416.2	-	-	-	-
Elimination of eCG equity	-	-	(33.0)	-	-
Elimination of previous recognized Goodwill, Intangibles and Deferred tax in eCG financial statements	(706.0)	-	-	(2.5)	-
Net adjustment	**10,112.1**	**(2,111.2)**	**6,719.2**	**1,242.2**	**39.5**

Based on initial information, Management has finalized its preliminary assessment of the fair values at the Completion Date of certain identifiable intangible assets. Further commercially sensitive information and proprietary information about eCG will become available after closing which may materially change the fair values of the identifiable intangible assets. Additionally, external and internal factors that influence the fair value of the identifiable intangibles may change up until the Completion Date which may materially change the fair values of the identifiable intangible assets from what is disclosed above.

Note a. Estimated Purchase Price Consideration

The purchase price includes cash consideration of USD 2.5 billion and 539,994,479 Adevinta shares. The estimated purchase price for eCG is based on the closing price of the Adevinta shares on 19 November 2020. The requirement to base the final purchase price on the share price as of the Completion Date could result in a purchase price that is materially different from that assumed in the Unaudited Pro Forma Condensed Financial Data, and the purchase price included in this Prospectus should not be taken to represent what the actual consideration transferred will be when the transaction is completed.

The following table summarizes the components of the estimated consideration:

Total shares issued (in millions)	540
Price per share	EUR 12.58
Total Share consideration (in millions)	EUR 6,791.7
Cash Consideration (in millions)	EUR 2,111.2
Total consideration (in millions)	EUR 8,902.9

The price per share represents Adevinta's Norwegian Krone closing share price of NOK 134.5 translated into Euro at the 19 November 2020 closing rate of EUR/NOK 0.09351. Such translations should not be viewed as a representation that such NOK amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on the Issue Date or any other date.

The total cash consideration is equal to the amount of USD 2.5 billion translated on 19 November 2020 closing rate of EUR/USD 0.8445. Such translations should not be viewed as a representation that such USD amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on the date which the Notes were issued or any other date.

The following table shows the effect of an increase (decrease) in the share price on the purchase price and goodwill.

EUR in *millions*	**Purchase price**	**Goodwill**
As presented in the Unaudited Pro Forma Condensed Consolidated Financial Data	8,902.9	6,416.2
10% increase in share price	9,582.1	7,095.4
10% decrease in share price	8,285.5	5,798.8

Deal contingent forwards

Adevinta entered into deal contingent forwards with an aggregate notional amount of USD 2.5 billion at a rate of USD/EUR 1.1393 to hedge the foreign currency risk on the US dollar denomination cash consideration due under the Transaction Agreement. On 19 November 2020 the valuation of the deal contingent forwards was negative USD 101.7 million (EUR 85.8 million) of which USD 8.0 million (EUR 6.8 million) would have been recognized through the income statement as a financial expense. No effect is given in the Unaudited Pro Forma Condensed Consolidated Financial Data to the deal contingent forward contracts taken out by Adevinta to economically hedge the Transaction consideration.

Note 4. Prior to completion of the Transaction,

- The Group has entered into a Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of EUR 900.0 million, (b) the USD Term Facility in an aggregate principal amount of USD 506.0 million (approximately EUR 427.3 million equivalent) and (c) the Revolving Facility in an aggregate principal amount of up to EUR 450 million (equivalent), which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral;

- Adevinta expects to enter into the Bridge Facility Agreement providing for the Bridge Term Facility in an aggregate principal amount of USD 330.0 million (or equivalent), which will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shares Collateral; and

- Adevinta has issued an aggregate EUR 1,060.0 million principal amount of the Notes.

For the purposes of the Unaudited Pro Forma Condensed Consolidated Financial Data, Adevinta has assumed no amounts have been drawn under the existing Adevinta revolving credit facility. The gross proceeds received from debt is equal to EUR 1,060.0 million, EUR 1,327.3 million (EUR 900 million and USD 506 million when translated at the closing rate on 19 November 2020 of EUR/USD 0.8445) and EUR 278.7 million (Euro equivalent of USD 330 m). The borrowings are assumed to be non-current for the purposes of the Unaudited Pro Forma Condensed Financial Data. A total of EUR 68.9 million of debt financing expenses have been offset against the borrowings.

The proceeds from the above loans are utilized to repay the existing loans on the Adevinta balance sheet, which includes EUR 200.0 million of non-current interest bearing borrowings. A loss of EUR 1.0 million would have been recognized had the loans been repaid on 31 December 2019 as the difference between the gross debt repayable and the amortized cost value on the balance sheet.

The net proceeds following the repayment of the existing interest bearing loans and debt financing expenses of EUR 2,172.1 million has been adjusted through cash and cash equivalents. The gross debt proceeds of EUR 2,666.0 have been netted with the existing EUR 225.0 million current interest bearing borrowings that were not in existence at 31 December 2019.

The following table reconciles the net adjustment to the Pro Forma Statement of financial position:

EUR in *millions*	**Cash**	**Equity attributable to the owners of the parent**	**Non-current interest-bearing borrowings**
Gross Debt Proceeds	2,441.0	-	2,441.0
Capitalized Fees	(68.9)	-	(68.9)
Repayment of existing debt	(200.0)	-	(200.0)
Loss on repayment of existing debt	-	(1.0)	1.0
Net adjustment	**2,172.1**	**(1.0)**	**2,173.1**

Note 5. Schibsted Nordic Marketplaces AS, has agreed to acquire the Danish Entity for a cash-free, debt-free price of USD 330 million, which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393 (plus certain adjustments) at closing of the Transaction. No effect is given in the Unaudited Pro Forma Condensed Consolidated Financial Data for the disposal of Danish Entity and receipt of cash consideration from Schibsted Nordic Marketplaces AS.

Note 6. The total amount of debt includes USD 330 million (EUR 278.7 million at the closing rate on 19 November 2020 of EUR/USD 0.8445) aggregate principal amount of bridge commitments that will be cancelled in full upon the completion of the acquisition of the Danish Entity by Schibsted Nordic Marketplaces AS.

Unaudited Pro Forma Income Statement for the year ended 31 December 2019

			Pro Forma Adjustments (unaudited)		
EUR in millions	**Adevinta** Note 1	**eCG** Note 2	**Acquisition Accounting and Transaction Cost Adjustments** Note 3	**New financing arrangements** Note 4	**Pro Forma Income Statement (unaudited)**
Operating revenues	**680.3**	**952.0**	-	-	**1,632.3**
Personnel expenses	(234.8)	(314.6)	-	-	(549.4)
Other operating expenses	(246.0)	(307.9)	-	-	(553.9)
Gross operating profit (loss)	**199.5**	**329.5**	-	-	**529.0**
Depreciation and amortization	(45.3)	(24.3)	(172.1)	-	(241.7)
Share of profit (loss) of joint ventures and associates	5.9	-	-	-	5.9
Impairment loss	(24.6)	-	-	-	(24.6)
Other income and expenses	(12.8)	(4.0)	(39.5)	-	(56.3)
Operating profit (loss)	**122.8**	**301.2**	**(211.6)**	**-**	**212.4**
Net Financial items	(6.1)	(0.5)	-	(109.5)	(116.0)
Profit (loss) before taxes	**116.7**	**300.7**	**(211.6)**	**(109.5)**	**96.4**
Taxes	(49.6)	(228.6)	51.8	15.1	(211.4)
Profit (loss)	**67.1**	**72.1**	**(159.8)**	**(94.4)**	**(115.0)**
Profit (loss) attributable to:					
Non-controlling interests	3.1	-	-	-	3.1
Owners of the parent	64.0	72.1	(159.8)	(94.4)	(118.1)

Note 1. Adevinta's income statement for the year ended 31 December 2019 has been extracted, without adjustment, from Adevinta's Audited Financial Statements for 2019.

Note 2. eCG's profit and loss statement of for the year ended 31 December 2019 has been extracted from eCG's audited combined carve-out financial statements, as adjusted to Adevinta's presentation. A reconciliation of eCG's unaudited profit and loss statements for all periods to Adevinta's presentation is presented below:

Reconciliation for the year ended 31 December 2019 (unaudited)

eCG profit and loss statement line items *EUR in millions*	**eCG combined carve-out profit and loss statement** Note a	**Adevinta income statement line item**	**eCG profit and loss statement under Adevinta presentation** Note b
Net revenues	952.0	Operating Revenues	952.0
Cost of net revenues	(95.0)		
Gross profit	**857.0**		
		Personnel expenses	(314.6)

		Other operating expenses	(307.9)
		Gross operating profit (loss)	**329.5**
Operating expenses			
Sales and marketing	(302.0)		
Product development	(138.0)		
General and administrative	(94.0)		
Provision for bad debts	(12.8)		
Amortization of acquired intangibles	(9.0)		
Total Operating expenses	**(555.8)**		
		Depreciation and amortization	(24.3)
		Share of profit (loss) of joint ventures and associates	-
		Impairment loss	-
		Other income and expenses	(4.0)
Profit from operations	**301.2**	**Operating profit (loss)**	**301.2**
Interest and other, net	-	Net Financial items	(0.5)
Profit before income taxes	**301.2**	**Profit (loss) before taxes**	**300.7**
Income tax benefit (provision)	(228.6)	Taxes	(228.6)
Net profit	**72.1**	**Profit (loss)**	**72.1**

Note a. eCG profit and loss statement for the year ended 31 December 2019 has been extracted, without adjustment, from the eCG audited combined carve-out financial statements included elsewhere in this Prospectus.

Note b. This reflects eCG unaudited combined profit and loss statement re-presented to conform to the Company's line item presentation format. Amounts have been reclassified from presentation based on function to presentation based on nature as per the table below:

EUR in millions	Personnel Expenses	Other Operating Expenses	Depreciation and Amortization	Other Income and expenses	**Total**
Cost of net revenues	37	47	11		95
Sales and marketing	111	189	2		302
Product development	114	22	2		138
General and administrative	52	37	1	4	94
Provision for bad debts	-	13			13
Amortization of acquired intangibles	-	-	9		9
Total	**314**	**308**	**24**	**4**	**651**

Note 3. Management have adjusted for the effect on the Unaudited Pro Forma Condensed Financial Data of certain of the acquisition accounting adjustments to the carrying amount of the identifiable assets and liabilities of eCG as at the date of the Transaction as follows:

Depreciation and Amortization

The useful lives have been estimated for each asset individually. The below table shows the range of useful lives per asset class:

Intangible assets	Fair value EUR in millions	Estimated useful life
Indefinite-life Brands	3,515	Indefinite
Brands (including domains)	137	3 years
Customer relationships	475	10 to 11 years
Technology	275	3 years
Total	4,402	

Pro forma amortization is depicted in the table below:

EUR in millions	**Year ended 31 December 2019**
Amortization on fair value of identified intangibles	181.1
Reversal of amortization reflected in eCG financial statements	(9.0)
Net increase in amortization	172.1

Deferred taxes

Pro forma unwinding of the deferred tax liability based on the tax rates in the relevant jurisdictions to which the assets relate for each period is depicted in the table below:

EUR in millions	**Year ended 31 December 2019**
Unwinding of deferred tax liability on fair value of identified intangibles	53.8
Reversal of tax effects previously recognized on intangibles in eCG financial statements	(2.0)
Net increase in tax benefit	51.8

Transaction costs

Adevinta expects to incur transaction costs of EUR 39.5 million which is reflected as an expense in each period through other income and expenses. These amounts are not expected to have a continuing effect on the business. Given the nature of the costs, no tax effect has been assumed in preparing the Unaudited Pro Forma Financial Data.

Note 4. The adjustment to net financials reflects the pro forma interest expense and amortized upfront loan fees for each period for the Senior Credit Facilities and Notes. The interest applied on the financing is detailed below.

- EUR 660 million of 5 year notes aggregate principal amount of 2.625% senior secured notes due 2025.
- EUR 400 million of 7 year notes aggregate principal amount of 3.000% senior secured notes due 2027.
- A secured term loan with EUR 90 million euro denominated tranche and a USD 506 million U.S. dollar-denominated tranche. The euro tranche will bear interest at a rate per annum equal to EURIBOR (subject to a floor of zero) plus 3.250% subject to a leveraged based margin ratchet. The USD tranche will bear interest at a rate per annum equal to LIBOR (subject to a 0.75% floor) plus 3.000%, subject to a leveraged based margin ratchet.

Interest related to Adevinta's previous borrowings has been reversed from the Pro Forma net financials as the Pro Forma Income Statement assumes this debt was repaid at the beginning of the period. If the debt had been repaid on 1 January 2019, there was no loss as there was no difference between the gross debt repayable and the amortized cost value on the balance sheet.

The following table depicts the adjustments for interest and amortized loan fees for the year ended 31 December 2019:

EUR in millions	**Year ended 31 December 2019**
Interest on Senior Credit Facilities and Notes	86.3
Amortization of capitalized upfront loan fees	15.3
Reversal of interest and amortization on repaid debt	(2.0)
Loss on repayment of debt	-
FX loss (gain) on USD debt	9.9

Net increase in net financial items	109.5

The adjustment to taxes of EUR 15.1 million for the year ended 31 December 2019, reflects the tax credit relating to the pro forma interest expense described above less a tax credit related to interest that has been reversed above. The tax credit is expected to be set off against profits from Germany and the Netherlands. The tax rates from these jurisdictions have been utilized to calculate the tax credit. Based on initial information, the tax benefit has been capped in the Netherlands and the full tax benefit has been recognized in Germany for each period reflecting historical profitability of the relevant jurisdictions to which the tax credit is applied. Further analysis will be performed subsequent to the Completion Date; there is a risk that the tax benefit may not be able to be utilized.

Deal contingent currency swap

Adevinta entered into a deal contingent currency swap to economically hedge the interest payments on the USD tranche of the term loan, which swaps the interest payable on the USD 506 million term loan tranche denominated in USD. The currency swap will change the effective rate per annum from LIBOR (subject to a 0.75% floor) plus 3.000%, subject to a leveraged based margin ratchet, to a fixed rate of 3.169 % at USD/EUR 1.1851. No effect is given in the Unaudited Pro Forma Consolidated Financial Data to this deal contingent forward contracts taken out by Adevinta.

Note 5. eCG's profit (loss) and the profit (loss) related to pro forma adjustments have been assumed to be fully attributable to the owners of the parent, with no amounts attributed to non-controlling interests.

The table below sets forth a reconciliation of the Group's pro forma Net Leverage Ratio for the financial years ended 31 December 2019 and 2018, respectively.

	Year ended 31 December	
(in EUR million)	**2018**	**2019**
Pro forma Net Leverage Ratio(1)	**1.0**	**1.0**

Note 1. The Net Leverage Ratio is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see Section 4.3.2.

10.10 Working Capital Statement

As of the date of this Prospectus, the Company is of the opinion that the Group's working capital is sufficient for its present requirements and for at least the next twelve months from the date of this Prospectus.

10.11 Information Regarding Significant Changes in the Company's Financial Position

Other than the Transaction and the transaction financing, as further set out in Section 7, there has been no significant change in the Company's financial or trading position since the nine months period ended 30 September 2020.

10.12 Investing Activities

Principal Investments for the years ended 2019 and 2018

See Section 5.8.

Principal Investments in Progress and Planned Principal Investments

See Section 7.

10.13 Financial Information of eCG[41]

The combined financial information and other data as of and for the years ended 31 December 2018 and 2019 is derived from audited combined carve-out financial statements of eCG and its combined subsidiaries as of, and for the years ended, 31 December 2018 and 2019, which have been prepared in accordance with IFRS as issued by the IASB, and audited by PricewaterhouseCoopers LLP, eCG's independent auditors. The combined financial information and other data for the nine months ended 30 September 2019 and 2020 are derived from unaudited combined carve-out interim financial statements of eCG and its combined subsidiaries as of 30 September 2020, which have been prepared in accordance with IAS 34 Interim Financial Reporting

10.13.1 Carve-out Statements of Profit or Loss

The table below shows eCG's carve-out statement of profit or loss for the financial years ended 31 December 2018 and 2019.

	Year ended 31 December	
	2018	**2019**
(in EUR million)	**(audited)**	
Net revenues(3)	863	952
Cost of net revenues(3,6,7,14)	90	95
Gross profit	**773**	**857**
Operating expenses:		
Sales and marketing(6,7,14)	281	302
Product development(14)	117	138
General and administrative(6,7,14)	87	94
Provision for bad debts(3,13)	6	13
Amortization of acquired intangible assets(6)	15	9
Total operating expenses	506	556
Profit from operations	267	301
Interest and other, net	(1)	—
Profit before income tax	266	301
Income tax benefit (provision)(17)	(177)	(229)
Net profit	**89**	**72**

The table below shows eCG's carve-out statement of profit or loss for the nine months period ended 30 September 2019 and 2020.

	For the nine months period ended 30 September	
	2019	**2020**
(in EUR million)	**(unaudited)**	
Net revenues(3)	704	637
Cost of net revenues(3,6,7,14)	69	80
Gross profit	635	**557**
Operating expenses:		
Sales and marketing(6,7,14)	236	200

[41] The notes included in the tables in Section 10.13 below are described in eCG's audited combined carve-out statements for the years ended 31 December 2018 and 2019, and the combined carve-out interim financial statements of eCG and its combined subsidiaries as of 30 September 2020 which are appended to this Prospectus in Appendix A.

(in EUR million)	For the nine months period ended 30 September 2019	2020
	(unaudited)	
Product development[14]	103	110
General and administrative[6,7,14]	71	76
Provision for bad debts[3,13]	7	10
Amortization of acquired intangible assets[6]	7	7
Total operating expenses	424	403
Profit from operations	211	154
Interest and other, net	(1)	(2)
Profit before income tax	210	152
Income tax benefit (provision)[17]	(219)	(48)
Net profit	(9)	104

10.13.2 Combined carve-out statement of financial position

The table below shows eCG's carve-out statement of financial position for the financial years ended 31 December 2018 and 2019.

(in EUR million)	As of 31 December 2018	2019
Assets:		
Goodwill[6]	598	659
Intangible assets, net[6]	3	20
Right-of-use assets[7]	17	17
Property and equipment, net[14]	22	23
Long-term investments[12]	61	39
Deferred tax assets[17]	524	349
Non-current assets	**1,225**	**1,197**
Other current assets[15]	13	31
Accounts receivable, net[3,13]	114	119
Cash and cash equivalents[3]	42	20
Current assets	**169**	**170**
Total assets	**1,394**	**1,277**
Invested Equity And Liabilities:		
Net parent investment[10]	1,228	1,109
Accumulated other comprehensive income[3]	(4)	(16)
Total invested equity	**1,224**	**(1,093)**
Lease liabilities[7]	10	12
Deferred tax liabilities[17]	8	9
Other liabilities	3	2
Non-current liabilities	**21**	**23**
Income tax payable[17]	45	53
Accounts payable[3]	16	19
Deferred revenue[3]	6	5
Accrued expenses and other current liabilities[15]	82	84
Current liabilities	**149**	**161**
Total invested equity and liabilities	**1,394**	**1,277**

The table below shows eCG's carve-out statement of financial position as of 30 September of 2019 and 2020.

	As of 30 September	
	2019	2020
(in EUR million)	(unaudited)	
Assets:		
Goodwill[6]	659	681
Intangible assets, net[6]	20	25
Right-of-use assets[7]	17	16
Property and equipment, net[14]	23	21
Long-term investments[12]	39	26
Deferred tax assets[17]	349	338
Non-current assets	1,107	**1,107**
Other current assets[15]	31	26
Accounts receivable, net[3,13]	119	100
Cash and cash equivalents[3]	20	26
Current assets	**170**	**152**
Total assets	**1,277**	**1,259**
Invested Equity And Liabilities:		
Net parent investment[10]	1,109	94
Accumulated other comprehensive income[3]	(16)	(61)
Total invested equity	**1,093**	**33**
Lease liabilities[7]	12	11
Deferred tax liabilities[17]	9	8
Related party notes payable[9]	-	1,030
Other liabilities	2	2
Non-current liabilities	**23**	**1,051**
Income tax payable[17]	53	53
Accounts payable[3]	19	20
Deferred revenue[3]	5	5
Accrued expenses and other current liabilities[15]	84	97
Current liabilities	**161**	**175**
Total invested equity and liabilities	**1,277**	**1,259**

10.13.3 Combined Carve-out Statement of Cash Flows

The table below shows eCG's carve-out statement of cash flows for the financial years ended 31 December 2018 and 2019.

	Year ended 31 December	
	2018	2019
(in EUR million)		
Net cash provided by operating revenues	863	952
Net cash (used in) provided by investing activities	90	95
Net cash used in financing activities	(217)	(261)
Effect of exchange rate changes on cash and cash equivalents	(2)	—
Net increase (decrease) in cash and cash equivalents	15	(4)
Cash and cash equivalents at the beginning of the period	31	46
Cash and cash equivalents at the end of the period	46	42

The table below shows eCG's carve-out statement of cash flows for the nine months period ended 30 September 2019 and 2020.

	For the nine months period ended 30 September	
	2019	2020
(in EUR million)	(unaudited)	
Net cash provided by operating revenues	259	206
Net cash (used in) provided by investing activities	(93)	(46)
Net cash used in financing activities	(172)	**(152)**
Effect of exchange rate changes on cash and cash equivalents	1	(2)
Net increase (decrease) in cash and cash equivalents	(5)	6
Cash and cash equivalents at the beginning of the period	42	20
Cash and cash equivalents at the end of the period	37	26

10.13.4 Results of operations

Comparison of the nine months ended 30 September 2019 to the nine months ended 30 September 2020.

	Nine months ended 30 September		% Change
	2019	2020	
(in EUR million)	(unaudited)		
Net revenues(3)	704	637	-10%
Cost of net revenues(3,6,7,14)	69	80	16%
Gross profit	**635**	**557**	**-12%**
Operating expenses:			
Sales and marketing(6,7,14)	236	200	-15%
Product development(14)	103	110	7%
General and administrative(6,7,14)	71	76	7%
Provision for bad debts(3,13)	7	10	43%
Amortization of acquired intangible assets(6)	7	7	-
Total operating expenses	424	403	-5%
Profit from operations	211	154	-27%
Interest and other, net	(1)	(2)	-
Profit before income tax	210	152	-28%
Income tax benefit (provision)(17)	(219)	(48)	-78%
Net profit(loss)	**(9)**	**104**	**-**
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be classified to profit or loss:			
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	(7)	(12)	71%
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	-	(33)	-
Comprehensive income(loss)	**(16)**	**59**	**-**

Comparison of the year ended 31 December 2018 to the year ended 31 December 2019

(in EUR million)	Year ended 31 December 2018	Year ended 31 December 2019	% Change
	(audited)		
Net revenues	863	952	10.3%
Cost of net revenues	90	95	5.6%
Gross profit	**773**	**857**	10.9%
Operating expenses:			
Sales and marketing	281	302	7.5%
Product development	117	138	17.9%
General and administrative	87	94	8.0%
Provision for bad debts	6	13	116.7%
Amortization of acquired intangible assets	15	9	(40)%
Total operating expenses	506	556	9.9%
Profit from operations	267	301	12.7%
Interest and other, net	(1)	—	—
Profit before income tax	266	301	13.2%
Income tax benefit (provision)	(177)	(229)	29.4%
Net profit	**89**	**72**	(19.1)%
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be classified to profit or loss:			
Gains (losses) on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	3	(17)	
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	(2)	5	
Comprehensive income	**90**	**60**	

Net revenues

Net revenues increased by EUR 89 million, or 10.3%, to EUR 952 million for the year ended 31 December 2019, compared to EUR 863 million for the year ended 31 December 2018. This increase was primarily due to growth in classifieds motor revenue streams.

Cost of net revenues

Cost of net revenues increased by EUR 5 million, or 5.6%, to EUR 95 million for the year ended 31 December 2019, compared to EUR 90 million for the year ended 31 December 2018, primarily due to increased service costs for new revenue streams in Germany and the Netherlands. This increase was partially offset by reduced payment processing expense in the Netherlands.

Operating expenses

Operating expenses increased by EUR 50 million, or 9.9%, to EUR 556 million for the year ended 31 December 2019, compared to EUR 506 million for the year ended 31 December 2018, primarily due to growth in sales and marketing spend and product development costs. Certain Operating expenses are further discussed below.

Sales and marketing

Sales and marketing increased by EUR 21 million, or 7.5%, to EUR 302 million for the year ended 31 December 2019, compared to EUR 281 million for the year ended 31 December 2018, primarily due to growth in UK marketing driven by the acquisition of Motors.co.uk along with continued expansion in Germany and an increase in sales and marketing expenses in Mexico. This increase was partially offset by lower spend in the Netherlands. Sales and marketing expenses primarily consist of advertising and marketing program costs (both online and offline), employee compensation and contractor costs. Online marketing expenses represent traffic acquisition costs in various channels such as paid search, affiliates marketing and display advertising. Offline advertising primarily includes brand campaigns and buyer/seller communications.

Product development

Product development increased by EUR 21 million, or 17.9%, to EUR 138 million for the year ended 31 December, 2019, compared to EUR 117 million for the year ended 31 December, 2018, primarily due to growth in the technology team driving motor development alongside expansion in the UK following the acquisition of Motors.co.uk. Product development expenses primarily consist of employee compensation, contractor costs, facilities costs and depreciation on equipment.

General and administrative

General and administrative increased by EUR 7 million, or 8%, to EUR 94 million for the year ended 31 December, 2019, compared to EUR 87 million for the year ended 31 December, 2018, primarily due to increased restructuring expense, market research and facilities costs. This increase was partially offset by lower software maintenance and temporary contractors spend.

General and administrative expenses primarily consist of employee compensation, contractor costs, facilities costs, depreciation of equipment, employer payroll taxes on stock-based compensation, legal expenses, restructuring, insurance premiums and professional fees.

Provision for bad debt

Provision for bad debt increased by EUR 7 million, or 116.7%, to EUR 13 million for the year ended 31 December 2019, compared to EUR 6 million for the year ended 31 December 2018, primarily due to additional bad debt provisions taken in Mexico, the Netherlands and Australia.

Provision for bad debt primarily consists of bad debt expense associated with eCG’s accounts receivable balance. eCG expects the provision for bad debt to fluctuate depending on many factors, including changes to its protection programs.

Interest and other, net

Interest and other, net decreased by EUR 1 million, or 100%, to zero for the year ended 31 December 2019, compared to EUR1 million for the year ended 31 December 2018.

Interest and other, net primarily consists of interest earned on cash, cash equivalents and investments, as well as foreign exchange transaction gains and losses, gains and losses.

Income tax benefit (provision)

eCG’s income tax provisions will not carry over to the combined business. Income tax benefit (provision) for the year ended 31 December 2019 was EUR (229) million compared to EUR (177) million for the year ended 31 December 2018.

Net profit for the period

Net profit for the period decreased by EUR 17 million, or 19.1%, to EUR72 million for the year ended 31 December 2019, compared to EUR89 million for the year ended 31 December 2018, for the reasons outlined above.

11. THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND EMPLOYEES

This Section provides summary information about the Board of Directors and the Executive Management of the Company and disclosures about their employment arrangements with the Company and other relations with the Company.

11.1 Overview

The Board of Directors is responsible for the overall management of the Company and may exercise all the powers of the Company. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business; ensuring proper organisation, preparing plans and budgets for its activities; ensuring that the Company's activities, accounts and asset management are subject to adequate controls and to undertake investigations necessary to ensure compliance with its duties. The Board of Directors may delegate such matters as it seems fit to the executive management of the Company (the "**Executive Management**").

The Company's Executive Management is responsible for the day-to-day management of the Company's operations in accordance with instructions set out by the board of directors. Among other responsibilities, the Company's CEO is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, at least once a month the Company's CEO must brief the Board of Directors about the Company's activities, financial position and operating results. For the Board of Directors and Executive Management following completion of the Transaction, see Section 11.3.

11.2 Board of Directors and Executive Management

Board of Directors

The Company's Articles of Association provide that the Board of Directors shall have between 5 and 11 members in accordance with the Norwegian Public Limited Liabilities Act, the CEO and at least half of the members of the Board of Directors must either be resident in Norway, or be citizens of and resident in an EU/EEA country.

The Company's Board of Directors currently consists of the following members:

Name	Position	Served Since	Current Term Expires
Orla Noonan	Chairperson	2019	2021
Kristin Skogen Lund	Director	2019	2021
Peter Alan Brooks- Johnson	Director	2019	2021
Sophie Javary	Director	2019	2021
Fernando Abril-Martorell Hernandez	Director	2019	2021
Terje Seljeseth	Director	2019	2021

The Company's registered business address, Grensen 5, 0159 Oslo, Norway, serves as c/o address for the members of the Board of Directors in relation to their directorship of the Company.

The composition of the Company's Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice of 17 October 2018 (the "**Norwegian Code of Practice**"). The Norwegian Code of Practice provides that a board member is generally considered to be independent when he or she does not have any personal, material business or other contacts that may influence the decisions he or she makes as a board member.

Set out below are brief biographies of the directors of the Company, along with disclosures about the companies and partnerships of which each director has been member of the administrative, management and supervisory bodies in the previous five years, not including directorships and executive management positions in the Company or any of its subsidiaries.

Orla Noonan , Chairperson

Orla Noonan has served as the Company's Board Chair since February 2019. Ms. Noonan also serves as chairman of Knightly Investments and is a director of AFP, Iliad / Free, and SMCP. Ms. Noonan has 23 years of experience in content and media at Groupe AB Paris, holding various management positions including CEO until 2018. Before joining Groupe AB in 1996, Ms. Noonan was in investment banking at Salomon Brothers UK Ltd. Ms. Noonan holds a BA in Economics from Trinity College, Dublin, and a degree in Finance from HEC, Paris.

Current other directorships and management positions..... Iliad (BM); SMCP (BM); Knightly Investments (C)

Previous directorships and management positions held during the last five years	Group AB (CEO and Director); Schibsted Media Group (BM); Team Co (C)

Kristin Skogen Lund, Director

Kristin Skogen Lund has served as a Board Member since February 2019. Ms. Skogen Lund also serves as chairman of Stiftelsen Oslo-Filharmonien. Ms. Skogen Lund became CEO of Schibsted on December 1, 2018. Ms. Skogen Lund's previous experiences include Director General of the Confederation of Norwegian Enterprise (NHO), EVP of the Nordic region and digital services at Telenor, CEO at the Schibsted companies Aftenposten, Scanpix and Scandinavia Online, Director of the Coca-Cola Company, as well as positions at Unilever and the Norwegian Embassy in Madrid. Ms. Skogen Lund has also 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, Ms. Skogen Lund has been a member of the Global Commission on the Economy and Climate, and the ILO Global Commission of the Future of Work. Ms. Skogen Lund holds an MBA from INSEAD and a Bachelor's degree in International Studies and Business Administration from the University of Oregon.

Current other directorships and management positions	Oslo-Filharmonien (C), Schibsted ASA (CEO)
Previous directorships and management positions held during the last five years	Confederation of Norwegian Enterprise (Director General) and Ericsson (BM)

Peter Alan Brooks-Johnson, Director

Peter Alan Brooks-Johnson has served as a Board Member since February 2019. Mr. Brooks-Johnson also serves as CEO of Rightmove since 2017. Mr. Brooks-Johnson has held several managing positions in Rightmove, including head of the Agency business, Managing Directors of rightmove.co.uk and COO. Before joining Rightmove in 2006, Mr. Brooks-Johnson worked for Accenture UK Ltd and Berkeley Partnership LLP for a total of 10 years. Mr. Brooks-Johnson holds a degree in Microelectronics from Newcastle University.

Current other directorships and management positions	Rightmove plc (BM) and Rightmove Group Ltd (BM)
Previous directorships and management positions held during the last five years	Outside View Analytics Ltd (BM)

Sophie Javary, Director

Sophie Javary has served as a Board Member since February 2019. Ms. Javary is also Vice-Chairman CIB Europe Middle East Africa (EMEA) in BNP Paribas, director of Elior SA and a board member of the think tank EuropaNova. Ms. Javary has over 30 years of experience in investment banking, including positions at Bank of America and Banque Indosuez (Paris), Head of ECM origination in France in Baring Brothers France, positions at Rothschild & Co (including as General Partner) and managing positions in BNP Paribas, such as Senior Banker and Head of Corporate Finance EMEA. Ms. Javary has been decorated with the French "Legion d'Honneur." Ms. Javary holds a Diploma from HEC Paris, with certificates from international management programs entailing six months at the Fundacao Getulio Vargas of Sao Paulo, Brazil, and six months at New York University, USA, graduate school of business administration.

Current other directorships and management positions	Elior SA (BM); EuropaNova (BM)
Previous directorships and management positions held during the last five years	Altamir SA (BM) and BNP Paribas SA (Head of corporate finance)

Terje Seljeseth, Director

Terje Seljeseth is expected to resign from the Board of Directors following completion of the Transaction. Mr. Seljeseth has served as a Board Member since February 2019. Mr. Seljeseth is chairman and director of Videocation.no and Chief Analyst at the Tinius Trust. Mr. Seljeseth also serves as a board member of TX Markets – the classifieds division of TX Group - and an advisory board member of headhunter.ru and is a director of Gjensidige Forsikring. Mr. Seljeseth has held several managing positions in Schibsted, including IT-development manager and CTO of Aftenposten AS as well as founding Finn.no in 1999 and holding the position as CEO until 2009. Mr. Seljeseth was part of Schibsted's top management team as the CEO of Schibsted Classifieds Media AS and the Schibsted CPO. Mr. Seljeseth has a degree in computer science from Datahøgskolen in Oslo and additional studies in informatics from the University of Oslo.

Current other directorships and management positions	TX Markets (BM), Gnt AS (C), Joymo AS (BM), Gjensidige ASA (BM) and Videocation.No AS (C),

Previous directorships and management positions held during the last five years	Schibsted ASA (EVP Classified and CEO of Finn.no), Schibsted Epayment AS (BM), Schibsted Products & Technology AB (BM), Schibsted Products & Technology AS (BM),Blocket AB (BM), Digital Norway/Toppindustrisenteret (BM), Fete Typer AS (C) and Sameiet Cappelens vei 7-9 (C)

Fernando Abril-Martorell Hernandez

Fernando Abril-Martorell Hernandez has served as a Board Member since February 2019. Mr. Abril-Martorell Hernandez is chairman and CEO of Indra and a director of Energía y Celulosa S.A. Before joining Indra in 2015, Mr. Abril-Martorell Hernandez was CEO of Grupo Prisa, CEO of Credit Suisse in Spain and Portugal (2005-2011) and CEO and CFO in Grupo Telefonica, having spent ten years in different positions at J.P. Morgan. Mr. Abril-Martorell Hernandez is a Graduate in Law and Business Administration from ICADE (Madrid).

Current other directorships and management positions	ENCE Energía y Celulosa S.A. (BM), INDRA S.A. (CEO and C)]
Previous directorships and management positions held during the last five years	ENCE Energía y Celulosa S.A. (BM), PRISA S.A. (CEO), AENA S.A. and Banca March S.A. (BM)

Executive Management

The Company's Executive Management comprises of the following members:

Name	Position	Employed from
Rolv Erik Ryssdal	CEO	2018
Uvashni Raman	CFO	2019
Antoine Jouteau	CEO of the Leboncoin Group	2015
Gianpolo Santorsola	CEO of Adevinta Spain	2018
Ovidiu Somonov	SVP for Global Markets	2018
Renaud Bruyeron	Chief Product & Technology Officer	2017
Nicki Dexter	SVP People and Communications	2019

The Company’s registered business address, Grensen 5, 0159 Oslo, Norway, serves as c/o address for the members of the Management in relation to their management of the Company.

Set out below are brief biographies of the members of the Executive Management, along with disclosures about the companies and partnerships of which each member of the Executive Management has been member of the administrative, management and supervisory bodies in the previous five years, not including directorships and Executive Management positions in the Company or its subsidiaries.

Rolv Erik Ryssdal, CEO

Rolv Erik Ryssdal has served as the Company’s CEO since December 2018. He is also director of Finn No AS and has previously held the position of CEO of Schibsted. Mr. Ryssdal has been employed by the Schibsted group since 1991, holding several management positions including CEO of Aftonbladet, CEO and Managing Director at Verdens Gang AS, CEO of Schibsted Classifieds Media and CEO of Schibsted Media Group. Mr. Ryssdal was also previously at ABN AMRO Bank. Mr. Ryssdal holds a Master’s degree in Business and Economics from BI Norwegian Business School and an MBA from INSEAD.

Current other directorships and management positions.....	Finn No AS (BM), Ness Risan & Partners (C)
Previous directorships and management positions held during the last five years	Schibsted ASA (CEO), Schibsted Sverige AB (C), Schibsted Norge AS (C), Schibsted Eiendom AS (C), Schibsted Media AS (C), Schibsted Print Media AS (BM), Danske Bank A/S (BM) and J E Pedersen & Co AS (BM)

Uvashni Raman, CFO

Uvashni Raman has served as the Company's CFO since April 2019. Ms. Raman was previously CFO of the Video Entertainment segment of Naspers Holding and South32, Vice President Finance Australia for South 32, and has held several leadership roles in BHP Billiton, including Vice President Finance of Global Iron Ore Division. Ms. Raman has also held positions in Xstrata and Deloitte. Ms. Raman holds a Bachelor of Commerce (Hons) in Accounting and Finance from the University of Natal, South Africa, a Postgraduate Diploma in Competition Economics, Kings College London and is a CASAF-Chartered Accountant in South Africa.

Current other directorships and management positions.....	None
Previous directorships and management positions held during the last five years	Video Entertainment segment of Naspers Holding (CFO), South32 Australia Region (CFO), BHP Billiton (Vice President Finance, Global Iron Ore Division), South32 Aluminium (RAA) Pty Ltd, South32 Aluminium (Worsley) Pty Ltd, South32 Australia Investment 3 Pty Ltd, South32 Energy SAS ESP, South32 Freight Australia Pty Ltd, South32 International Investment Holdings Pty Ltd, South32 International Investment Pty Ltd, South32 Worsley Alumina Pty Ltd, United Iron Pty Ltd, CommerceZone (Pty) Ltd, DSTV Media Sales (Pty) Ltd, Electronic Media Network (Pty) Ltd, Huntley Holdings (Pty) Ltd, Huntley Media Services (Pty) Ltd, MultiChoice (Pty) Ltd, MultiChoice Africa Holdings B.V., MultiChoice Eastern Cape (Pty) Ltd, MultiChoice Investments (Pty) Ltd, MultiChoice Mobile Operations (Pty) Ltd, MultiChoice Operations (Pty) Ltd, MultiChoice South Africa (Pty) Ltd, MultiChoice South Africa Holdings (Pty) Ltd, MultiChoice Support Services (Pty) Ltd, MultiChoice Technical Operations (Pty) Ltd, NMS Properties (Pty) Ltd, Orbicom (Pty) Ltd, Stand 1194-1196 Ferndale (Pty) Ltd, SuperSport Holdings B.V., SuperSport International (Pty) Ltd, SuperSport International Holdings (Pty) Ltd and SuperSport Sports Holdings (Pty) Ltd.

Antoine Jouteau, CEO of the Leboncoin Group

Antoine Jouteau has served as the CEO of the Leboncoin Group since 2015. Mr. Jouteau is a member of the advisory board at Orchestra-Prémaman and was a board member of Mobile Marketing Association France. He has held several management positions at Leboncoin, including Director of Business Development (Product & Sales & Marketing) and Deputy General Manager. Before joining the Schibsted Group in 2009, Mr. Jouteau was Marketing Manager at TDF and at PagesJaunes (pagesjaunes.fr). Mr. Jouteau holds a Master's degree in Marketing Research from Université Paris Dauphine.

Current other directorships and management positions	Advisory Board at Orchestra-Prémaman (BM)
Previous directorships and management positions held during the last five years	None

Gianpaolo Santorsola, CEO of Adevinta Spain

Gianpaolo Santorsola has served as CEO of Adevinta Spain since July 2018. Mr. Santorsola is also a member of the board of OLX Brazil and InfoJobs. Mr. Santorsola has been employed by the Schibsted Group since 2011, holding positions including Senior Vice President of online classifieds division (SCM) and Executive Vice President of Emerging Markets at Schibsted. Prior to joining the Schibsted Group, Mr. Santorsola was Engagement manager at McKinsey & Company. He has a Business and Finance education at Bocconi University, and holds an MBA from INSEAD.

Current other directorships and management positions	None
Previous directorships and management positions held during the last five years	None

Ovidiu Solomonov, SVP for Global Markets

Ovidiu Solomonov has served as SVP for Global Markets since July 2018. Mr. Solomonov also serves as director of Willhaben internet service GmbH & Co KG and Distilled SCH. Mr. Solomonov has been employed by Schibsted since 2014, holding various management positions including serving as a Board Member in Schibsted Spain. Mr. Solomonov has experience from management consulting, private equity and telecoms, and is the founder of Binovate and Partner, Prevyou and ZiciAici.ro. Mr. Solomonov holds an MBA from INSEAD and studied in the Stanford Executive Program in General Management and Executive Program at Singularity University.

Current other directorships and management positions	None
Previous directorships and management positions held during the last five years	None

Renaud Bruyeron, Chief Product & Technology Officer

Renaud Bruyeron has served as the Company's Chief Product & Technology Officer since 2017 and has been employed by the Schibsted Group since 2016. Mr. Bruyeron also serves as a board member of OLX Brasil. Prior to joining the Schibsted Group, he was CTO at Ekino and Leboncoin, and held various positions at Fullsix France including CTO. Mr. Bruyeron holds an MSc in General Engineering from Ecole Centrale Paris, MSc in Computer Science from UCLA and an MBA from INSEAD.

Current other directorships and management positions	None
Previous directorships and management positions held during the last five years	None

Nicki Dexter, SVP People and Communications

Nicki Dexter has served as the Company's SVP People and Communications since April 2019. Ms. Dexter has been employed by the Schibsted Group since 2017. Prior to this, Ms. Dexter held positions at O2 (Telefónica UK) and Telefonica Digital, where Ms. Dexter was HR Director. Ms. Dexter holds a BA in Human Resources Management from Southampton Solent University.

Current other directorships and management positions	Kensington Dexter (BM and Chief Talent Officer)

Previous directorships and management positions held during the last five years	Telefonica Digital (HR Director of Product and Innovation and Senior HR Business Partner)

11.3 Board of Directors following completion of the Transaction

For the changes to the Company's governance structure relating to its Board of Directors following the completion of the Transaction, see Section 11.9. Following completion of the Transaction and the resulting effectuation of the Amended Articles Association, the Company's Board of Directors shall consist of a minimum of 5 and a maximum of 13 Board Members.

With effect from completion of the Transaction, it is expected that Terje Seljeseth will resign from the Board of Directors, and that Mark Solomons and Marie Oh Huber will become new directors appointed by eBay, and that Aleksander Rosinski will become a new director appointed by Schibsted. Set out below are brief biographies of the expected new directors of the Company from completion of the Transaction.

Mark Solomons, Director

Mark Solomons is expected to serve as a Board Member following the closing of the Transaction. Mr. Solomons serves as Vice President, Corporate and Business Development at eBay. Mr. Solomons assumed his current role at eBay in February 2016. Prior to joining eBay, Mr. Solomons spent 19 years total as an investment banker at two firms: Morgan Stanley and J.P. Morgan. Mr. Solomons' most recent role at Morgan Stanley prior to leaving for eBay was Head of West Coast Technology M&A, based in Menlo Park, California. Prior to his investment banking career, Mr. Solomons worked for Deloitte in various positions for three years. Mr. Solomons has a Bachelor of Commerce in Economics from University of Melbourne (Australia).

Marie Oh Huber, Director

Marie Oh Huber is expected to serve as a Board Member following the closing of the Transaction. Ms. Huber serves as Senior Vice President, General Counsel and Secretary of eBay. Ms. Huber assumed her current role at eBay in July 2015. Prior to joining eBay, Ms. Huber spent 15 years at Agilent Technologies, a technology and life sciences company, most recently as Senior Vice President, General Counsel and Secretary. Prior to Agilent, Ms. Huber spent ten years at Hewlett-Packard Company in various positions and started her career at large law firms in New York and San Francisco. Ms. Huber also serves as a director of Portland General Electric Company . Ms. Huber has a B.A. in Economics from Yale, studied at the London School of Economics and received her J.D. from the Northwestern Pritzker School of Law.

Aleksander Rosinski, Director

Aleksander Rosinski is expected to serve as a Board Member following the closing of the Transaction. Since September 2019 Mr. Rosinski has held the position as Vice President & Senior advisor to Schibsted management. In the last two decades Mr. Rosinski has accumulated experience from online marketplaces including roles as Vice President at Telenor ASA where he oversaw online classifieds investments in Asia and South America, Vice President Vacation Rentals TripAdvisor, and Managing Director of Travel and General Goods at FINN.no. Mr. Rosinski has also previously served on the board of directors of several companies including Inkclub AB, Blocket.se and OLX Brazil. Mr. Rosinski holds a Master's Degree in International Business from the Gothenburg School of Economics.

11.4 Disclosure of Conflicts of Interests

Kristin Skogen Lund is the CEO of Schibsted, and as such is not independent of Schibsted, which will own 33% of the Shares in the Company after completion of the Transaction.

Terje Seljeseth is the Chief Analyst at the Tinius Trust, which is Schibsted's largest shareholder through Blommenholm Industrier. Based on its current shareholding in Schibsted, Blommenholm Industrier will hold less than 10% of the shares in Adevinta after completion of the Transaction. As described, above, Mr. Seljeseth is expected to resign from the Company's Board upon completion of the Transaction.

Sophie Javary holds the position as Vice-Chairman CIB Europe Middle East Africa (EMEA) in BNP Paribas. BNP Paribas has participated in all of the debt financing in the Transaction as further ser out in Section 7.2, including being one of the joint global coordinators to the Notes.

Apart from the above, there are currently no actual or potential conflicts of interest between the Board Members and members of the Management's duties to the Company and their private interests and other duties, including any family relationships between such persons.

11.5 Disclosure About Convictions in Relation to Fraudulent Offences

During the last five years preceding the date of this Prospectus, no member of the Board of Directors or the Executive Management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

11.6 Nomination Committee

The nomination committee is responsible for, among other things, nominating the shareholder-elected Board Members and members of the nomination committee, and for making recommendations for remuneration of the Board Members. The Nomination committee's nomination of Board Members shall to the extent possible be announced in the notice of the general meeting.

The nomination committee may otherwise make statements regarding, and also make proposals towards the general meeting relating to, the size, composition and working procedures of the board of directors and may make statements regarding matters relating to the company's relationship with its auditor, and make proposals regarding the appointment of auditor and auditor's fees.

The current Articles of Association provide for a nomination committee (currently called the *election committee*) composed of 2-3 members which shall be elected by the general meeting. The nomination committee is elected for a period of two years. Following completion of the Transaction and the effectuation of the Amended Articles of Association, the nomination committee shall be composed of 3-5 members, with the members elected at the general meeting serving two-year terms and the members appointed by shareholders per the below mechanics serving two-year terms.

Following completion of the Transaction, for so long as any shareholder holds Class A Shares in the Company representing, in aggregate, at least 25% of the total number of the Company's outstanding Class Shares, it will have the right to appoint one representative to the nomination committee.

11.7 Audit & Risk Committee

The audit & risk committee is composed of the following three Board Members: Fernando Abril-Martorell Hernández (chair), Peter Brooks-Johnson and Terje Seljeseth. Pursuant to Section 6-42 of the Norwegian Public Limited Liability Companies Act, the audit & risk committee is elected by the Board and must consist of members of the Board. At least one member of the audit & risk committee shall be independent from the operations of the Company and shall also have qualifications within accounting or auditing. Board members who are senior employees in the Company may not be elected as members of the audit & risk committee. The audit & risk committee shall collectively have the competence which is necessary from the perspective of the organization and operation of the company in order to fulfill its tasks.

Pursuant to Section 6-43 of the Norwegian Public Limited Liability Companies Act, the primary purposes of the audit & risk committee are to:

- prepare the Board's supervision of the Company'sfinancial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the Company's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The audit & risk committee reports and makes recommendations to the Board; however, the Board retains responsibility for implementing such recommendations.

11.8 Remuneration Committee

The remuneration committee is composed of the following three Board Members: Orla Noonan (chair), Kristin Skogen Lund and Sophie Javary.

The primary purposes of the remuneration committee are to assist the Board in its work by, among others, reviewing and making recommendations in relation to (i) the Company's compensation policies for its management and (ii) the terms of employment of the Company's CEO and the other members of the Company's management.

11.9 Corporate Governance

11.9.1 Introduction

The Company has adopted and implemented a corporate governance regime which complies with the Norwegian Corporate Governance Code dated 17 October 2018 with the following exceptions:

- The Board of Directors' authorisation to increase the Company's share capital, as described in Section 14.4.1, has not been limited to specific purposes.
- The Board of Directors' authorisation to buy back the Company's shares, as described in Section 14.4.3, has not been limited to specific purposes.

The reason for these deviations is to ensure that Adevinta is equipped to participate in value accretive opportunities going forward.

11.9.2 Adevinta's corporate governance following completion of the Transaction

Below is a summary of the changes to the Company's governance structure following the completion of the Transaction.

As part of the Transaction, it has been agreed to make certain changes to the governance structure of the Company, including by way of amendments to the Company's Articles of Association, which will take effect upon closing of the Transaction. The amendments were adopted at the Company's EGM. These amendments will give certain rights to any shareholder holding shares in the Company above defined thresholds, which will mean that eBay and Schibsted will both, based on the shareholdings they are expected to have at closing of the Transaction, be in a position to benefit from such rights. The changes to the Articles of Association is reflected in the amended articles of association (the "**Amended Articles of Association**") attached to this Prospectus in Appendix C.

Pursuant to Section 6-3 (3) of the Norwegian Public Limited Liability Companies Act, the articles of association of a public limited company may provide that the general meeting's right to appoint members to the Board may be transferred to others, provided that more than half of the members of the Board are appointed by the general meeting. Based on this, it has been agreed that the Amended Articles of Association shall be effective from closing of the Transaction to provide that any shareholder (including, but not limited to, eBay and Schibsted) holding Class A Shares above the thresholds referred to below will have the right to directly appoint members to the Board as follows:

(i) 2 directors for so long as it holds Class A Shares representing, in the aggregate, at least 25% of the total number of Class A Shares; and

(ii) 1 director for so long as it holds Class A Shares representing, in the aggregate, at least 10% of the total number of Class A Shares.

Upon closing of the Transaction, the size of the Board will be increased to 8 members, whereby eBay will appoint 2 new directors and Schibsted will appoint 1 new director effective from closing of the Transaction.

eBay has notified the Company that it intends to appoint Marie Oh Huber and Mark Solomons as directors of the Board pursuant to the Amended Articles of Association.

Schibsted has notified the Company that it intends to appoint Aleksander Rosinski as a director of the Board pursuant to the Company's Amended Articles of Association. Assuming it has the right to do so at the relevant point in time, Schibsted intends to appoint its second director to the Board at or in connection with the 2021 annual general meeting. It is understood that Kristin Skogen Lund will not present herself for re-election at the 2021 annual general meeting, so as to make herself available as the second direct appointee of Schibsted.

The shareholder appointed Directors' terms shall commence at the time of, and conditional upon, the effectiveness of the Amended Articles of Association.

Save for Terje Seljeseth who is expected to resign with effect from closing of the Transaction, the current directors of the Board will continue their respective terms after closing of the Transaction, implying that from closing until the 2021 annual general meeting the Board of Directors will consist of the two directors appointed by eBay, the director appointed by Schibsted, in addition to Orla Noonan (chairperson), Kristin Skogen Lund, Peter Brooks-Johnson, Sophie Javary and Fernando Abril-Martorell Hernandez. The number of Board members is expected to increase to 9 following the Annual General Meeting in 2021. Further, the Amended Articles of Association sets out the maximum number of directors at 13.

Moreover, the Amended Articles of Association will provide that the total number of directors appointed directly by shareholders pursuant to the above shall not exceed 6 directors. If shareholders become entitled to appoint more than 6 directors in aggregate, the shareholders with the largest shareholdings shall be entitled to appoint the directors in accordance with the provisions above up to the maximum limit of 6 directors. If necessary as a result of such appointments, the size of the Board shall be increased up to a maximum of 13 members so as to ensure that the majority of its members will be elected by Adevinta's shareholders in a general meeting.

In addition, pursuant to the Amended Articles of Association, each shareholder will have, for so long as it holds Class A Shares representing at least 25% of the total number of Class A Shares, the right to appoint one member to Adevinta's Nomination Committee and each committee of the Board. Based on their shareholdings on closing of the Transaction, eBay and Schibsted will each have a right to appoint one member to the Nomination Committee while the majority of the members of the Nomination Committee shall always be elected by the general meeting. The Nomination Committee will consist of four members upon closing of the Transaction, as Schibsted has elected to not appoint its designee to the Nomination Committee as of the closing of the Transaction

Pursuant to the Amended Articles of Association, the number of members of the Nomination Committee shall be between three and five members, but shall be increased beyond five if at any time required in order for the majority to be elected by the general meeting. As such, the Company's instructions to the Nomination Committee has also been amended.

The proposed right of shareholders to directly appoint directors to the Board and Nomination Committee will not be specific to eBay and Schibsted, but will apply equally to any shareholder who holds shares in the Company above the relevant thresholds. There will be no regulation of how the directors appointed by the shareholders shall vote or a common understanding with respect to the exercise of their directorship.

11.9.3 Liquidity and Information Rights Agreement

In connection with the Transaction, the Company, eBay, certain subsidiaries of eBay that will receive a portion of the Consideration Shares (the "**eBay Subsidiaries**" and together with eBay and for the purposes of this Section 11.9.3, the "**eBay Group**") and Schibsted will also enter into a liquidity and information rights agreement (the "**Liquidity and Information Rights Agreement**") at closing of the Transaction pertaining to the facilitation of the orderly disposition of the Company's Shares by, and the granting of certain information rights to, the eBay Group and Schibsted.

The main terms of the sell-down coordination are as follows:

1. Lock up Period: The eBay Group and Schibsted shall be restricted from transferring Class A Shares and Class B Shares for a period of 3 months following the closing of the Transaction (such period, the "**3 Month Lock-up Period**"), except:

   (i) as permitted by the Board, from time to time acting by majority and with at least one director appointed by Schibsted in the case of a transfer by eBay and at least one director appointed by eBay in the case of a transfer by Schibsted; and

   (ii) that the eBay Group shall be permitted to effect one or more transfers of all or part of its Class A Shares and Class B Shares up to the aggregate number of shares of no more than 197,520,228 shares (the "**Cap**") off-market to one or more private equity funds, sovereign wealth funds, or other financial sponsors or institutional investors (with sales to institutional investors being subject to certain limitations). The exemption which gives eBay a right to transfer Class A Shares and Class B Shares up to the Cap during the 3 Month Lock-up Period will also be limited by a restriction on transfers to certain identified third parties ("**Specified Persons**").

2. Sale to Specified Persons: For a 12-month period following the 3-Month Lock-Up Period, neither eBay nor Schibsted may transfer Class A Shares or Class B Shares representing, in one or more transactions, more than 1% of the total number of issued and outstanding shares (including Class A Shares and Class B Shares) of the Company, to any Specified Person except as permitted by the Board, from time to time acting by majority and with at least one director appointed by Schibsted in the case of a transfer by eBay and at least one director appointed by eBay in the case of a transfer by Schibsted. Except for this restriction on transfers to Specified Persons, eBay and Schibsted will not be subject to any lock-up undertakings in this period.

3. Right of way period: Until the earlier of (i) 18 months following the closing of the Transaction and (ii) such date as the eBay Group has reduced its direct and indirect ownership of Class A Shares and Class B Shares to one-third of the total number of issued and outstanding shares (including Class A Shares and Class B Shares) of the Company (the "**Right of Way Period**"):

   (i) Schibsted shall provide prior written notice to eBay of its and/or its affiliates' intention to sell, exchange or distribute any Shares of the Company to a third party, and eBay shall have the right to delay such transfer by Schibsted or such affiliate(s) for up to 90 days from Schibsted's notice if eBay or any of its affiliates is in good faith considering a sale, exchange or distribution of any of its Shares of the Company to a third party during such period, provided, however, that eBay shall not be permitted to delay any such transfers by Schibsted and/or its affiliate(s) to the extent that such transfers (through one or more transactions) are of the first 3% of the total number of issued and outstanding Shares (including both Class A Shares and Class B Shares) of the Company outstanding as of the closing of the Transaction to be sold by Schibsted and/or its affiliate(s) following the closing of Transaction; and

   (ii) The Company shall provide prior written notice to eBay of its or its subsidiary's intention to make any offering or sale of Shares (by issuance of new Shares or sale of treasury Shares), and eBay shall have the right to delay such offering by the Company for up to 90 days if eBay or its affiliates is in good faith considering a sale, exchange or distribution of any of their shares of the Company to a third party during such period; provided, however, that eBay shall not be permitted to delay such offering or sale to the extent that the offering or sale is being made (a) to finance an acquisition of a business or entity, merger or similar transaction or series of related transactions by the Company or a subsidiary of the Company, which transaction or transactions have been approved by the Board, (b) to meet the Company's debt financial covenants, emergency liquidity needs (as determined by the Board) or long term projections to the market with respect to the Company's capital ratios that are approved by the Board, or (c) pursuant to the Company's employee compensation programme.

4. Tag along: For a period of up to 18 months after the end of the Right of Way Period eBay and Schibsted have agreed between themselves to certain mutual tag-along rights.

Except as set out in paragraphs 1 to 4 above, neither the eBay Group nor Schibsted will be restricted from transferring its Shares in the Company.

Notwithstanding anything in paragraphs 1 to 4 above, at any time, (i) if a bona fide third party makes an offer for all shares of the Company subject to a minimum acceptance condition of at least 50% of the outstanding Class A Shares, the eBay Group and Schibsted will be permitted to tender their Class A Shares and Class B Shares into that offer without any restriction applying and (ii) both the eBay Group and Schibsted may transfer their shares to an affiliate, provided such affiliate becomes party to the liquidity and information rights agreement and if such affiliate ceases to be an affiliate of the eBay Group or Schibsted, as applicable, the shares in the Company will be transferred back to the applicable member of the eBay Group or Schibsted, as applicable.

The Company has also agreed to certain cooperation covenants in connection with the sale by the eBay Group or Schibsted of any shares in the Company, including providing the eBay Group or Schibsted (or potential acquirers, other than any Specified Person, subject to execution of customary confidentiality arrangements between such acquirer and the Company) with reasonable access to management and information in connection with diligence, assisting in any required regulatory or stock exchange filings, providing customary representations and warranties on a non-recourse basis and otherwise cooperating with the selling shareholder and potential acquirer, in each case, to the extent permitted under applicable law.

Further, for so long as eBay or Schibsted or any of their respective affiliates are required to include Company financial information in their own regulatory filings, the Company has agreed to (a) provide such shareholder with the Company's annual and quarterly financial statements as promptly as practicable after they are provided to the Board and in any event reasonably in advance of the date on which such shareholder or its affiliate is required to make regulatory filings containing the Company's financial information; and (b) provide reasonable assistance and any required additional information to such shareholder or its affiliate in connection with their financial reporting and compliance requirements relating to their respective investments in the Company, including, in the case of eBay and its affiliates, assisting on a timely basis in the conversion of the Company's financial statements to U.S. GAAP, in each case provided that the Company and the relevant shareholder shall agree the Company's reporting schedule for each fiscal year, which shall take into account the parties' reporting obligations and timelines. Further, to the extent not prohibited by Norwegian law, the Company has agreed to grant permission to the appointees of eBay and Schibsted on the Board to provide, and the Company shall use reasonable best efforts to itself provide eBay and Schibsted with (a) prompt notice of any developments in the Company's business which would reasonably be expected to have a material impact on the Company or the Company's share price, and (b) at least 10 days' prior notice before the Company enters into a binding agreement with respect to a sale to a third party of all or substantially all of the equity or assets of the Company, including by means of a merger, consolidation, recapitalization or any other means, or any transaction that would result in a change of control of the Company. eBay and Schibsted will be subject to customary confidentiality and no-trading obligations with respect to any such information received.

11.9.4 Certain Required Approvals Process Agreement

Finally, the Company and eBay will enter into a separate agreement prior to the closing of the Transaction providing that, for as long as eBay and/or its affiliates holds at least the lesser of (a) 367,482, 894 Class A Shares and Class B Shares in the aggregate and (b) 30% of the total number of issued and outstanding Shares of the Company:

a. any changes in the tax reporting status or tax classification of the Company or any of its material subsidiaries; or

b. the making of any tax election by the Company or any of its subsidiaries which adversely affects eBay or its subsidiaries in a material manner,

shall require the prior approval of at least one director appointed by eBay in his or her capacity as director of the Board, which approval or decline shall be given no later than at the Board meeting at which the final decision on the matter is to be made, provided that the board has been provided with a sufficient advanced notice and an adequate basis for making the decision.

11.9.5 Adevinta's compliance with the Norwegian Corporate Governance Code following the completion of the Transaction

Following completion of the Transaction, the Company will continue to comply with the Norwegian Corporate Governance Code with the following exceptions:

- The Company will have two share classes, the Class A Shares and the Class B Shares. The Class A Shares shall each carry one vote, while the Class B Shares shall have no voting rights. The reason for this deviation is that in order to avoid eBay passing the threshold for a mandatory offer obligation under the Norwegian Securities Trading Act, the Company needed to include Shares that had no voting rights as part of the Consideration Shares. Creating two share classes was therefore an important part of Adevinta's successful bid for eBay Classifieds.

- The board authorisations as mentioned in Section 14.4.1 and 14.4.3 will still not be restricted to specific purposes. See the reasoning for this deviation in Section 11.9.1.

12. RELATED PARTY TRANSACTIONS

This Section provides information certain transactions which the Company is, or has been, subject to with its related parties during the two years ended 31 December 2019 and 2018 and up to the date of this Prospectus. For the purposes of the following disclosures of related party transactions, "related parties" are those that are considered as related parties of the Company pursuant to IAS 24 "Related Party Disclosures".

12.1 eBay

Following completion of the Transaction, eBay will indirectly own 44% of the Company's share capital and 33.3% of the Company's Class A (voting) shares, and therefore be one of the Company's principal shareholders. In connection with the Transaction, the following agreements have been entered into with eBay:

Transaction Agreement – this agreement sets forth the terms of the Company's acquisition of eBay Classifieds' business. For an overview of the Transaction Agreement, see Section 7.3

The following agreements will be entered into with eBay at closing of the Transaction:

Transition Services Agreement – this agreement (the "**Transition Services Agreement**") governs the provision of services from eBay to the Company for a period of up to 12 months following closing of the Transaction, subject to extensions of the initial term. Services include IT, human resources, information security and engineering, among others.

Liquidity and Information Rights Agreement. See Section 11.9.3

Certain Required Approvals Process Agreement. See Section 11.9.4

*Intellectual Property Matters Agreement ("**IPMA**")* – agreement between the Company and eBay to be entered into at closing of the Transaction, under which (A) eBay assigns to the Company certain software rights and grants the Company and the Company's subsidiaries (i) non-exclusive licenses to certain software rights for internal use in certain jurisdictions for a limited term; (ii) exclusive licenses to certain eBay marks for a limited term to be used substantially in the manner used by eBay Classifieds as of closing of the Transaction; (iii) the right to exclusively control certain domains containing eBay marks for a limited term; and (iv) a non-exclusive license to any eBay retained patents or other intellectual property that are used in eBay Classifieds as of closing of the Transaction, and (B) the Company grants to eBay and its subsidiaries (i) a non-exclusive, perpetual license back to the software that is assigned to the Company for use in certain jurisdictions and (ii) a non-exclusive license to any other intellectual property owned by eBay Classifieds that is or will be used in eBay's retained business. The term of the IPMA continues until the expiration of the last-to-expire intellectual property license. Pursuant to the Transaction Agreement, in consideration for the transfer of certain intellectual property rights under the IPMA, the Company shall deliver USD 5,000,000 to eBay or its designated subsidiary at closing of the Transaction.

12.2 Agreements between eBay and eBay Classifieds

At closing of the Transaction, with respect to at least one property that was shared between eBay and eCG prior to closing of the Transaction, eBay as sublessor, and eCG as subtenant, will enter into a sublease agreement.

Following completion of the Transaction, certain pre-existing intercompany commercial arrangements between eBay Classifieds and eBay or its subsidiaries will remain in place, with certain changes implemented by amendments to the agreements underlying such arrangements, or new agreements entered into to replace the pre-existing agreements underlying such arrangements, which amendments or new agreements will become effective as of the completion of the Transaction. These intercompany arrangements include:

Kijiji Canada Advertising Arrangement. Pursuant to an agreement between Kijiji Canada and eBay Canada Limited, a subsidiary of eBay ("eBay Canada"), eBay Canada will provide online advertising inventory on certain eBay Canada websites to Kijiji Canada for placement of advertisements from Kijiji Canada's advertising clients, in exchange for a portion of the gross revenue earned by Kijiji Canada in respect of such advertisements. The agreement will be for successive one-year terms that renew automatically, unless terminated by either party.

eBay Motors Group Joint Proposition. Pursuant to an agreement between Gumtree.com and eBay (UK) Limited, a subsidiary of eBay ("eBay UK"), Gumtree.com manages a joint commercial proposition with eBay UK aimed at subscription dealers who list vehicles on the Motors.co.uk website and/or Gumtree.com website, on the one hand, and the www.ebay.co.uk website, on the other hand. Gumtree.com will be required to pay eBay UK a referral fee for qualified leads originating from the www.ebay.co.uk website based on calls, emails, chats or clicks, or other lead generation channels that may be used in the future, in response to a listing from a subscription dealer on the www.ebay.co.uk website. The agreement is for an initial term of 36 months, beginning at completion of the Transaction, and will automatically renew for successive twelve-month terms, unless terminated of either party.

TreeBay Arrangement. Pursuant to agreements between certain eBay subsidiaries, on the one hand, and Gumtree AU, eBayK, Marktplaats and Gumtree.com, respectively, on the other hand (the "Classifieds Entities"), the Classifieds Entities will display advertisements for certain eBay listings on certain websites operated by the Classifieds Entities across web, iOS and android platforms, in exchange for a portion of the fees earned by the eBay subsidiaries from such listings. The agreement to which eBayK will be party will provide for a quarterly minimum fee guarantee payable by eBayK. The relevant agreements will expire on 31 December 2021.

BayTree Arrangement. Pursuant to an agreement between Gumtree AU and eBay Marketplaces GmbH, a subsidiary of eBay ("eBay Marketplaces"), Gumtree AU will incorporate advertisements for, and link to https://www.ebay.com.au/ on the listing success page (being the page on the Gumtree AU website that is displayed once a user finishes posting their advertisement) for, certain items listed on the Gumtree AU website. eBay Marketplaces will pay Gumtree certain referral fees if a user clicks through and: (a) lists an item on the eBay website and sells the item (within certain time periods); and/or (b) buys an item within certain time periods. The agreement will expire on 31 December 2021.

12.3 Schibsted

Schibsted Acquisition of Danish Entity—In connection with the Transaction, Schibsted Nordic has agreed to acquire the Danish Entity for USD 330 million, which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393,on a cash-free and debt-free basis. This acquisition is expected to occur following completion of the Acquisition.

*Schibsted Denmark TSA*s—in connection with the Group's disposition of the Danish Entity to Schibsted, at completion of the Transaction certain post-separation agreements will be entered with Schibsted, which govern how the separation process and provision of transition services by the parties. The services covered by the transition services agreement include IT, human resource services and legal and professional services.

Software License Agreement between SPT Nordics Limited and Schibsted Products & Technology UK Limited. Under the terms of the agreement, SPT Nordics Limited grants Schibsted Products & Technology UK Limited (renamed to Adevinta Products & Technology UK Limited) a perpetual, worldwide, royalty-free, non-exclusive, irrevocable license to use certain of its software, (including advertising, vertical initiatives, marketplace components, data platform, tracking, privacy, etc.) on terms of the agreement for a license fee of GBP 19,651,420. In order to allow the Company and its subsidiaries to continue to use the software after the completion of its spin-off from Schibsted Media Group, the single trade of Schibsted Products & Technology UK Limited was split into two businesses. Schibsted Products & Technology UK Limited continues its trade, but only with respect to the Company and its subsidiaries, while SPT Nordics Limited has taken over the trade with respect to the companies retained by Schibsted Media Group.

As a result of a business reorganization in the UK, in May 2020 SPT Nordics Limited novated the agreement with respect to the companies retained by the Schibsted Media Group to Schibsted Products & Technology AS. In November 2020 Adevinta Products & Technology UK Limited novated the agreement with Schibsted Products & Technology AS and Schibsted Products & Technology UK Limited was replaced in the contractual relationship by Adevinta Products & Technology SLU (Spanish company in the Group).

The agreement is effective from 21 December 2018 and continues indefinitely.

Software License Agreement between Schibsted Products & Technology UK Limited and SPT Nordics Limited. Under the terms of the agreement, Schibsted Products & Technology UK Limited (renamed Adevinta Products & Technology UK Limited) grants SPT Nordics Limited a perpetual, worldwide, royalty-free, non-exclusive, irrevocable license to use certain of its software, (including advertising, vertical initiatives, marketplace components, data platform, tracking, privacy, etc.) on terms of the agreement for a license fee of GBP 23,273,690. In order to allow the companies within Schibsted Media Group to continue to use the software after the completion of the spin off from Schibsted Media Group, the single trade of SPT Nordics Limited was split into two businesses. Schibsted Products & Technology UK Limited continues its trade, but only with respect to the Company and its subsidiaries, while SPT Nordics Limited has taken over the trade with respect to the companies retained by Schibsted Media Group.

As a result of the business reorganization in the UK, in May 2020 SPT Nordics Limited novated the agreement with respect to the companies retained by the Schibsted Media Group to Schibsted Products & Technology AS. In November 2020, Adevinta Products & Technology UK Limited novated the agreement with Schibsted Products & Technology AS and Schibsted Products & Technology UK Limited was replaced in the contractual relationship by Adevinta Products % Technology SLU (Spanish company in the Group)

The agreement is effective from 31 December 2018 and continues indefinitely.

E-tech Agreements. Adevinta and Schibsted continue to use certain common third-party IT-services and infrastructure. Such services are provided through Schibsted Enterprise Technology AB (a wholly-owned subsidiary of Schibsted), which has entered into direct agreements with certain Adevinta entities for the use of such services. The agreements remain in force until termination by either party. The fees to be paid under the service agreements, consist of costs to third-party providers based on actual use, as well as internal costs, with a 5% mark up.

TSA between Schibsted Products & Technology UK Limited and SPT Nordics Limited. In connection with our spin-off from Schibsted, Schibsted Products & Technology UK Limited (renamed Adevinta Products & Technology UK Limited) has entered into transition services agreements with SPT Nordics Limited. The services covered include operation, maintenance and development of the software licensed under the corresponding Software License Agreements. As a result of the UK business reorganization for Schibsted and Adevinta this agreement has been novated being the new contractual parties Schibsted Products & Technology (for SPT Nordics Limited) and Adevinta Products & Technology SLU (for Schibsted Products & Technology UK Limited).

The transition services agreements will expire in December 2020.

13. DIVIDEND AND DIVIDEND POLICY

This Section provides information about the dividend policy and dividend history of the Company, as well as certain legal constraints on the distribution of dividends under the Norwegian Public Limited Liability Companies Act (Nw. allmennaksjeloven). Any future dividends declared by the Company will be paid in NOK as this is the currency that currently is supported by the VPS. The following discussion contains Forward-looking Statements that reflect the Company's plans and estimates; see Section 4.2 "General Information—Cautionary Note Regarding Forward-Looking Statements".

13.1 Dividend Policy

There can be no assurances that in any given period will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the above. In deciding whether to propose a dividend and in determining the dividend amount, the Company's Board of Directors will take into account legal restrictions, as set out in Section 13.3 "—Legal Constraints on the Distribution of Dividends", the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its borrowing arrangements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility.

13.2 Dividend History

Adevinta has not paid any dividends since its incorporation on 9 November 2018. Pursuant to its dividend policy, the Company aims to pay a stable and growing dividend going forward while maintaining flexibility to invest in growth and considers share buybacks as a tool to optimize the capital structure. However, this policy is subject to review by the new Board following completion of the Transaction.

13.3 Legal Constraints on the Distribution of Dividends

Dividends may be paid in cash or, in some instances, in kind. The Norwegian Public Limited Liability Companies Act provides several constraints on the distribution of dividends:

- Unless the Company follows the procedures stipulated in Sections 12-4 and 12-6 of the Norwegian Public Limited Liability Companies Act in respect of reduction of share capital, dividends are payable only out of distributable equity of the Company. Section 8-1 of the Norwegian Public Limited Liability Companies Act provides that a company may only distribute dividends to the extent that the company following the distribution still has net assets which provide coverage for the company's share capital and other non-distributable reserves.

- Certain items shall be deducted from the distributable equity, being the total nominal value of treasury shares which the Company has acquired for ownership or pledge prior to the balance sheet date, and credit and security that, pursuant to Sections 8-7 to 8-9 of the Norwegian Public Limited Liability Companies Act, prior to the balance sheet date fall within the limits of distributable equity, provided that such credit and security have not been repaid or cancelled prior to the resolution date, or a credit to a shareholder to the extent such credit is cancelled by offset in the dividends. In the event the Company after the balance sheet date has carried out any disposals that pursuant to the Norwegian Public Limited Liability Companies Act shall fall within the distributable equity, such disposals shall be deducted from the distributable equity.

- The Company cannot distribute dividends which would result in the Company not having an equity which is adequate in terms of the risk and scope of the Company's business.

- The calculation of dividends shall be on the basis of the balance sheet in the Company's last approved annual financial statements, but the Company's registered share capital at the time of the resolution shall still apply. It is also possible to distribute extraordinary dividends on the basis of an interim balance sheet which is prepared and audited in accordance with the rules for annual financial statements and approved by the General Meeting of the Company. The interim balance sheet date cannot be dated more than six months prior to the resolution by the General Meeting of payment of such extraordinary dividend.

- The amount of distributable dividends is calculated on the basis of the Company's separate financial statements and not on the basis of the consolidated financial statements of the Company and its consolidated subsidiaries.

- Distribution of dividends is resolved by a majority vote at the general meeting of the shareholders of the Company and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors.

The Norwegian Public Limited Liability Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 16.1.2 “Norwegian Taxation— Non-Resident Shareholders”.

Following the completion of the Transaction and the resulting effectuation of the Amended Articles of Association, the Class A Shares and Class B Shares will give equal rights to dividends.

14. CORPORATE INFORMATION; SHARES AND SHARE CAPITAL

The following is a summary of certain corporate information and other information relating to the Group, the Shares and share capital of Company, summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus, including the Norwegian Public Limited Liability Companies Act (Nw. allmennaksjeloven). This summary does not purport to be complete and is qualified in its entirety by Company's Articles of Association and applicable Norwegian law.

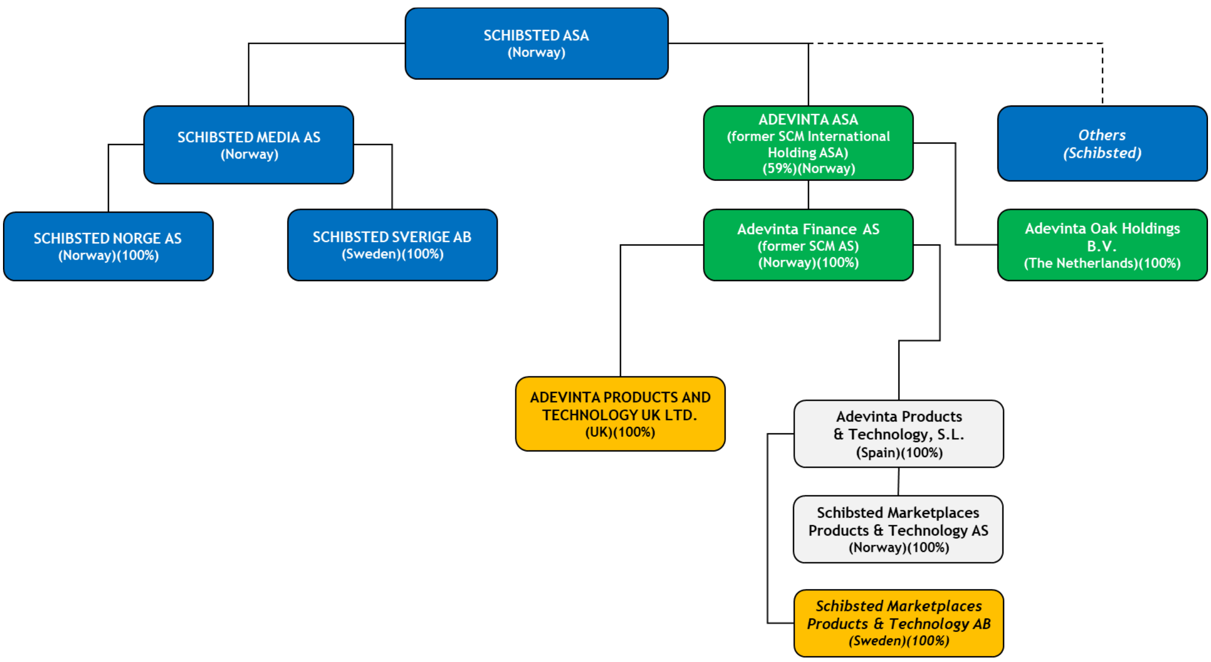
14.1 Incorporation; Registration Number; Registered Office and Other Company Information

The Company is a Norwegian public limited liability company (Nw. *allmennaksjeselskap* or *ASA*), incorporated under the laws of Norway and in accordance with the Norwegian Public Limited Liability Companies Act. The Company's business registration number is 921 796 226 and its LEI is 529900W8V3YLHRSZH763. The Company was incorporated on 9 November 2018. The Company's currently issued and outstanding Shares is, and the Listing Shares will be following completion of the Transaction, listed on the Oslo Børs main list. The legal and commercial name of the Company is Adevinta ASA.

The head office and registered address of the Company is Grensen 5, 0159 Oslo, Norway, its telephone number is +34 935 76 55 00, and its website is www.adevinta.com. The information on the Company's website does not form part of this Prospectus, unless that information is incorporated by reference to this Prospectus.

14.2 Legal Structure

The chart below shows the current legal structure of the Group's top holding structure and Schibsted[42]:



[42] Schibsted Marketplaces Products & Technology AB and Adevinta Products and Technology UK LTD. are under liquidation.

14.3 Share Capital and Share Capital History

As of the date of this Prospectus, the Company's share capital is NOK 136,989,700.40 divided into 684,948,502 Shares, fully paid and each Share having a par value of NOK 0.20. The Company's Shares registered in the VPS under ISIN NO0010844038.

The table below shows the development in the share capital of the Company since 9 November 2018 and up to the date of this Prospectus.

	Date	Capital Increase (NOK)	Share Capital After Change (NOK)	Par Value of Shares (NOK)	Subscription Price per Share (NOK)	New Shares/reduction of Shares	Total Number of Outstanding Shares
Share capital increase	21 November 2019	760, 122.60	136,989,700.40	0.20	0.20	3,800,613	684,948,502
Share capital increase	9 April 2019	47,680,352.20	136,229,577.80	0.20	27.188	238,401,761	681,147,889
Share capital increase	9 April 2019	88,549,225.60	88,549,225.60	0.20	18.544	442,746,128	442,746,128
Share capital reduction	9 April 2019	-	0	0	-	1,000,000	0

Following the completion of the Transaction and the resulting effectuation of the Amended Articles of Association, the total share capital of the Company will be NOK 244,988,596.20 divided into 1,027,422,753 Class A Shares and 197,520,228 Class B Shares, in total 1,224,942,981 Shares, each with a nominal value of NOK 0.20. The Class A Shares will represent NOK 205,484,550.60 and the Class B Shares will represent NOK 39,504,045.60 of the total share capital. The Class A Shares and Class B Shares of the Company will be registered in the VPS.

14.4 Authorisation to Increase the Share Capital and to Issue Shares and Other Financial Instruments

14.4.1 Authorisation to increase the share capital

At the Company's annual general meeting held on 5 May 2020, the Board of Directors was granted an authorisation to increase the share capital. This has not been utilized as per the date of this Prospectus.

The authorisation covers increases in the share capital by up to NOK 13,698,970. This authorisation is valid until the annual general meeting in 2021, but no longer than 30 June 2021. The preferential rights of the Company's existing shareholders under Section 10-4 of the Norwegian Public Limited Liabilities Act may be deviated from. The authorisation covers the right to incur special obligations for the Company, capital increases against contributions in cash and contributions other than in cash and resolutions on mergers.

The mandate to increase the share capital:

1. *The Board of Directors is authorised pursuant to the Public Limited Liability Companies Act § 10-14 (1) to increase the Company's share capital on one or more occasions by up to NOK 13,698,970. This authorisation and the authorisation to issue convertible loans as set out in item 13 of the minutes from the Annual General Meeting held 5 May 2020, shall, however, be restricted so that they cannot be utilised to issue shares and convertible loans that in the aggregate wood exceed 10% of the Company's share capital at the time of the resolution to issue shares and based on the assumption that 100% of the outstanding convertible loans would be converted into equity.*

2. *The authority shall remain in force until the Annual General Meeting in 2021, but in no event later than 30 June 2021*

3. *The pre-emptive rights of the shareholders under § 10-4 of the Public Limited Liability Companies Act may be set aside.*

4. *The authority covers capital increases against contributions in cash and contributions other than in cash. The authority covers the right to incur special obligations for the Company, ref. § 10-2 of the Public Limited Liability Companies Act. The authority covers resolutions on mergers in accordance with §13-5 of the Public Limited Liability Companies Act.*

5. *Upon registration of this authorisation with the Norwegian Register of Business Enterprises, this authorisation replaces previously granted authorisation to increase capital*

14.4.2 Authorisation to issue convertible loans

At the Company's annual general meeting held on 5 May 2020, the Board of Directors was granted an authorisation to issue convertible loans. This has not been utilized as per the date of this Prospectus.

The aggregate amount of loans that may be borrowed is NOK 7,500,000,000 (or a corresponding amount in another currency). The share capital may be increased by up to NOK 13,698,970. This authorisation is valid until the Company's annual general meeting in 2021, but not later than 30 June 2021. The preferential rights of the Company's existing shareholders pursuant to Section 11-4 of the Norwegian Public Limited Liabilities Act may be deviated from.

This authorisation to issue convertible loans and the authorisation to increase the share capital as set above Section 13.5.1 cannot be utilised to issue shares and convertible loans that in the aggregate would exceed 10% of the Company's share capital at the time of the resolution to issue convertible loans and based on the assumption that 100% of the outstanding convertible loans would be converted into equity.

The mandate to issue convertible loans:

1. *The Board of Directors is authorised to raise new convertible loans on one or several occasions up to a total amount of NOK 7,500,000,000 (or the equivalent in other currencies) ("convertible loans").*

2. *The share capital of the Company may be increased by a total of NOK 13,698,970 as a result of the convertible loans being converted into equity. This authorisation and the authorisation to issue shares as set out in item 11 of the minutes from the Annual General Meeting held 5 May 2020, shall, however, be restricted so that they cannot be utilised to issue shares and convertible loans that in the aggregate would exceed 10% of the Company's share capital at the time of the resolution to issue convertible loans and based on the assumption that 100% of the outstanding convertible loans would be converted into equity.*

3. *The shareholders' preferential rights to subscribe the loans pursuant to the Public Limited Companies Act § 11-4 cf. § 10-4 and § 10-5 may be set aside.*

4. *This authorisation shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until the Annual General Meeting in 2021, however not later than 30 June 2021.*

14.4.3 Authorisation to buy back the Company's shares

At the Company's annual general meeting held on 5 May 2020, the Board of Directors was granted an authorisation to repurchase to Company's own shares within a total nominal value of NOK 13,698,970. As of the date of this Prospectus, this authorisation has been used to buy back 320,000 of the Company's Shares in conjunction with the Company's employee share saving plans and its share-based incentive schemes. This authorisation is valid until the Company's annual general meeting in 2021, but in no event later than 30 June 2021.

The mandate to acquire own shares:

1. *The Board of Directors is authorised pursuant to the Norwegian Public Limited Liability Companies Act to acquire and dispose of own shares in Adevinta ASA. The total nominal value of the shares acquired by the Company may not exceed NOK 13,698,970.*

2. *The authorisation is valid until the Annual General Meeting in 2021, but in no event later than 30 June 2021.*

3. *The minimum amount which can be paid for the shares is NOK 20 and the maximum amount is NOK 750.*

4. *The Board is free to decide on the acquisition method and possible subsequent sale of the shares.*

5. *Shares acquired may be used in relation to incentive schemes for employees of the Adevinta group, as consideration in connection with acquisition of businesses and/or to improve the Company's capital structure.*

6. *Upon registration of this authorisation with the Norwegian Register of Business Enterprises, this authorisation replaces previously granted authorisation to acquire the Company's shares*

14.5 Share Classes; Rights Conferred by the Shares

The Company has a single share class and all shares carry the same rights. At the Company's General Meetings, each share carries one vote.

Following the completion of the Transaction and the resulting effectuation of the Amended Articles of Association:

The Class A Shares shall each carry one vote, while the Class B Shares shall have no voting rights. Save for the above and the provisions in Article 5 of the Amended Articles of Association (as described in Section 14.7 of this Prospectus), the Class A Shares and the Class B Shares shall otherwise rank pari passu and give equal rights to dividends and other distributions and all other rights.

Any holder of Class B Shares can at any time request the exchange of, and exchange, any or all of its Class B Shares into Class A Shares (ref. section 4-1 (2) of the Norwegian Public Limited Liability Companies Act by notifying the Company, provided that such exchange does not result in the holder, taken together with close associates of the holder (as defined in section 2-5 of the Norwegian Securities Trading Act), including for any avoidance of doubt any Affiliate (as defined in Article 6 no.9 of the Amended Articles of Association) (a "**Close Associate**"), exceeding a shareholding of one third of the total number of outstanding class A shares.

Notwithstanding the above, a holder of Class B Shares may request the exchange of, and exchange, Class B Shares into Class A Shares if the holder has already triggered a mandatory offer obligation under the Norwegian Securities Trading Act and publicly announced that it intends to put forward a mandatory offer, provided that such mandatory offer has not been completed at the time of the request for exchange.

Shareholders are required to adhere to the above exchange regulations at their own risk, and the Company has no obligation to monitor, consider or express any opinion in this respect, including if the terms and conditions for exchange pursuant to the foregoing.

The exchange ratio shall be 1:1, so that each Class B share shall be exchangeable into one Class A share.

In the event the Company resolves to carry out a rights offering of Class A Shares or other issuance of Class A Shares or other equity instruments with preferential rights for holders of Class A Shares, the Company shall also carry out a corresponding rights offering of Class B Shares or other issuance of Class B Shares or other equity instruments with preferential rights for the holders of Class B Shares at the same offer price, allowing each holder of Class B Shares to subscribe for Class B Shares and such other equity instruments in order to maintain its pro rata shareholding in the Company and preserve the value of the exchange right.

Regarding transferability and/or exchange from Class B Shares to Class A Shares, see Section 14.7 of this Prospectus.

Reference is further made to the Liquidity and Information Rights Agreement as set out in Section 11.9.3 and Adevinta's governance structure following completion of the Transaction as described in Section 11.9.2.

14.6 Disclosure on Notifiable Holdings

As of December 22 2020, which was the latest practicable date prior to the date of this Prospectus, and insofar as known to the Company, the following persons had, directly or indirectly, interest in 5% or more of the issued share capital of the Company (which constitutes a notifiable holding under the Norwegian Securities Trading Act):

	%
Schibsted ASA	59.3

Shareholders with ownership that exceeds 5% are subject to the disclosure obligations in the Norwegian Securities Trading Act section 4-3, as further described in Section 15.7.

As Schibsted holds approximately 59.3 percent of the Shares and votes in the Company, Schibsted has the ability to in a material way control and affect the decisions made by the Company's general meeting. Other than this, the Company is not aware of any persons or entities that, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

As of the date of this Prospectus, none of the major shareholders have different voting rights than the other shareholders of the Company.

Following the completion of the Transaction, it is expected that the following person will have, directly or indirectly, a notifiable holding under the Norwegian Securities Trading Act:

	%
eBay	44
Schibsted	33

As evident from the tables above, Schibsted's share ownership will be diluted from 59.28 percent to approximately 33 percent and will therefore not have a determinative influence over the Company upon completion of the Transaction as further described in Section 7.

No particular measures are initiated to ensure that control is not abused by large shareholders. Minority shareholders are protected against abuse by relevant regulations in inter alia the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act. See Section 14.8 and Section 15.

14.7 Articles of Association

The Company's Articles of Association are appended as Appendix B—Articles of Association to this Prospectus. Below is a summary of certain provisions of the Articles of Association.

Objective

Pursuant to Section 3 of the Articles of Association, objective of the Company is operation of digital marketplaces and other types of business relating to this. The business of the Company may be operated through participation in other companies.

Board of Directors

Pursuant to Section 6 of the Articles of Association, the Company's Board of Directors shall consist of a minimum of 5 and a maximum of 11 members, as determined by the General Meeting.

No Restrictions on Transfer of Shares

The Articles of Association do not provide for any restrictions, or a right of first refusal, on transfer of Shares. Share transfers are not subject to approval by the Board of Directors.

General Meetings

Pursuant to Section 9 of the Articles of Association, documents which deal with matters that are to be considered by the shareholders at General Meetings are not required to be sent to the shareholders, provided that such documents have been made available on the Company's website. A shareholder may in any case request such documents to be sent to him.

The Amended Articles of Association

The Company's Amended Articles of Association are appended as Appendix C – Amended Articles of Association to this Prospectus. Below is a summary of certain provisions of the Amended Articles of Association which differs from the provisions in the Articles of Association set out above:

Board of Directors

Pursuant to section 6 of the Amended Articles of Association, the Company's Board of Directors shall consist of a minimum of 5 and a maximum of 13 members.

Transferability

Under article 5 of the Amended Articles of Association, the Class A Shares and Class B Shares are freely transferable. Upon a transfer of Class B Shares to a transferee who is not a Close Associate (as defined in section 2-5 of the Norwegian Securities Trading Act) of eBay, the relevant Class B Shares shall be exchanged for Class A Shares, except (at election of the transferor), for a transfer to a third-party acquirer in a mandatory tender offer. Article 4 no.7 of the Amended Articles of

Association shall apply correspondingly to such exchange. In this context, article 4 no.7 sets of that the Company shall as soon as practicably possible following receipt of a request for an exchange of Class B Shares into Class A Shares implement such exchange by procuring registration of the relevant amendments to the first paragraph of article 4 of the Amended Articles of Association with the Norwegian Register of Business Enterprises and the issuance of the Class A Shares in the securities depository. Further, the Company shall ensure that the new Class A Shares as soon as practicably possible become listed and tradeable at the stock exchange(s) and other regulated market place(s) on which the other Class A Shares are listed.

14.8 Certain Aspects of Norwegian Company Law

General Meetings

In accordance with Norwegian law, the Annual General Meeting of the Company's shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of General Meetings setting forth the time, date and agenda of the meeting be sent to all shareholders whose addresses are known at least three weeks prior to the date of the meeting. A shareholder may vote at the General Meeting either in person or by proxy. Although Norwegian law does not require the Company to send proxy forms to its shareholders for General Meetings, the Company plans to include a proxy form with notices of General Meetings. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the General Meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at General Meetings, without any requirement of pre-registration.

Apart from the Annual General Meeting, Extraordinary General Meetings of shareholders may be held if the Board of Directors considers it necessary. An Extraordinary General Meeting of shareholders must also be convened for the consideration of specific matters at the written request of the Company's auditor or of shareholders representing a total of at least 5 per cent of the Company's share capital. The requirements for notice and admission to the Annual General Meeting of the Company's shareholders also apply for Extraordinary General Meetings of shareholders.

Voting Rights; Amendments to the Articles of Association

Each of the Company's Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Company's Articles of Association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to derogate from the shareholders preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the board of directors to purchase the Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company’s shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90 per cent of the share capital represented at the general meeting of the Company’s shareholders in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the Articles of Association.

In general, only shareholders registered in the VPS are entitled to vote on Shares. Neither beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote on Shares under Norwegian law, nor are persons who are designated in the VPS register as the holder of such Shares as nominees.

As described elsewhere in this Prospectus, the Class A Shares shall each carry one vote, while the Class B Shares shall have no voting rights following the completion of the Transaction and the resulting effectuation of the Amended Articles Association.

The Class A Shares and Class B Shares are moreover freely transferable under the Amended Articles of Association. Regarding the exchange and/or transferability of Class B Shares to Class A Shares, see Section 14.5 and Section 14.7.

Additional Issuances and Preferential Rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a General Meeting of the Company's shareholders passed by the same vote required to approve amending the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

At a General Meeting the Company's shareholder may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50 per cent of the registered nominal share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve, and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the par value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's US shareholders may not be able to exercise their preferential rights. If a US shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company if deemed appropriate by the Company.

Following the completion of the Transaction and the resulting effectuation of the Amended Articles of Association, in the event the Company resolves to carry out a rights offering of Class A Shares or other issuance of Class A Shares or other equity instruments with preferential rights for holders of Class A Shares, the Company shall also carry out a corresponding rights offering of Class B Shares or other issuance of Class B Shares or other equity instruments with preferential rights for the holders of Class B Shares at the same offer price, allowing each holder of Class B Shares to subscribe for Class B Shares and such other equity instruments in order to maintain its pro rata shareholding in the Company and preserve the value of the exchange right under article 4 of the Amended Articles of Association.

Minority Rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of General Meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the General Meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may require the courts to dissolve the Company as a result of such decisions. Minority shareholders holding 5 per cent or more of the Company's share capital have a right to demand in writing that the Company's Board of Directors convene an Extraordinary General Meeting of the Company's shareholders to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any General Meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if at least two weeks remain before the General Meeting is to be held.

Following completion of the Transaction and the resulting effectuation of the Amended Articles of Association, holders of Class A Shares and holders of Class B Shares will have the same minority rights. However, holders of Class B Shares may not vote in the Company's Annual General Meeting or Extraordinary General Meeting's regarding such matters.

Rights of Redemption and Repurchase of Shares

The share capital of the Company may be reduced by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a General Meeting of the Company's shareholders. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a General Meeting of the Company's shareholders with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate par value of treasury shares so acquired, and held by the Company must not exceed 10 per cent of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company's shareholders cannot be granted for a period exceeding 24 months.

Following completion of the Transaction and the resulting effectuation of the Amended Articles of Association, only holders of Class A Shares will have the right to vote on matters regarding repurchase of shares. With respect to redemption of individual Shares, this will require the consent of the respective holders of Class A Shares and/or Class B Shares.

Shareholder Vote on Certain Reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the General Meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the General Meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders at least one month prior to the General Meeting of the Company's shareholders to pass upon the matter.

Following completion of the Transaction and the resulting effectuation of the Amended Articles of Association, only holders of Class A Shares will have the right to vote on matters regarding the abovementioned reorganisations.

Liability of Directors

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the directors act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the General Meeting of the Company's shareholders to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the General Meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Company's directors from liability or not to pursue claims against such a person has been passed by a General Meeting of the Company's shareholders with a smaller majority than that required to amend the Company's Articles of Association, shareholders representing more than 10 per cent of the share capital or, if there are more than 100 shareholders, more than 10 per cent of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's directors from liability or not to pursue claims against the Company's directors is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Following completion of the Transaction and the resulting effectuation of the Amended Articles of Association, the members of the Board of Directors owe the same fiduciary duty to holders of Class A Shares and Class B Shares alike.

Indemnification of Directors

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by the Company of the members of the Board of Directors. The Company is permitted to purchase, and has purchased, insurance to cover the Company's directors against certain liabilities they may incur in their capacity as such.

Following completion of the Transaction and the resulting effectuation of the Amended Articles of Association, directors appointed under article 6 of the Amended Articles of Association (as further described in Section 11.9.2) shall receive the same indemnification (if any) as Board of Directors elected at the General Meeting.

Distribution of Assets on Liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the General Meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital by the Company, if any.

Following completion of the Transaction and the resulting effectuation of the Amended Articles of Association, holders of Class B Shares may not vote on matters regarding distribution of assets on liquidation. In the event of liquidation, holders of Class A Shares and holders of Class B Shares rank equally in the event of a return on capital by the Company.

Pre-emptive rights to subscribe for Shares in the future could be unavailable to U.S or other Shareholders

Under Norwegian law, unless otherwise resolved at the General Meeting, existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. The

Consideration Shares are not settled by way of cash consideration, but equity in eBay Classifieds (and its subsidiaries, as such shareholders' pre-emptive rights do not apply to the Shares subject to this Prospectus.

Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares, and doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

15. SECURITIES TRADING IN NORWAY

The following is a summary of certain information in respect of trading and settlement of shares on the Oslo Stock Exchange, securities registration in Norway and certain provisions of applicable Norwegian securities law, including the Norwegian Securities Trading Act, in effect as of the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be complete and is qualified in its entirety by Norwegian law. Shareholders who wish to clarify the aspects of securities trading in Norway should consult with and rely upon their own advisors.

15.1 Introduction

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. The Oslo Stock Exchange has entered into a strategic cooperation with the London Stock Exchange group with regards to, inter alia, trading systems for equities, fixed income and derivatives.

15.2 Trading and Settlement

The Oslo Stock Exchange comprise three separate trading markets for trading in equities, Oslo Børs, a stock exchange operated by Oslo Børs ASA, Euronext Expand, a regulated market operated by Oslo Børs ASA, and Euronext Growth, a multilateral trading facility operated by Oslo Børs ASA.

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 9:00 a.m. CET and 16:30 p.m. CET each trading day, with pre-trade period between 08:15 a.m. CET and 9:00 a.m. CET, a closing auction from 16:20 p.m. CET to 16:25 p.m. CET, and a post-trade period from 16:25 p.m. CET to 17:30 p.m. CET. Reporting of after exchange trades can be done until 17:30 p.m. CET.

The settlement period for trading on the Oslo Stock Exchange is two trading days (T+2). This means that securities will be settled on the investor's account in the VPS two trading days after the transaction, and that the seller will receive payment after two trading days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the EEA or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

15.3 Information, Control and Surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and the bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company. Inside information means precise information about financial instruments, the issuer thereof or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market. A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

15.4 The VPS and Transfer of Shares

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly owned by Euronext N.V.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

15.5 Shareholder Register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote in general meetings on behalf of the beneficial owners.

Beneficial owners of the Shares registered in a nominee account (through brokers, banks, dealers or other third parties) could be unable to exercise their voting rights for such Shares unless their ownership is re-registered in their names with the VPS prior to any General Meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

15.6 Foreign Investment in Shares listed in Norway

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

15.7 Disclosure Obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

15.8 Insider Trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

15.9 Mandatory Offer Requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies not including the Company) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange, in its capacity as Take-over Authority of Norway, before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that accrues until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies not including the Company) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated company that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

15.10 Compulsory Acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as 90% or more of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price, or any other objection to the price being offered in a compulsory acquisition, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline for raising objections to the price offered in the compulsory acquisition.

15.11 Foreign Exchange Controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

16. NORWEGIAN TAXATION

*This Section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Foreign Shareholders**").The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders or Foreign Shareholders refers to the tax residency rather than the nationality of the shareholder.*

16.1 Norwegian Taxation

16.1.1 Norwegian Shareholders

Taxation of Dividends

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are subject to the Norwegian tax exemption method. Under the exemption method, only 3% of the dividend income on shares in Norwegian limited liability companies shall be taxed as ordinary income (22% flat rate), implying that such dividends are effectively taxed at a rate of 0.66%. For financial institutions resident in Norway for tax purposes the tax rate for ordinary income is 25%, resulting in an effective tax rate for dividends of 0.75%.

Dividends distributed to Norwegian individual shareholders (i.e. other Norwegian shareholders than Norwegian Corporate Shareholders) ("**Norwegian Individual Shareholders**" and taken together with Norwegian Corporate Shareholders "**Norwegian Shareholders**") are taxable under the "shareholder model". According to the shareholder model, dividends distributed to individual shareholders are multiplied with a factor of 1.44 before taken to taxation at the ordinary income rate of 22% (resulting in an effective tax rate of 31.68%) to the extent the dividend exceeds a basic tax-free allowance.

The tax-free allowance shall be computed for each individual shareholder on the basis of the cost price of each of the shares multiplied by a risk-free interest rate. The risk-free interest rate will be calculated every income year and is allocated to the shareholder owing the share on 31 December of the relevant income year. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same share the following year.

Norwegian Individual Shareholders may hold shares through a Norwegian share saving account (*Nw. aksjesparekonto*). Dividends received on shares held through a share saving account will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the paid in deposit will be regarded as taxable income, regardless of whether the funds are derived from gains or dividends related to the shares held in the account. Such income will be taxed with an effective tax rate of 31.68%. Norwegian Individual Shareholders will still be entitled to a calculated tax-free allowance. Please refer to the Section "Taxation of Capital Gains" below for further information in respect of share saving accounts.

Taxation of Capital Gains

Sale, redemption or other disposal of shares is considered as a realization for Norwegian tax purposes.

Capital gains generated by Norwegian Corporate Shareholders through a realisation of shares in Norwegian limited liability companies are subject to the Norwegian tax exemption method and therefore tax exempt. Net losses from realisation of shares and costs incurred in connection with the purchase and realisation of such shares are not tax deductible for Norwegian Corporate Shareholders.

Norwegian Individual Shareholders are taxable in Norway for capital gains on the realization of shares, and have a corresponding right to deduct losses. This applies irrespective of how long the shares have been owned by the individual shareholder and irrespective of how many shares that are realized. Gains are taxable as ordinary income in the year of realization, and losses can be deducted from ordinary income in the year of realization. Any gains or losses are also multiplied with a factor of 1.44 before taken to taxation at the tax rate for ordinary income of 22% (resulting in an effective tax rate of 31.68%). Under current tax rules, gain or loss is calculated per share, as the difference between the consideration received and the tax value of the share. The tax value of each share is based on the individual shareholder's purchase price for the share. Costs incurred in connection with the acquisition or realization of the shares may be deducted in the year of sale. Unused tax-free allowance connected to a share may be deducted from a capital gain on the same share, but may not lead to or increase a deductible loss. Further, unused tax-free allowance related to a share may not be set off against gains from realization of other shares.

If Norwegian Shareholders realizes shares acquired at different point of time, the shares that were first acquired will be deemed as first sold (the “first in first out”-principle) upon calculating taxable gain or loss.

Gains derived from the realisation of shares held through a share saving account will be exempt from immediate Norwegian tax and losses will not be tax deductible. Instead, withdrawal of funds from the share saving account exceeding the Norwegian Individual Shareholder's paid in deposit, will be regarded as taxable income, subject to tax at an effective tax rate of 31.68%. Norwegian Individual Shareholders will be entitled to a calculated tax-free allowance provided that such allowance has not already been used to reduce taxable dividend income (please see Section “Taxation of Dividends above”). The tax-free allowance is calculated based on the lowest paid in deposit in the account during the income year, plus any unused tax-free allowance from previous years. The tax-free allowance can only be deducted in order to reduce taxable income, and cannot increase or produce a deductible loss. Any excess allowance may be carried forward and set off against future withdrawals from the account or future dividends received on shares held through the account.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances

Net Wealth Tax

The value of shares is taken into account for net wealth tax purposes in Norway. The marginal tax rate is currently 0.85%.

Shares listed on the Oslo Stock Exchange are valued at 65% of the quoted value at 1 January in the assessment year. The value of debt allocated to the shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 65%).

Norwegian Corporate Shareholders are not subject to net wealth tax.

VAT and Transfer Taxes

No VAT, stamp duty or similar duties are currently imposed in Norway on the transfer or issuance of shares.

Inheritance Tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

16.1.2 Non-Resident Shareholders

Taxation of Dividends

Dividends paid from a Norwegian limited liability company to shareholders that are not resident in Norway for tax purposes and which do not hold the Shares in connection with business activities carried out in or managed from Norway ("**Foreign Shareholders**") are subject to Norwegian withholding tax at a rate of 25% unless the recipient qualifies for a reduced rate according to an applicable tax treaty or other specific regulations. Norway has entered into tax treaties with a number of countries and withholding tax is normally set at 15% under these treaties. The shareholder's home country may give credit for the Norwegian withholding tax imposed on the dividend.

Foreign corporate shareholders (i.e. limited liability companies and similar entities) (“**Foreign Corporate Shareholders**”) which are genuinely established and carry out genuine economic activities within the EEA are not subject to Norwegian withholding tax.

Dividends paid to foreign individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders) (“**Foreign Individual Shareholders**”) are as the main rule subject to Norwegian withholding tax at a rate of 25%, unless a lower rate has been agreed in an applicable tax treaty. If the individual shareholder is resident within the EEA, the shareholder may apply to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see Section 16.1 “Norwegian Shareholders—Taxation of Dividends”. However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

Foreign Individual Shareholders resident in the EEA for tax purposes may hold the Listing Shares through a Norwegian share saving account (*Nw. aksjesparekonto*). Dividends received on Shares held through a share saving account by Foreign Individual Shareholders resident in the EEA will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the Non-Norwegian Personal Shareholder's paid in deposit, will be subject to withholding tax at a rate of 25% (unless reduced pursuant to an applicable tax treaty). Capital gains realised upon realisation of shares held through the share saving account are proposed regarded as paid in deposits, which may be withdrawn without taxation.

Losses will correspondingly be deducted from the paid in deposit, reducing the amount which can be withdrawn without withholding tax. The Government has announced that the proposed rules may be subject to changes.

In accordance with the present administrative system in Norway, the withholding obligation lies with the company distributing the dividends and the Company assumes this obligation. A Foreign Shareholder that is entitled to an exemption from or reduction of withholding tax on dividends, may request that the exemption or reduction is applied at source by the distributing company. Such request must be accompanied by satisfactory documentation which supports that such Foreign Shareholder is entitled to a reduced withholding tax rate. Please refer to the tax authorities' web page for more information about the requirements: https://www.skatteetaten.no/en/business-and-organisation/start-and-run/rutiner-regnskap-og-kassasystem/lonn-lan-og-utbytte/dividends-from-norwegian-companies-to-foreign-shareholders---documentation-requirements-for-reduced-withholding-tax-rate/.

The supplier of the account will have the obligation to deduct and report withholding tax on shares held through a share saving account.

Foreign Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments.

Taxation of Capital Gains

Gains from realisation of shares by Foreign Shareholders will not be subject to tax in Norway unless the Foreign Shareholders are holding the shares in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

Please refer to Section "Taxation of Dividends" above for a description of the availability of a Norwegian share saving accounts.

Net Wealth Tax

Foreign Shareholders are not subject to Norwegian net wealth tax with respect to the Shares.

VAT and Transfer Taxes

No VAT, stamp duty or similar duties are currently imposed in Norway on the transfer or issuance of shares.

Inheritance Tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

17. REGULATORY DISCLOSURES

Companies listed on the Oslo Stock Exchange are subject to disclosure requirements according to the Norwegian Securities Trading Act. Below is an overview of the disclosures published by the Company pursuant to the Norwegian Securities Trading Act on its ticker "ADE" on www.newsweb.no during the last twelve months prior to the date of this Prospectus.

Inside Information

Date	Title	Description	Prospectus cross reference
30.10.2020	Adevinta ASA (ADE) – OLX Brazil completes the acquisition of 100% of Grupo ZAP	The Company announced that OLX Brazil, the Company's 50/50 joint venture with Prosus, had acquired Grupo ZAP (as announced 3 March 2020)	Section 5.7
27.10.2020	Adevinta ASA (ADE) – Adevinta reports further recovery in Q3	The Company announced that its positive recovery in the second quarter of 2020 continued into the third quarter.	Section 10
21.07.2020	Adevinta ASA (ADE) – Adevinta signs agreement to acquire eBay Classifieds Group, creating the world's largest online classifieds group with an extensive footprint and leading marketplace brands.	The Company announced that it had entered into the Transaction Agreement.	Section 7
03.03.2020	Adevinta ASA (ADE) – Adevinta announces that OLX Brazil is to acquire Grupo ZAP and strengthen its position in the real estate segment in the country.	The Company announced that OLX Brazil, the 50/50 joint venture between Adevinta ASA and Prosus NV, and one of the fastest growing tech companies in Brazil, had entered into an agreement to acquire 100% of the shares of Grupo ZAP for a total cash amount of around USD 735 million.	Section 5.8.

Acquisition or disposal of the Company's own shares

Date	Title	Description	Cross reference to section in this prospectus
25.05.2020	Adevinta ASA (ADE) – Share buyback – buybacks completed	The Company announced that it had purchased 50,000 own shares at an average price of NOK 100.27 per share. After this, Adevinta ASA owned a total of 320,000 own shares.	Section 14.4.3
22.05.2020	Adevinta ASA (ADE) – Share buyback	The Company announced that it had purchased 50,000 own shares at an average price of NOK 100.63 per share. After this, Adevinta ASA owned a total of 270,000 own shares.	Section 14.4.3
20.05.2020	Adevinta ASA (ADE) – Share buyback	The Company announced that it had purchased 50,000 own shares at an average price of NOK 99.69 per share. After this, Adevinta ASA owned a total of 220,000 own shares.	Section 14.4.3
19.05.2002	Adevinta ASA (ADE) – Share buyback	The Company announced that it had purchased 60,000 own shares at an average price of NOK 94.70 per share. After this, Adevinta ASA owned a total of 170,000 own shares.	Section 14.4.3
18.05.2020	Adevinta ASA (ADE) – Share buyback	The Company announced that it had purchased 60,000 own shares at an average price of NOK 95.66 per share. After this, Adevinta ASA owned a total of 110,000 own shares.	Section 14.4.3
15.05.2020	Adevinta ASA (ADE) – Share buyback	The Company announced that it had purchased 25,000 own shares at an average price of NOK 97.40 per	Section 14.4.3

		share. After this, Adevinta ASA owned a total of 50,000 own shares.	
14.05.2020	Adevinta ASA (ADE) – Share buyback	The Company announced that it had purchased 25,000 own shares at an average price of NOK 98.4041 per share. After this, Adevinta ASA owned a total of 25,000 own shares.	Section 14.4.3
13.05.2020	Adevinta ASA(ADE) – Initiation of share buyback	The Company announced that it had decided to initiate a buyback of up to 320,000 of its own shares, to be used as settlement in the Company's share based incentive schemes as well as employee share saving plan.	Section 14.4.3

Financial Reporting

Date	Title	Description	Cross reference to section in this prospectus
16.07.2020	Adevinta ASA (ADE) – Adevinta reports resilient performance in Q2	The Company announced that its performance for the second quarter of 2020 had been resilient,	Section 10
09.07.2020	Adevinta ASA (ADE) – Invitation to the presentation of the Q2 2020 results.	The Company announced its results for the second quarter of 2020.	Section 10
05.05.2020	Adevinta ASA (ADE) - announces its first quarter 2020 results	The Company announced its results for the first quarter of 2020.	Section 10
12.02.2020	Adevinta ASA (ADE) – Adevinta announces its fourth quarter 2019 results	The Company announced its results for the fourth quarter of 2019.	Section 10

Additional regulatory information required to be disclosed

Date	Title	Description	Cross reference to section in this prospectus
27.11.2020	Financial calendar	The Company announced that its quarterly report for the fourth quarter of 2020 will be published 11 February 2021.	**N/A**
05.11.2020	Adevinta ASA (ADE) – Adevinta announces Closing of Senior Secured Notes Offering and Entry into Senior Secured Term Loan B Facility	The Company announced that it had issued the Notes and that it had entered into the Senior Credit Facilities Agreement.	Section 5.9 and Section 7.2
29.10.2020	Adevinta ASA (ADE) – Extraordinary General Meeting 29 October 2020	The Company announced that it held the EGM, and that all of the proposals on the agenda were accepted, including the issuance of the Consideration Shares.	Section 7
19.10.2020	Adevinta ASA (ADE) – Adevinta publication of Information Memorandum and preliminary results as of and for the three months ended September 30 2020	The Company announced that in conjunction with the launch of a bond issue (se announcement below), the Company disclosed its information memorandum and the preliminary results for the three months ended 30 September 2020.	Section 5.9 and Section 7.2
19.10.2020	Adevinta ASA (ADE) – Adevinta announces Launch of Senior Secured Notes Offering	The Company announced that it had launched an offering of approximately EUR 1,060 million aggregate principal amount of senior secured notes, consisting of notes due 2025 and 2027 which will be used to, among other things, to fund a part of the cash consideration for the Transaction and refinance existing debt.	Section 5.9and Section 7.2
13.10.2020	Adevinta ASA (ADE) – Adevinta Announces Proposed Term Loan B Facility	The Company announced (i) its plans to syndicate a new senior secured Term Loan B Facility consisting of a EUR denominated tranche in an aggregate principal amount of approximately EUR 900 million and a USD denominated tranche in an aggregate principal amount of approximately EUR 425 million and (ii) its plans to commence a	Section 7.2 and Section 5.9

		private offering to eligible purchasers of additional senior secured financing subject to market conditions. The aggregate principal amount of the aforementioned in (i) and (ii) was expected to be EUR 2.386 billion, which will partly be used to finance the Transaction.	
07.10.2020	Adevinta ASA (ADE) – Extraordinary General Meeting – 29 October 2020	The Company announced that it would conduct the EGM.	Section 11.9.2
07.10.2020	****	The Company announced that it would conduct the EGM.	Section 11.9.2
05.05.2020	Adevinta ASA (ADE) – Annual General Meeting 5 May 2002	The Company announced that it had held its first annual general meeting at Akersgata 55 in Oslo.	**N/A**
29.04.2020	Adevinta ASA (ADE) – Invitation to the presentation of the Q1 2020 results	The Company announced an invitation to participate in the presentation of its Q1 report.	**N/A**
21.04.2020	Adevinta ASA (ADE) – Adjusted reporting structure	The Company announced that it will implement minor changes in the financial reporting structure as of Q1 2020. The changes were made to fully align Global Markets segment reporting with Management reporting. Additionally, the Company informed that the changes would create full consistency across segments when it comes to how Joint Ventures are presented.	**N/A**
04.04.2020	Adevinta ASA (ADE) – Annual report 2019 published	The Company announced that its annual report for 2019 had been published.	**N/A**
29.03.2020	Adevinta ASA (ADE) – Annual accounts 2019 approved, AGM notice and update in relation to COVID-19	The Company announced that the Board of Adevinta ASA approved the annual accounts for 2019 and that there were no changes compared to the preliminary annual accounts published on 12 February 2020. Further, the Company announced that its annual general meeting would be held at Schibsted ASA's offices at Akersgata 55 in Oslo, Norway on 5 May 2020.	**N/A**
26.02.2002	Financial calendar	The Company announced an update regarding its financial calendar.	**N/A**
06.02.2020	Adevinta ASA (ADE) – Invitation to the presentation of the Q4 2019 results	The Company announced an invitation to participate in the presentation of its Q4 2019 report.	**N/A**
14.01.2020	Financial calendar	The Company announced an update regarding its financial calendar.	**N/A**

Matching halt

Date	Title	Description	Cross reference to section in this prospectus
20.07.2020	OSLO BØRS – MATCHING HALT ENDS*CORR	The Company announced that there would be a Re-Opening Auction Call until 09:40* CET.	**N/A**
20.07.2020	OSLO BØRS – MATCHING HALT ENDS	The Company announced that the matching halt had ended.	**N/A**
20.07.2020	Matching Halt	The Company announced that a matching halt had been imposed in anticipation of an announcement from the Company.	**N/A**

Mandatory notification of trade

Date	Title	Description	Cross reference to section in this prospectus
09.12.2020	Adevinta ASA: Block sale of existing shares completed	The Company announced that Blommenholm Industries AS' had successfully sold 15,000,000 of its shares in the Company at NOK 129 per share.	**N/A**
30.10.2020	Mandatory notification of trade – Employee share purchase plan	The Company announced that it had purchased 21,276 of its Shares as a part of its employee share purchase plan. The average price was NOK 153.4 per Share.	**N/A**
30.10.2020	Adevinta ASA (ADE) – Mandatory notification of trade: Redemption of shares in Blommenholm Industrier AS	The Company announced that Blommenholm Industrier AS, a primary insider of the Company, transferred 4,320,781 Shares to the Beltenut AS. Following these transfers, Blommenholm Industrier AS had a share ownership of 38,992, 616 Shares.	**N/A**
12.10.2020	Adevinta ASA (ADE) – Mandatory notification of trade	The Company announced that Adevinta had transferred 18,228 Adevinta shares to Uvashni Raman, CFO of Adevinta ASA and primary insider in the Company. The number of shares was calculated on the basis of a 30 days average share price and foreign exchange rates in January 2020. The price per share in the transaction was NOK 108.91. After the transaction, Uvashni Raman held 18,756 shares in the Company.	**N/A**
07.08.2020	Adevinta ASA (ADE) – Mandatory notification of trade – Employee share purchase plan	The Company announced that some employees of Adevinta had purchased 19, 322 Adevinta shares with an average share price of NOK 163.87 per share. The transactions were made in relation to the second enrolment window in the Adevinta's share purchase plan for employees for 2020 which closed in March 2020, and based on savings made during April, May, and June 2020.	**N/A**
03.08.2020	Adevinta ASA (ADE) – Mandatory notification of trade: Redemption of shares in Blommenholm Industries AS	The Company announced that primary insiders in Schibsted, Adevinta ASA, and Blommenholm Industrier AS, would transfer 607,851 B-shares in Schibsted and 4,320,781 shares in Adevinta ASA to Beltenut AS. After these transfers, Blommenholm Industrier AS would own 30,013,354 B-shares in Schibsted and 38,992,516 shares in Adevinta. Following the transfers, Blommenholm Industrier AS would hold 25.04% of shares outstanding and 26.87% of voting rights in Schibsted ASA and 5.69% of shares outstanding and voting rights in Adevinta ASA. The Company further stated in the announcement that the transfers were a part of an agreement between the Tinius Trust and Blommenholm Industrier AS and Beltenut AS/Jan Nagell-Erichsen to redeem the 50,000 non- voting B-shares in Blommenholm Industrier AS held by Beltenut AS. The agreement was resolved by the General	**N/A**

		Assembly of Blommenholm Industrier AS on 31 July 2020.	
28.05.2020	Adevinta ASA (ADE) – Mandatory notification of trade – long term incentive program	The Company announced that it would during the coming days transfer a net amount of 128,876 own shares to employees in connection with shared based incentive plans, and that 102,127 own shares were sold at an average price of NOK 99,59 on 26 and 27 May to cover the participants' tax liabilities in relation to the incentive program.	**N/A**
07.05.2020	Adevinta ASA (ADE) – Mandatory notification of trade – Employee share purchase plan	The Company announced that some employees of Adevinta had purchased 36, 855 Adevinta shares with an average share price of NOK 92.94 per share as part of the employee share purchase plan.	**N/A**
14.02.2020	Adevinta ASA (ADE) – Mandatory notification of trade – Employee share purchase plan	The Company announced that some employees of Adevinta had purchased 25, 846 Adevinta shares with an average share price of NOK 115.40 per share as part of the employee share purchase plan.	**N/A**
20.12.2019	Adevinta ASA (ADE) – Mandatory notification of trade	The Company announced that Blommenholm Industries AS had sold 10,560,848 ordinary shares in Adevinta at a price of NOK 101.00 per shares	**N/A**
12.12.2019	Adevinta ASA (ADE) – Mandatory notification of trade – Employee share purchase plan	The Company announced that some employees of Adevinta had purchased 29,070 Adevinta shares with an average share price of NOK 96.83 per share as part of the employee share purchase plan.	**N/A**

Announcement from other participants

Date	**Title**	**Description**	**Cross reference to section in this prospectus**
08.12.2020	Adevinta ASA: Contemplated sale of up to 15,000,000 existing shares in Adevinta ASA	The Company announced that one of its shareholders, Blommenhold Industrier AS, was contemplating to sell 15,000,000 of its existing shares in Adevinta.	**N/A**
10.11.2020	Adevinta ASA: Block Sale of existing shares completed	The Company announced that it had successfully sold 3,500,000 Shares at NOK 147 per Shares, and that the selling shareholder had entered into a lock-up agreement with the managers engaged for the sale for its remaining shareholding in the Company for a period of 90 days.	**N/A**
09.11.2020	Adevinta ASA: Contemplated sale of up to 3,500,000 existing shares in Adevinta ASA (ADE-NO)	The Company announced that it had engaged Arctic Securities AS and Skandinaviska Enskilda Banken AB to explore the sale of up to 3,500,000 Shares.	**N/A**

18. INCORPORATION BY REFERENCE; DOCUMENTS ON DISPLAY

The Norwegian Securities Trading Act and the Norwegian Securities Trading Regulations, implementing the EU Prospectus Regulation, allow the Company to incorporate by reference information into this Prospectus that has been previously filed with the Oslo Stock Exchange or the Norwegian Financial Supervisory Authority in other documents. The Company's consolidated financial statements as of and for the year ended 31 December 2019 and the audit report in respect of these *financial statements are by this reference incorporated as a part of this Prospectus. Accordingly, this Prospectus is to be read in conjunction with these documents.*

Cross Reference Table

The information incorporated by reference in this Prospectus should be read in connection with the following cross-reference table. References in the table to “Annex” and “Items” are references to the disclosure requirements as set forth in the Commission Delegated Regulation (EU) 2019/980 supplementing the EU Prospectus Regulation.

Section in the Prospectus	Disclosure requirements of the Prospectus	Reference Document	Page of Reference Document
Section 14.7	Articles of Association	Articles of Association	
Section 4.4.1	Audited historical financial information	Adevinta ASA, annual report 2019 https://www.adevinta.com/ir/reports-presentations-calendar/	P. 44 - 125
Section 4.4.1	Audit reports	Adevinta ASA, annual report 2019 https://www.adevinta.com/ir/reports-presentations-calendar/	P.140
Section 4.4.1	Unaudited historical financial information	Adevinta ASA, interim report Q3 2020 https://www.adevinta.com/ir/reports-presentations-calendar/	P. 3-28

Documents on Display

For twelve months from the date of this Prospectus, copies of the following documents will be available for inspection at the Company’s website www.adevinta.com.

- The Articles of Association of the Company.
- All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company’s request any part of which is included or referred to in the Prospectus.

19. ADDITIONAL INFORMATION

19.1 Independent Auditors

The Company's independent auditors are Ernst & Young AS which has their registered address at Dronning Eufemias gate 6, 0191 Oslo, Norway, and was elected as the Company's independent auditors in 2018. EY is member of the Norwegian Institute of Public Accountants («Den norske Revisorforening»).

19.2 Legal Advisors

Advokatfirmaet BAHR AS is acting as the Company's legal adviser as to Norwegian law in connection with the Transaction.

19.3 VPS Registrar

The Company's VPS registrar is DNB Bank ASA, which has their registered address at Dronning Eufemias gate 30, 0191 Oslo, Norway.

20. DEFINITIONS

Capitalised terms used throughout this Prospectus shall have the meaning ascribed to such terms as set out below, unless the context requires otherwise.

Adevinta Finance	Adevinta Finance AS, a limited liability company incorporated under the laws of Norway.
Adevinta Guarantors	Adevinta Finance, LBC France, LBC Local, Adevinta Spain and Adevinta Oak.
Adevinta Oak	Adevinta Oak Holdings B.V., private a limited liability company incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 80411959 and a wholly owned subsidiary of Adevinta.
Adevinta Spain	Adevinta Spain,S.L., a limited liability company incorporated under the laws of Spain and a wholly-owned subsidiary of the Company.
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulation of 14 September 2018 no. 1324, taken together.
AVAB	Adevinta Ventures AB, a subsidiary of Adevinta
AWS	Amazon Web Services, a third party cloud service provider.
Board or Board of Directors	The Company's board of directors
Board Members	The Company's board members
Brexit	The exit of the United Kingdom from the European Union on 31 January, 2020.
Bridge Facility	The denominated senior secured term loan facility to be established under the Bridge Facility Agreement in an aggregate amount of USD 330.0 million (or equivalent), which is expected to be cancelled on or prior to the Completion Date.
Bridge Facility Agreement	The senior secured bridge facility agreement to be entered into prior to the Completion Date between, inter alios, Adevinta and the lenders named therein, providing for the Bridge Facility.
Cap	The condition that sets out eBay being permitted to effect one or more sales of all or part of its Class A Shares and Class B Shares up to the aggregate number of shares of no more than 197,520,228 shares subject to other conditions.
Classifieds Entities	Gumtree AU, eBayK, Marktplaats and Gumtree.com
Class A Shares	The Company's share class that has voting rights and are listed following completion of the Transaction.
Class B Shares	The Company's share class that does not have any voting rights and are not listed following completion of the Transaction.
Classified Indebtedness	The indebtedness eBay Classifieds Holding B.V will incur as a borrower under the Senior Credit Facilities Agreement by drawing down USD 1.2 billion (or equivalent) under the Term Facilities prior to completion of the Transaction.
Close Associate	Has the same meaning as it is defined in article 4 (3) of the Amended Articles of Association.
Closing Date	The closing date pertaining to the EUR Term Facility which does not amortize and matures 84 months from the date of initial utilisation.
Consideration Shares	539,994,479 new shares in the Company to be issued to the Seller as consideration for the Transaction.
Consolidated Senior Secured Leverage Ratio	The consolidated senior secured net leverage ratio pursuant to the Senior Credit Facilities Agreement.
Completion Date	The date on which the Transaction is consummated.
Company	Adevinta ASA
COVID-19	The outbreak of the novel strain of the coronavirus identified in late 2019 and characterized as a pandemic by the World Health Organization in March 2020.
Danish Acquisition	The expected purchase of the Danish Entity by Schibsted Nordic from Adevinta.
Danish Entity	eBay Classifieds Scandinavia ApS
eBay	eBay Inc., a Delaware corporation, listed on the Nasdaq Global Select Market.

eBay Canada	eBay Canada limited, a subsidiary of eBay
eBay Classifieds	eBay Mobile Labs, LLC, eBay Services Mexico, S. de R.L. de. C.V. and eBay Classifieds Holding B.V. and its subsidiaries, which include among others Mobile.de, and excludes the Danish Entity.
eBayK	eBay Kleinanzeigen GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register at the local court of Potsdam under registration number HRB 18681 P.
eBay Marketplaces	eBay Marketplaces GmbH, a subsidiary of eBay.
eCG..	ebay Classifieds, including the Danish Entity.
eBay Motors Group	Gumtree.com and Motors.co.uk in a joint proposition with eBay UK.
eBay UK.......................................	eBay (UK) Limited, a subsidiary of eBay.
EU DST	The 3% tax on gross income derived from certain digital services and applicable to groups exceeding certain revenue threshold within the EU, as proposed in March 2018 by the European Commission.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 20014/71/EC.
EUR Term Facility	The EUR denominated senior secured term loan established under the Senior Credit Facilities Agreement in an aggregate principal amount of ER 900 million
EUR 200 Million Term Loan	The EUR 200 million term loan and is expected to be repaid and cancelled in full in connection with the Transactions.
EUR 600 million multi-currency term loan and revolving credit facility	The EUR 200 Million Term Loan and the EUR 400 million RCF
EUR 400 million RCF	The EUR 400 million revolving credit facility
Executive Management.....................	The members of the Company's Executive Management.
Foreign Corporate Shareholders...........	Foreign corporate shareholders (i.e. limited liability companies and similar).
Foreign Individual Shareholders...........	Foreign individual shareholders (i.e. other foreign shareholders than Foreign Corporate Shareholders).
Forward-looking Statements...............	Has the meaning ascribed to it in Section 4.2.
FSMA	The Financial Services and Markets Act 2000.
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016.
Group	The Company together with its consolidated subsidiaries.
Grupo ZAP Bridge Term Loan Facilities	The EUR 150 Million Bridge Facility and the EUR 75 Million Bridge Facility
IAS	International Accounting Standards.
IFRS..	International Financial Reporting Standards as adopted by the EU.
Indenture	The indenture governing the Notes.
Intellectual Property Matters Agreement	The intellectual property matters agreement between the Company and eBay to be entered into at closing of the Transaction.
Intercreditor Agreement	The intercreditor agreement.
IPMA	Intellectual Property Matters Agreement.
IPO	The initial public offering of Adevinta in 2019.
Issue Date	The date on which the Notes are issued.
Kijiji Canada	Kijiji Canada Limited, a limited liability company incorporated under the laws of Canada, a wholly-owned subsidiary of Markplaats and which will be a wholly owned subsidiary of the Company following completion of the Transaction.
LBC France	LBC France SASU, a simplified joint-stock company incorporated under the laws of France and a subsidiary of Adevinta France AS.
Listing Shares	342,474,251 new ordinary shares with voting rights issued as part of the Consideration Shares.
Marktplaats...................................	Marktplaats B.V., a private limited liability company incorporated under the laws of Netherlands, registered with the Dutch trade register number 28058712 a wholly owned subsidiary of eBay Classifieds Holding B.V. (a private limited liability company incorporated under the laws of Netherlands, registered with the Dutch trade register number 69841969), which will be a wholly owned subsidiary following completion of the Transaction.

Mobile.de....................................	Mobile .de GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register at the local court *(Amtsgericht)* of Potsdam under registration number HRB 18517 P, a wholly owned subsidiary of eBay Classifieds Holding B.V. and which will be a wholly owned subsidiary of the Company following completion of the Transaction. Mobile.de is also used in this Prospectus to refer to the mobile.de brand (as opposed to the corporate entity).
Non-Norwegian Shareholders	Shareholders who are not resident in Norway for tax purposes.
Norwegian Code of Practice	The Norwegian Corporate Governance Code of 17 October 2018.
Norwegian Corporate Shareholders.......	Norwegian corporate shareholders (i.e. limited liability companies and similar).
Norwegian FSA..............................	The Norwegian Financial Supervisory Authority (Nw. *Finanstilsynet*)
Norwegian Individual Shareholders	Norwegian individual shareholders (i.e. other Norwegian shareholders than Norwegian corporate shareholders).
Norwegian Public Limited Liability Companies Act..............................	The Norwegian Public Limited Liability Companies Act of13 June 1997 no. 45 as amended.
Norwegian Securities Trading Act.........	The Norwegian Securities Trading Act of 29 2007 no. 75, as amended.
Norwegian Shareholders....................	Norwegian Corporate Shareholders taken together with Norwegian Individual Shareholders.
Notes...	The EUR 1,060.3 million (equivalent) senior secured notes, comprised of (a) the USD denominated notes and (b) the EUR denominated notes.
OLX Brazil	The Group's 50/50 Brazilian joint venture together with OLX B.V., a subsidiary of Prosus.
Oslo Stock Exchange	Oslo Børs (a stock exchange operated by Oslo Børs ASA), or as the case may be, Euronext Expand(a regulated market place operated by Oslo Børs ASA).
Outside Date	The Transaction Agreement may be terminated at any time before closing by, inter alia, either party if closing of the Transaction has not occurred on or before April 20, 2021, subject to an outside date which is a three-month extension if all conditions to the closing of the Transaction, other than certain conditions relating to regulatory approvals, have been satisfied or waived on such date,
p.a...	per annum.
PPA	Adevinta's preliminary purchase price allocation
Prospectus...................................	This prospectus dated 23 December 2020.
Prosus	Prosus N.V, a consumer internet company and a global technology investor in Europe.
QIB	Qualified Institutional Buyer, as defined in the U.S. Securities Act.
Registrar.....................................	Citibank N.A., London Branch, in its capacity as the registrar.
Regulation S.................................	Regulation S of the U.S. Securities Act.
Relevant Member State.....................	Each member state of the EEA which has implemented the EU Prospectus Regulation.
Revolving Facility	The senior secured multi-currency revolving credit facility in an aggregate amount of EUR 450 million (equivalent) under the Senior Credit Facilities Agreement.
Right of Way Period........................	The period that stipulates that until the earliest of (i) the 18 months following Closing and (ii) such date as the eBay Group has reduced its direct and indirect ownership of Class A Shares and Class B Shares to one-third of the total number of issued an outstanding shares (including Class A Shares and Class B Shares.)
Rule 144A....................................	Rule 144A of the U.S. Securities Act.
SAs...	The Brandenburg, Dutch and Danish EEA supervisory authorities
Schibsted	Schibsted ASA
Schibsted Acquisition	Schibsted Nordic's acquisition of the Danish Entity on a cash-free and debt-free basis for USD 330 million in cash, which is expected to be settled in EUR based on a USD/EUR exchange rate of 1.18393.
Schibsted Group	Schibsted and its subsidiaries, excluding Adevinta
Schibsted Loan..............................	The short-term loan proposed to be provided by a member of the Schibsted Group to Adevinta or one of its subsidiaries in a principal amount not less than the principal amount of the Bridge Facility.
Schibsted Nordic............................	Schibsted Nordic Marketplaces AS, a subsidiary of Schibsted, a limited liability company incorporated under the laws of Norway.

SCM Local SASU	SCM Local SASU, a simplified joint-stock company incorporated under the laws of France and a subsidiary of Adevinta France SAS
SEO	Search engine optimization
Senior Credit Facilities Agreement	The senior credit facilities agreement between, *inter alios*, Adevinta and the lenders named therein providing for the Senior Facilities.
Senior Facilities	The Term Facilities and the Revolving Facility.
Separation	The Company's separation from Schibsted through the de-merger.
Shared Collateral	The shared collateral that secures obligations under the Senior Facilities (which includes the Revolving Facility) and the Bridge Facility on an equal and ratable, first priority basis.
Shares or Share	The shares of the Company, each with a nominal value of NOK 0.20.
Shareholder Approval	The affirmative vote of holders of at least two-thirds of (a) the votes cast and (b) the share capital of the Company's voting shares represented in person or by proxy at an EGM
Significant Shareholder	Schibsted and eBay
Specified Persons	The exemption which gives eBay a right to sell Class A Shares and Class B Shares up to the Cap during the Three-Month Lock-up Period will also be limited by a restriction on selling, directly or indirectly, to certain identified third parties. It is the identified parties that are "Specified Persons".
Target	eBay Classifieds
Term Facilities	The USD Term Facility and the EUR Term Facility
Three Month Lock-up Period	The lock-up period that stipulates that eBay and Schibsted shall be restricted from selling Class A Shares and Class B Shares for a period of three months following completion of the Transaction.
Transaction	The acquisition of 100% of eBay Classifieds by the Company
Transactions	The consummation of the Transaction, the offering of the Notes, utilization of the Term Facilities and the repayment of the Company's EUR 600 million multi-currency term loan and revolving credit facility and the Company's Grupo ZAP Bridge Term Loan Facilities.
Transaction Agreement	The agreement entered into by eBay and Adevinta which stipulates that Adevinta shall acquire 100% of eBay Classifieds for a value of approximately USD 9.2 billion subject to certain terms and conditions.
Transition Services Agreement	The transition service agreement between eBay and the Company.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
USD Term Facility	The USD denominated senior secured term loan facility to be established under the Senior Credit Facilities Agreement in an aggregate principal amount of USD 500 million.
VPS	Euronext VPS, the Norwegian Central Securities Depository (Nw. *Verdipapirsentralen*).
Willhaben	The Group's Austrian 50/50 joint venture with Styria Medien AG in Austria.

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APPENDIX A – FINANCIAL STATEMENTS

Index to Financial Information

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

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)

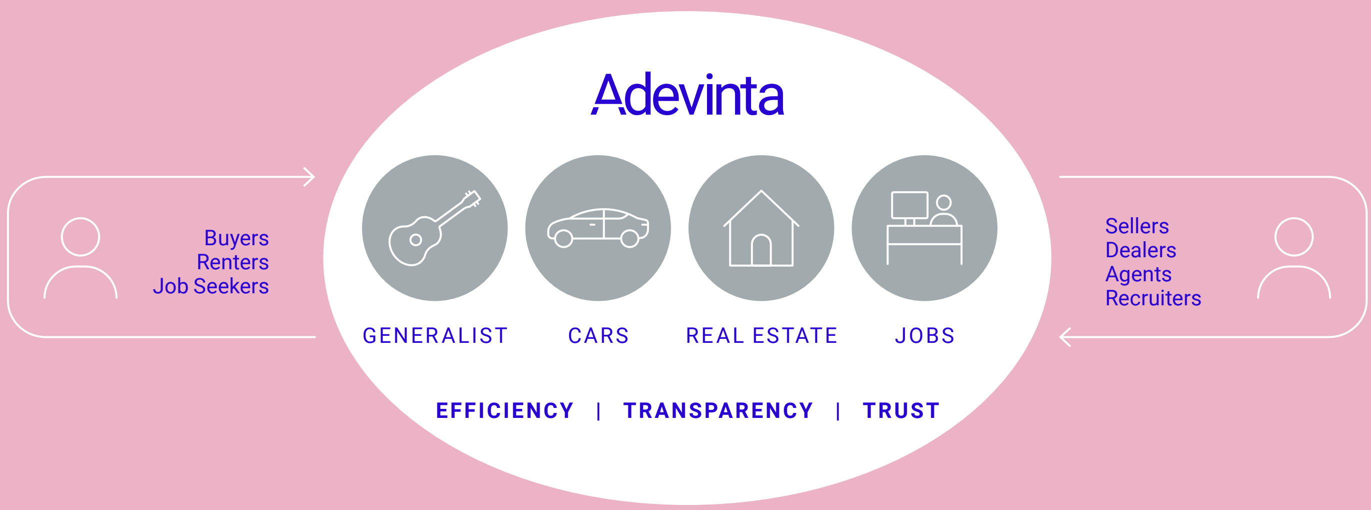
[1] Operating revenues including joint ventures
[2] EBITDA including joint ventures
[3] 2018 numbers used for comparison are not adjusted for IFRS 16

OUR MISSION

Create perfect matches on the world's most trusted marketplaces

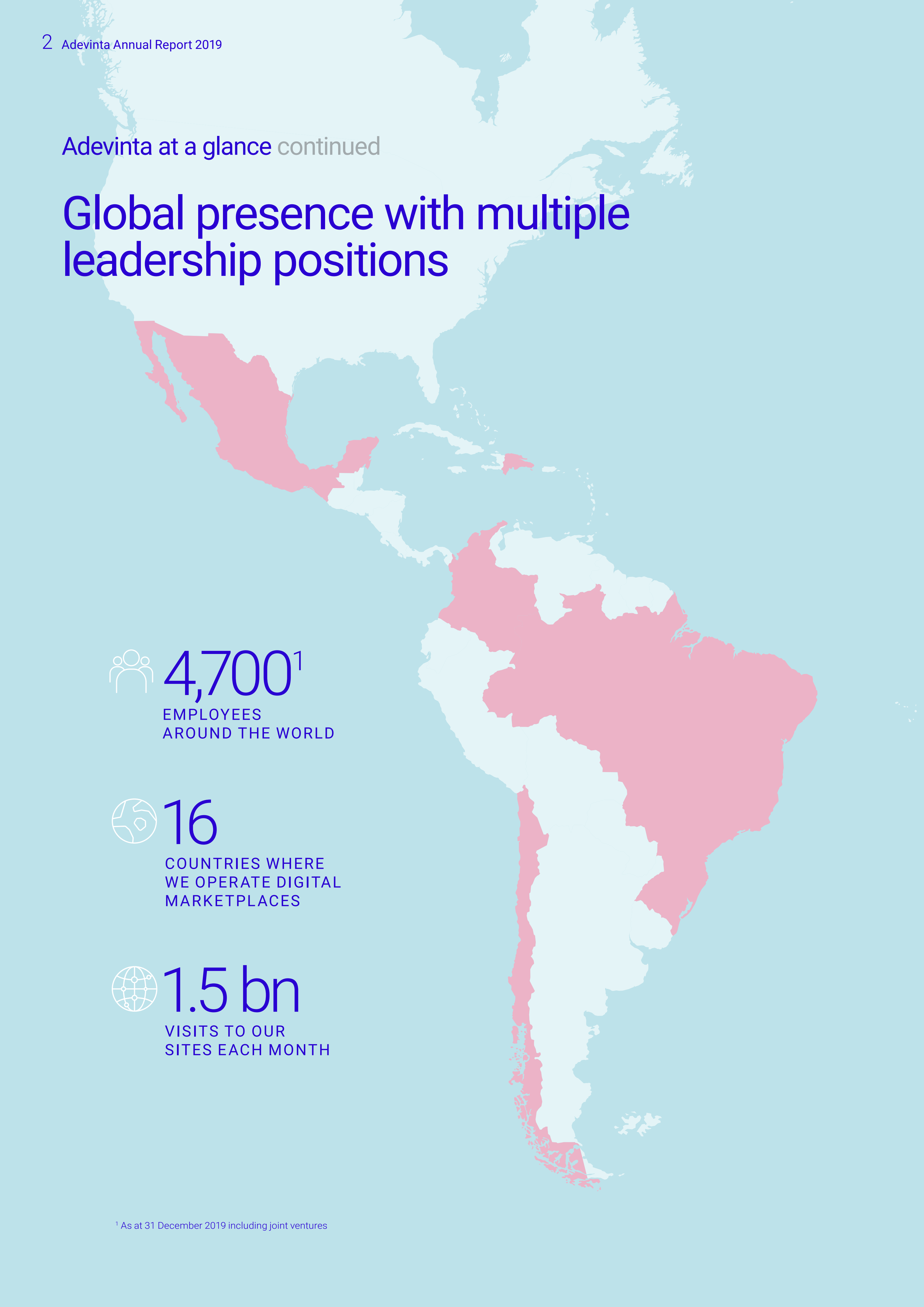
OUR PURPOSE

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

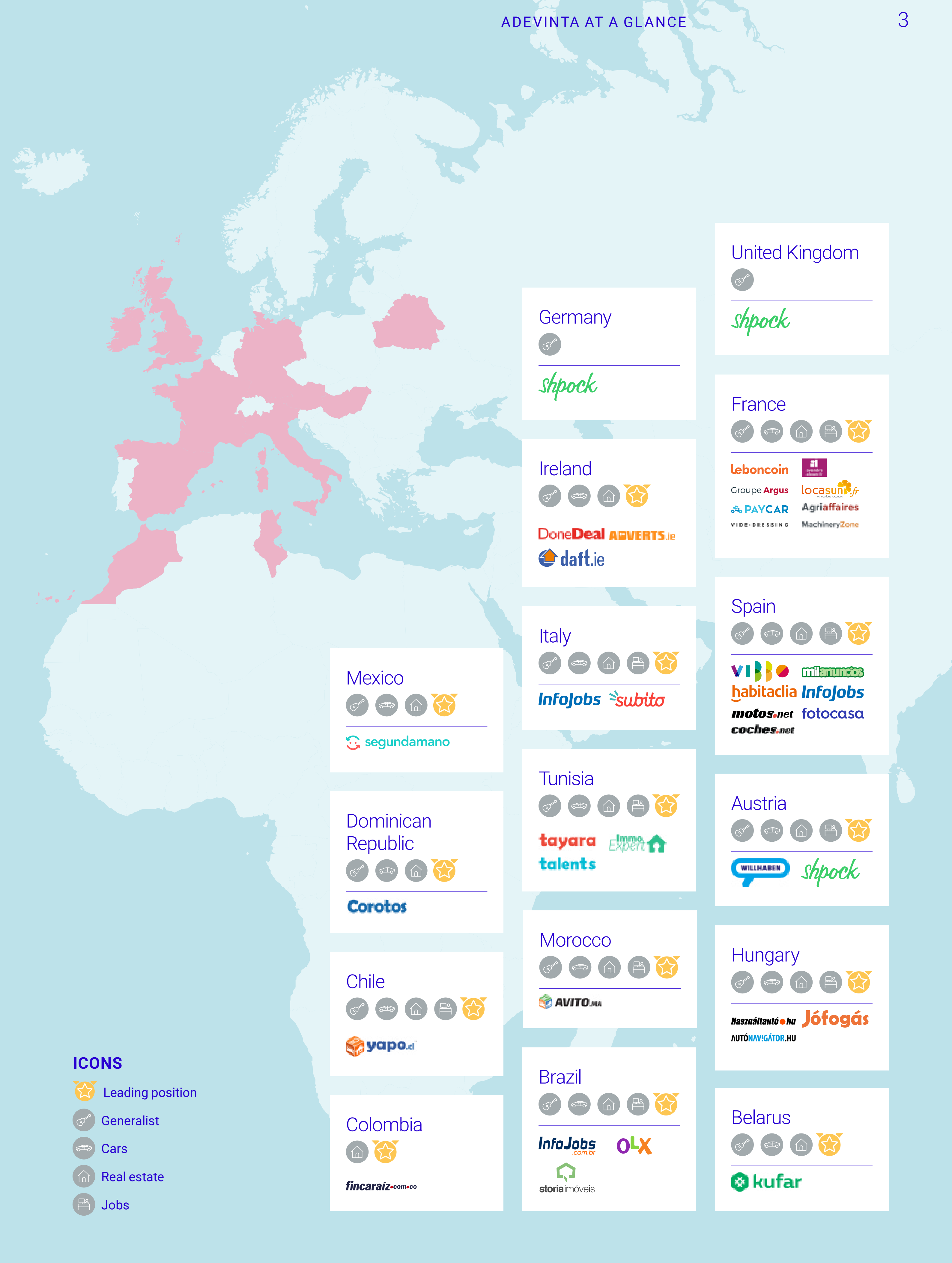


4,700[1]
EMPLOYEES
AROUND THE WORLD

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
Generalist
shpock

Germany
Generalist
shpock

France
Generalist, Cars, Real estate, Jobs, Leading position
leboncoin, Groupe Argus, PAYCAR, VIDE-DRESSING, locasun.fr, Agriaffaires, MachineryZone

Ireland
Generalist, Cars, Real estate, Leading position
DoneDeal, ADVERTS.ie, daft.ie

Spain
Generalist, Cars, Real estate, Jobs, Leading position
vibbo, milanuncios, habitaclia, InfoJobs, motos.net, fotocasa, coches.net

Italy
Generalist, Cars, Real estate, Jobs, Leading position
InfoJobs, subito

Mexico
Generalist, Cars, Real estate, Leading position
segundamano

Tunisia
Generalist, Cars, Real estate, Jobs, Leading position
tayara, Immo Expert, talents

Austria
Generalist, Cars, Real estate, Jobs, Leading position
WILLHABEN, shpock

Dominican Republic
Generalist, Cars, Real estate, Leading position
Corotos

Morocco
Generalist, Cars, Real estate, Jobs, Leading position
AVITO.MA

Hungary
Generalist, Cars, Real estate, Jobs, Leading position
Használtautó.hu, Jófogás, AUTÓNAVIGÁTOR.HU

Chile
Generalist, Cars, Real estate, Jobs, Leading position
yapo.cl

Brazil
Generalist, Cars, Real estate, Jobs, Leading position
InfoJobs.com.br, OLX, storiaimóveis

Colombia
Real estate, Leading position
fincaraiz.com.co

Belarus
Generalist, Cars, Real estate, Leading position
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

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

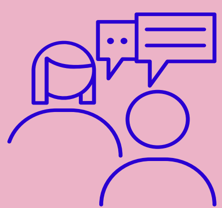
TONNES OF PLASTIC

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)

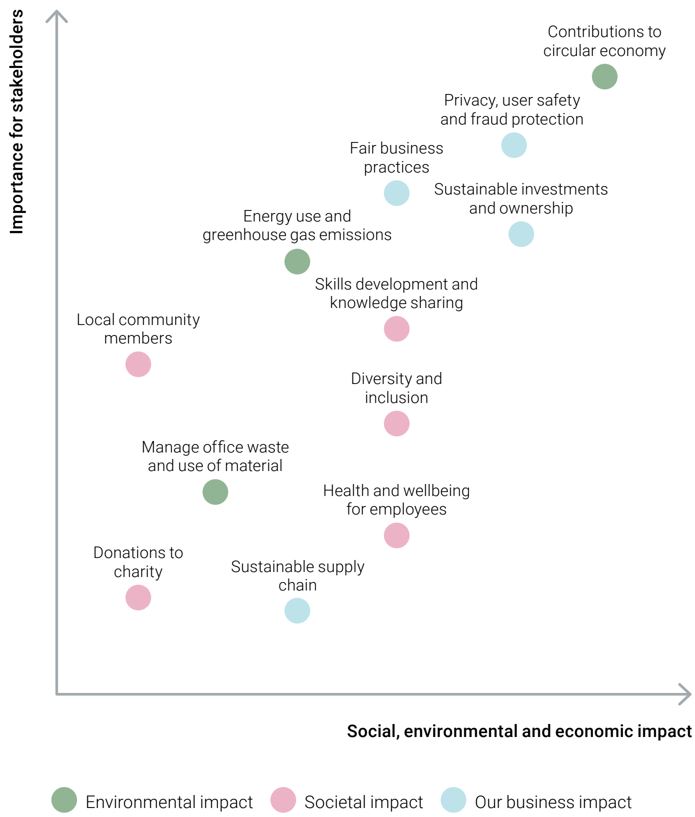
Measure progress on 2018-2020 gender diversity plan

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.

	2019	
Performance reviews by gender and employee category[1]	Total number	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.

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	102-2 Activities, brands, products, and services	1, 2-3	
	102-3 Location of headquarters	14	
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	102-46 Defining report content and topic Boundaries	20-21	
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	102-56 External assurance	34	

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Adevinta topic: Donations to charity			
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	103-3 Evaluation of the management approach	32	
GRI 203: Indirect Economic Impact	203-1 Infrastructure investments and services supported	32	
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	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			
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	103-3 Evaluation of the management approach	-	Omission
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Adevinta topic: Energy use and greenhouse gas emissions			
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	302-3 Energy intensity	23, 34	
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	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	
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Adevinta topic: Sustainable supply chain			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	19	
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	103-3 Evaluation of the management approach	–	Omission
Adevinta topic: Privacy, user safety and fraud protection			
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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	Year 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

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

	Full year	
€ million	**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
Ernst & Young AS

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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

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.

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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Q3 2020

Interim Report

October 27, 2020

Adevinta Highlights

Highlights of Q3 2020

Agreement to acquire eBay Classifieds Group

- Unprecedented-scale pure player in online classifieds with leading market positions
- Combination of best-in-class assets and expertise
- High synergy extraction potential with estimated €134-165m impact on EBITDA in year 3

Improving trends confirmed

- Further recovery in operational KPIs
- Total revenues[1] up 1.6%
- Positive organic growth in France (+8%) and Brazil (+4%)
- Online classifieds revenues[1] increased 5%
- Display advertising revenues[1] decreased 4%

EBITDA[1] margin exceptionally high, driven by cost saving initiatives, delayed expenses and positive one-offs

- Margin[1] up 120bps yoy
- Improving margins in Brazil and Global Markets
- Lower HQ and other costs

Significant strategic developments in the current portfolio

- Final CADE approval received for Grupo Zap acquisition
- Further optimization of Global Markets portfolio

Strengthened financial position

- Refinancing of Adevinta's debt completed ahead of acquisitions
- Attractive financing conditions obtained
- Strong rating profile

Rolv Erik Ryssdal, CEO

I am truly excited that we reached in July an agreement to acquire eBay Classifieds Group. This transaction will create the world's leading online classifieds company with the most diversified and complementary portfolio of marketplaces across the globe. Following the acquisition we will benefit from number 1 market positions across 17 countries, covering 1 billion people and we will be uniquely positioned to accelerate the growth and development of our markets. It will allow us to create more value in the years to come through the combination of best-in-class assets and expertise and through the generation of substantial and sustainable synergies.

As expected, Q3 performance confirmed the trend that we had seen throughout Q2, with improving momentum in operational KPIs, translating into revenues. We posted positive growth in the quarter. We continued to implement strong cost saving initiatives throughout the quarter and benefited from the phase-out of expenses, driving exceptional year-on-year growth in EBITDA margin despite the dilutive impact of acquisitions. We expect Q4 profitability to reflect the catch up and acceleration of investment in marketing and product and technology, while remaining confident in our longer-term EBITDA margin improvement potential.

We see strong growth opportunities in the industry arising from accelerated digital consumer trends and increasing need for efficient online solutions. Our leading positions have been confirmed through the crisis. Strong client relationships and enhanced product offering will continue to support business development although macro environment remains uncertain.

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[1]*Proportionate basis incl JVs*

For definition of EBITDA please see section Definitions and reconciliations. Adevinta implemented IFRS 16 from 1 January 2019.

Key financial numbers

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

	Third quarter		(€ million)	YTD		
yoy%	2019	2020		2020	2019	yoy%
2%	**180.3**	**183.3**	**Operating revenues incl. JVs**	**527.0**	**539.3**	**-2%**
6%	**54.1**	**57.1**	**EBITDA incl. JVs**	**142.2**	**153.7**	**-7%**
	30%	31%	EBITDA margin incl. JVs	27%	28%	
			Operating revenues - segments			
17%	85.7	100.1	France	283.6	255.9	11%
-7%	45.3	41.9	Spain	121.3	135.1	-10%
-27%	22.0	16.0	Brazil	48.8	62.8	-22%
-9%	40.9	37.1	Global Markets	106.4	122.1	-13%
			EBITDA - segments			
4%	48.3	50.2	France	138.0	141.6	-3%
-7%	16.0	14.8	Spain	39.4	44.2	-11%
11%	3.4	3.8	Brazil	10.8	1.2	>100 %
-1%	6.5	6.4	Global Markets	9.9	14.5	-32%
			Cash flow			
-8%	36.8	33.8	Net cash flow from operating activities	89.8	107.7	-17%

Key consolidated financial figures

	Third quarter		(€ million)	YTD		
yoy%	2019	2020	Consolidated financial figures	2020	2019	yoy%
3%	**165.4**	**171.1**	**Operating revenues - segments**	**490.6**	**496.0**	**-1%**
17%	85.7	100.1	France	283.6	255.9	11%
-7%	45.3	41.9	Spain	121.3	135.1	-10%
-27%	22.0	16.0	Brazil	48.8	62.8	-22%
-9%	40.9	37.1	Global Markets	106.4	122.1	-13%
-56%	2.3	1.0	Other and Headquarters	5.5	9.5	-42%
19%	(30.8)	(25.0)	Eliminations	(75.0)	(89.5)	16%
5%	**51.7**	**54.1**	**Gross operating profit (EBITDA) - segments**	**132.9**	**150.0**	**-11%**
4%	48.3	50.2	France	138.0	141.6	-3%
-7%	16.0	14.8	Spain	39.4	44.2	-11%
11%	3.4	3.8	Brazil	10.8	1.2	>100 %
-1%	6.5	6.4	Global Markets	9.9	14.5	-32%
16%	(17.8)	(15.1)	Other and Headquarters	(46.6)	(44.1)	-6%
-24%	(4.8)	(6.0)	Eliminations	(18.6)	(7.5)	-149%

Operational Development

Commentary and financial numbers in the Operational Development section of this report refers to proportionate numbers including JVs.

Adevinta Overview

	Third quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**ADEVINTA**	**2020**	**2019**	**yoy%**
3%	**165.4**	**171.1**	**Operating revenues**	**490.6**	**496.0**	**-1%**
-18%	14.9	12.2	Proportional revenues from JVs	36.4	43.3	-16%
2%	**180.3**	**183.3**	**Operating revenues incl. JVs**	**527.0**	**539.3**	**-2%**
5%	**51.7**	**54.1**	**EBITDA**	**132.9**	**150.0**	**-11%**
9%	52.2	57.0	- of which Developed phase	143.0	155.7	-8%
-460%	(0.5)	(2.9)	- of which Investment phase	(10.1)	(5.7)	-77%
	31%	32%	EBITDA margin	27%	30%	
26%	2.4	3.0	Proportional EBITDA from JVs	9.3	3.7	>100 %
6%	**54.1**	**57.1**	**EBITDA incl. JVs**	**142.2**	**153.7**	**-7%**
	30%	31%	EBITDA margin incl. JVs	27%	28%	

Revenues, including JVs, increased 1.6% in Q3 2020 compared to Q3 2019 (corresponding to a 2.6% decrease excluding L'Argus). The recovery in the performance noticed throughout the second quarter has continued into the third quarter, achieving a positive growth in all months in Q3. Classifieds revenues turned up 4.6% in the quarter while display advertising revenues decreased 4.3% year-on-year. L'Argus acquisition added 4.2 points to total revenue growth but changes in exchange rate had a negative 2.6 point impact.

Gross operating profit (EBITDA) including JVs increased by 6% yoy. The negative impact of COVID-19 in our main markets was mitigated by strong cost reduction initiatives implemented throughout the group and favorable phasing as some marketing expenses and talent hirings only started to ramp-up at the very end of the quarter.

France

	Third quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**France**	**2020**	**2019**	**yoy%**
17%	85.7	100.1	Operating revenues	283.6	255.9	11%
33%	37.4	49.9	Operating expenses	145.6	114.3	27%
4%	48.3	50.2	EBITDA	138.0	141.6	-3%
	56%	50%	EBITDA margin	48%	55%	

Revenues in France increased by 17% in the third quarter (or 8% excluding L'Argus), showing good resilience in the challenging business environment implied by the COVID-19. Total classifieds revenues grew 24% compared to last year (including contribution from L'Argus), driven by the cars and real estate verticals and the ramp up of transactional. Advertising revenues remained subdued below previous year level due to a strong slowdown in September driven by the challenging context.

EBITDA margin decreased 6 pp impacted by the dilutive impact of acquisitions, further investment in marketing and in the transactional model ahead of revenue generation. Those were partially offset by strict cost control measures and limited year-on-year increase in personnel costs due to slower-than-expected pace of hirings ramp-up.

Traffic continued to develop positively, having achieved a +24% year-on-year growth. Similar trends were observed in leads.

In Q3 we continued to ramp-up a full transactional solution. The number of daily transactions continued accelerating led by improvements in user experience, deployment of multi-delivery service and promotional actions. Our holiday rental offer was enriched with Locasun inventory and the attractive commercial offer for hotels. We continue to improve the experience for cars payment solutions leading to an increase in the number of monthly transactions. We also improved our offering in real estate with the mandate acquisition and smart bumps and in advertising, with new special operations products in mobile format.

Spain

	Third quarter		(€ million)	YTD		
yoy%	2019	2020	Spain	2020	2019	yoy%
-7%	45.3	41.9	Operating revenues	121.3	135.1	-10%
-7%	29.2	27.1	Operating expenses	81.9	91.0	-10%
-7%	16.0	14.8	EBITDA	39.4	44.2	-11%
	35%	35%	EBITDA margin	32%	33%	

Revenues in Spain saw negative growth of -7% in Q3 compared to Q3 2019 although strongly recovering from Q2. Classifieds revenues were down 10% compared to Q3 2019. Real estate market was gradually recovering after the hit in Q2, although still below pre-covid levels. The jobs market was impacted by lower volumes given the decrease in signed employment contracts and the most recent expectations for the economy contraction. On the other hand, we saw the car market back to growth led by higher ARPU thanks to the successful migration of customers to new product offering and benefiting from a good momentum in used car sales.

Display advertising increased by 5% year-over-year driven by programmatic revenues due to successful initiatives to improve sold inventory and benefiting from traffic growth.

The EBITDA margin in Q3 remained stable compared to last year, despite the decline in revenues, due to solid cost control measures, such as reductions in marketing investment and administrative costs and stable personnel costs.

Traffic reached double digit growth in Q3, growing in all verticals, mainly driven by our real estate and motor marketplaces. Liquidity and private content were also above last year led by increasing traction of our generalist Milanuncios.

In Q3 we launched a hybrid listing combining grid and map view and implemented a unique back-office tool in our real estate marketplaces, as well as employee reviews and content aggregator in Jobs. We have successfully deployed the payment and delivery solution for shippable items in consumer goods, and a new tool for professional customers in Milanuncios.

Brazil

	Third quarter		(€ million)	YTD		
yoy%	2019	2020	Brazil	2020	2019	yoy%
-27%	22.0	16.0	Operating revenues	48.8	62.8	-22%
-34%	18.6	12.2	Operating expenses	38.0	61.6	-38%
11%	3.4	3.8	EBITDA	10.8	1.2	>100 %
	16%	24%	EBITDA margin	22%	2%	

Strong depreciation of brazilian real against euro compared to Q3 2019 continued to impact total revenue growth. However, operational revenue in the Brazil segment was back to growth in the quarter and increased by 4% in local currency driven by OLX.com.br acceleration towards the end of the quarter.

OLX.com.br in Brazil, which is a 50% owned joint venture, increased revenue in Q3 by 5% in local currency, driven by solid performance in indirect advertising and value added services, including new partnership in real estate and C2C financing in cars. In addition, classifieds revenues benefited from successful initiatives to improve clients satisfaction and enhance new sales. The national roll out of the transactional model took place during Q3.

Operational KPIs continued to be high in traffic and liquidity while supply was steadily increasing.

Infojobs.com.br in Brazil decreased its operational revenues by -10% in local currency; revenue from Professionals and Advertising were the main affected business lines due to the pandemic of Covid-19. Nonetheless, the trend improved month over month reducing the negative gap compared to Q3 2019.

In Q3, cumulative EBITDA increased by €0.2 million when compared to Q3 2019. OLX Brazil contributed positively, partly offset by InfoJobs Brazil due to revenue shortfall. OLX Brazil was positively impacted by a one-off tax credit over marketing expenses from previous years and the variation of the management long-term incentive in OLX Brazil. Even excluding those, EBITDA margin would have been improving compared to Q3 2019, as a result of the revenue increase and favorable phasing of marketing expenses, while we continued to invest in product & tech resources.

In Q3 we have increased safety through a new detection model for professional account take over. Besides, we have improved satisfaction through an upgraded real estate product for developers and trials with images on chat, among other initiatives. We received final approval from the antitrust authorities to the Grupo Zap acquisition and we expect to close the transaction in the coming weeks.

Global Markets

	Third quarter		(€ million)	YTD		
yoy%	2019	2020	Global Markets	2020	2019	yoy%
-9%	40.9	37.1	Operating revenues	106.4	122.1	-13%
-11%	34.4	30.7	Operating expenses	96.5	107.5	-10%
-1%	6.5	6.4	EBITDA	9.9	14.5	-32%
	16%	17%	EBITDA margin	9%	12%	

In order to fully align Global Markets segment reporting with Management reporting and to create full consistency between the Brazil and Global Markets segments when it comes to how Joint Ventures are presented, willhaben revenues and EBITDA are included on a 100% basis for both periods. For more details (including reconciliation information and historical numbers, please refer to the Investors section of the Adevinta website)

The Global Markets portfolio saw negative revenue growth of -9% compared to Q3 2019 (or -7% at constant currency) showing strong signs of recovery throughout the quarter amongst the challenging COVID-19 context led by Ireland and Willhaben. Classifieds revenues were down -7% year-on-year although improving throughout the quarter. Revenues in advertising were also down by -7% despite strong signs of recovery in September.

Q3 2020 EBITDA was flat year-on-year at €6.4 million as overall cost reductions and small positive one-off in Hungary offset the revenue decline and the further investment in Shpock as part of the transformation to a transactional model. Italy, willhaben, Ireland and Hungary all increased EBITDA when compared to Q3 2019 as revenues recovered and investment in personnel and marketing remained conservative on the back of the COVID-19 context.

During Q3 we announced the agreement to divest our investment phase operations in Colombia, Morocco and Tunisia. We will continue to assess the market opportunity and will adapt our investment efforts accordingly.

In Italy, we continued to focus on transformation with positive results such as growth in both traffic and content. In Motor we continued to gain share in content and dealers whilst Advertising performed well throughout the quarter with a good uplift in programmatic. Jobs revenue remained below prior year levels due to market contraction.

In willhaben, we have seen a strong recovery, with year-on-year growth in traffic and content and good lead generation in the verticals, although the Jobs vertical is still yet to recover to pre-COVID levels. Paylivery, a peer-to-peer payment and delivery service that was rolled out in Q2, continued to gain traction in Q3.

In Ireland, we also have seen year-on-year growth in traffic and content. We continued to focus on preserving relationships with Real Estate professional clients with commercial measures to provide support during the quarter proving successful in growing our agent market share beyond pre-Covid levels.

In Hungary, we continued to improve our transactional offering and have seen a resilient recovery in the Motor vertical. Jobs revenue remained below prior year levels due to unfavourable market environment.

Investment phase portfolio

The investment phase portfolio sits predominantly in our Global Markets segment. In this portfolio we continue to look at different models to develop these early stage assets.

The EBITDA of operations in the Investment phase amounted to €(2.9) million in Q3 compared to €(0.5) million in Q3 2019 mainly driven by investment in the transactional shift in Shpock which continued throughout the quarter and to a lesser extent Mexico and Chile with cost reductions unable to fully offset the revenue shortfalls.

Shpock continued to show accelerated growth in the transactional model during Q3 and we anticipate investment in marketing to ramp up significantly in Q4.

Headquarter and other

Headquarter and other costs comprise Adevinta's shareholder and central functions including central product and technology development.

Headquarter and other costs decreased 2.7 million euros year-on-year, to 15.1 million euros. They benefited from hosting costs optimization and administrative costs reduction such as travel expense and third-party services due to the Covid-19 context and restrictions.

Outlook

As a consequence of the current crisis, we see an acceleration of the trends that support the development of the digital economy. Strong secular shifts in online behavior and changing consumption patterns are driving expectations for more convenient user digital journeys. Professionals are rethinking their operating models and they're in demand for more efficient and digital content advertising solutions. In that context, we believe online classifieds marketplaces will play a more important role going forward.

Following the acquisition of eBay Classifieds Group we will become the world's leading online classifieds pure player with unprecedented scale. We will benefit from number 1 positions in 17 countries, covering 1 billion people. As the largest player in the sector, we will be uniquely positioned to accelerate growth. We will leverage our complementary expertise and know-how across geographies and verticals to ensure best-in-class product offering and user experience for our customers.

We remain confident in the resilience of our business and in our sustainable growth profile. Inherent operational leverage is strong in some geographies while the group will continue to invest in product & tech. This supports our long-term objectives for the current Adevinta portfolio. In addition we expect the eBay Classifieds acquisition to drive substantial and sustainable revenue and cost synergies with an estimated run-rate EBITDA impact of 134 to 165 million euros in the third year following its closing. Our strategic and financial targets for the combined entity will be unveiled subsequently.

As expected our performance has continued to improve in Q3, benefiting from positive market dynamics following the end of lockdowns, especially in the motor space, and from favorable customer trends, including accelerated adoption of transactional solutions. Looking ahead we remain cautious on the short-term perspectives in the context of growing restrictions in our key markets, shrinking clients' stock and rising unemployment rates due to macroeconomic uncertainty. The advertising market remains weak and the impact on group revenues is typically higher in Q4 due to seasonality. In Q3 we have successfully managed our cost base to mitigate the adverse impact of the crisis through savings initiatives and phase-out of expenses, leading to an exceptionally high level of EBITDA margin. We will catch up and accelerate investment in marketing and product and tech resources as from Q4 in order to drive future growth, secure our positions and seize opportunities that will arise from the crisis, leading to a decrease in EBITDA margin.

Group Overview

Operating profit

Revenue increased by 3% in Q3 2020, compared to Q3 2019, driven by organic and external growth in France offset by year-on-year decrease in other segments despite improving trends. Operating expenses increased by 3% in Q3 2020, compared to Q3 2019. Personnel expenses increased moderately compared to the same period last year as we continued to invest in talents and resources to support the long-term development of the business. Other operating expenses retracted year-on-year due to further cost saving initiatives in the quarter. As a result gross operating profit (EBITDA) increased by 5% in Q3 2020, compared to Q3 2019.

Share of profit (loss) of joint ventures and associates decreased from €1.1 million in Q3 2019 to €(0.9) million in Q3 2020 mainly driven by lower results in Brazil, largely explained by costs related to the Grupo Zap acquisition process. Other income and expenses increased from €(1.4) million in Q3 2019 to €(24.9) million in Q3 2020 mainly due to increase in acquisition-related costs. Other income and expenses are disclosed in note 4.

Operating profit (loss) in Q3 2020 amounted to €13.6 million (€41.0 million in Q3 2019). Please also refer to note 3 and note 4 to the condensed consolidated financial statements.

Net profit and earnings per share

Financial expenses include a €(23.9) million foreign exchange loss, mainly due to the depreciation of the BRL against the EUR (compared to a €(1.4) million foreign exchange loss in Q3 2019) and mostly driven by a decrease in fair value of derivatives amounting to €(21.5) million, from which €(12.9) million are related to the acquisition of Grupo Zap and €(8.6) million are related to the acquisition of eBay Classifieds Group. Net financial items are disclosed in note 5 to the condensed consolidated financial statements.

The underlying tax rate has increased from 28.2% in full year 2019 to 30.9% for the first three quarters of 2020. In 2019 the underlying tax rate was positively impacted by the application of previous year's tax losses related to some subsidiaries in France (excluding the effect of such tax loss compensation, the underlying tax rate for 2019 would have been 32.7%). The reported tax rate is (118)% in Q3 2020, compared to 42% in Q3 2019. The increase in the reported tax rate is due to increase in losses for which no deferred tax asset is recognized which is primarily related to loss on derivatives and acquisition-related costs.

Basic earnings per share in Q3 2020 is €(0.04) compared to €0.03 in Q3 2019. Adjusted earnings per share in Q3 2020 is €(0.00) compared to €0.03 in Q3 2019.

Financial position

The carrying amount of the Group's assets increased by €139.2 million to €2,259.0 million during 2020 and the Group's net interest-bearing debt decreased by €3.0 million to €193.7 million (see specification in Definitions and reconciliations below). The Group's equity ratio is 57% as at 30 September 2020, compared to 73% at the end of 2019.

The increase in the carrying amount of the Group's assets is mainly due to the cash received in April from the bridge loan secured through bilateral facilities with partner banks (the new facilities will support the closing of the Grupo Zap acquisition announced earlier in February). Also, the right-of-use assets and lease liabilities (from which, €84.6 million are included in other non-current liabilities and €16.6 million are included in other current liabilities) have increased by €34.7 million in 2020 due to new lease agreements (mainly the new office lease agreement entered into in France). These effects have been partially compensated by the reduction in Investments in joint ventures and associates as well as Intangible assets from business combinations in foreign currency (mainly BRL and CLP), when being translated to €.

As a result of the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about R$2.9 billion which will be funded equally by each joint venture partner, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure of the firm commitment of the Grupo Zap acquisition by locking the funding amount in €. The depreciation of the BRL against the € during 2020 has resulted in a decrease in fair value of those derivatives amounting to €(67.5) million, which has increased current liabilities related to financial derivatives by the same amount.

As a result of the agreement entered into to acquire eBay Classifieds Group, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure for the consideration to be paid in US$, locking the cash to be paid in €. The depreciation of the US$ against the € since July 2020 has resulted in a decrease in fair value of those derivatives. Some of these derivatives are not accounted for as hedges. As a consequence, €64.9 million have been recognised as foreign exchange losses in 2020, €56.3 million through OCI and €8.6 million as a financial expense.

On 25 February 2020, Adevinta refinanced 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 and variable interest rate was swapped to fixed interest rate. It was drawn by the NOK equivalent to €200 million and the proceeds were used to cancel the old facility. As a result of the depreciation of the NOK against the € since the loan was obtained the non-current interest-bearing debt has decreased by €6.3 million. This effect has been offset by an increase in other non-current liabilities of €6.7 million related to the fair value change of the swap derivative.

Cash flow

Net cash flow from operating activities was €89.8 million for the first three quarters of 2020, compared to €107.7 million within the same period in 2019. The decrease is primarily related to the decrease in operating profit.

Net cash outflow from investing activities was €(44.6) million for the first three quarters of 2020, compared to €(52.1) million within the same period in 2019. The decrease is mainly due to lower expenditure in the acquisition of subsidiaries and in the investments in other shares. Net cash inflow from financing activities was €212.2 million for the first three quarters of 2020, compared to €(23.7) million within the same period in 2019. The significant increase is primarily related to the cash received from the bridge loan in 2020, but also due to the fact that in 2019 Adevinta had a cash outflow to increase the ownership interest in Spain to 100% and settling net financing from Schibsted which was partly offset by obtaining external financing.

Digital services tax (DST)

The French DST was enacted during 2019. Due to the complexity of the law including the scope of the taxable services, the assessment of whether DST is applicable to Adevinta is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as at 30 September 2020. Please see note 6 to the condensed consolidated financial statements for further information.

During 2019 Italy approved DST legislation applicable as from January 2020. The DST will levy a 3% tax over certain digital services for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with payment expected to take place in 2021. Management has assessed that Italian DST, which mainly differs in definition of group threshold from the French DST, is applicable to Adevinta and hence a provision has been recognised as at 30 September 2020, but the impact is not expected to be material for Adevinta in 2020.

In October 2020 Spain approved a legislation to impose a 3% tax over certain digital services. The legislation is applicable to groups with worldwide revenues above €750 million and Spanish revenues applicable to DST above €3 million. The law will be effective January 2021 and payment is expected to take place in the same year. Management has assessed that Spanish DST, which mainly differs in definition of group threshold from the French DST but resembles Italian DST, will be applicable to Adevinta when effective.

Agreement to acquire eBay Classifieds Group

In July 2020, Adevinta announced that it has entered into a definitive agreement to acquire 100% of eBay Classifieds Group, the global classifieds arm of eBay Inc., for a headline value of approximately US$9.2 billion. The transaction, which is expected to be closed by Q1 2021, will lead to the creation of a globally scaled, pure-play online classifieds leader with a diversified and complementary portfolio of assets and brands. The press release published on 21 July 2020 is available at www.adevinta.com.

The consideration will be mainly paid in cash but also in shares of Adevinta (representing a 44% stake in pro forma Adevinta (of which c. 33.3% voting shares and the remainder non-voting shares)). At signing, Adevinta entered into some deal contingent hedges to fix the consideration to be paid in US$ at closing.

The closing of the transaction is subject to eBay Classifieds Group Dutch Works Council approval, regulatory approvals and customary closing conditions. Certain aspects of the transaction are also subject to shareholder approval in Adevinta. In connection with closing of the transaction, Adevinta will publish a listing prospectus for the listing of the new shares issued to eBay on the Oslo Stock Exchange.

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 R$2.9 billion. At signing, Adevinta entered into a deal contingent hedge to fix Adevinta's funding commitment in relation to the transaction in € and eliminate the currency risk. Final approval by Brazil's Antitrust Agency (CADE) was received in October 2020. closing is expected to take place shortly.

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 near term, financial performance will be affected negatively, but it is still too early to predict the full impact that COVID-19 will have on the business.

Adevinta's businesses have experienced reduced revenue due to the COVID-19 pandemic, which is an impairment indicator, and hence management has updated the estimated recoverable amount and compared this to the carrying amount for the relevant CGUs. Based on the current estimates, no impairment loss is recognised for the first three quarters of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to longer term, it may have an impact on assumptions applied for calculating the recoverable amount for fixed and intangible assets, including goodwill. Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of COVID-19 is obtained.

Adevinta had at the end of September 2020 net interest-bearing debt of €193.7 million and €726.7 million total liquidity available. Please refer to note 8 on new senior secured term loan B facility and senior secured notes.

Condensed Consolidated Financial Statements

Condensed consolidated income statement

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Operating revenues	**171.1**	**165.4**	**490.6**	**496.0**
Personnel expenses	(61.8)	(58.2)	(190.5)	(168.8)
Other operating expenses	(55.2)	(55.6)	(167.2)	(177.2)
Gross operating profit (loss)	**54.1**	**51.7**	**132.9**	**150.0**
Depreciation and amortisation	(14.7)	(10.4)	(43.3)	(32.1)
Share of profit (loss) of joint ventures and associates	(0.9)	1.1	1.5	1.6
Impairment loss	-	(0.0)	0.0	(0.3)
Other income and expenses	(24.9)	(1.4)	(29.4)	(8.9)
Operating profit (loss)	**13.6**	**41.0**	**61.7**	**110.3**
Net financial items	(26.3)	(2.6)	(93.8)	(3.7)
Profit (loss) before taxes	**(12.7)**	**38.4**	**(32.1)**	**106.6**
Taxes	(15.0)	(16.2)	(35.7)	(43.2)
Profit (loss)	**(27.7)**	**22.2**	**(67.8)**	**63.4**
Profit (loss) attributable to:				
Non-controlling interests	0.9	0.9	0.0	2.0
Owners of the parent	(28.6)	21.3	(67.8)	61.4
Earnings per share in €:				
Basic	(0.04)	0.03	(0.10)	0.09
Diluted	(0.04)	0.03	(0.10)	0.09

Condensed consolidated statement of comprehensive income

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Profit (loss)	**(27.7)**	**22.2**	**(67.8)**	**63.4**
Net gain/(loss) on cash flow hedges	(56.3)	-	(56.3)	-
Items not to be reclassified subsequently to profit or loss	**(56.3)**	**-**	**(56.3)**	**-**
Exchange differences on translating foreign operations	(19.9)	(15.4)	(119.9)	(4.5)
Net gain/(loss) on cash flow hedges	(1.3)	-	(2.9)	-
Change in fair value of financial instruments	(0.3)	-	(0.3)	-
Items to be reclassified subsequently to profit or loss	**(21.5)**	**(15.4)**	**(123.1)**	**(4.5)**
Other comprehensive income	**(77.8)**	**(15.4)**	**(179.4)**	**(4.5)**
Comprehensive income	**(105.5)**	**6.8**	**(247.2)**	**58.9**
Comprehensive income attributable to:				
Non-controlling interests	1.4	0.8	2.5	2.0
Owners of the parent	(106.9)	6.0	(249.7)	56.9

Condensed consolidated statement of financial position

	30 September	31 December
€ million	**2020**	**2019**
Intangible assets	1,364.2	1,394.8
Property, plant and equipment and right-of-use assets	111.7	85.9
Investments in joint ventures and associates	266.6	381.1
Other non-current assets	24.0	16.4
Non-current assets	**1,766.5**	**1,878.1**
Trade receivables and other current assets	131.9	169.9
Cash and cash equivalents	326.7	71.8
Assets held for sale	33.9	-
Current assets	**492.5**	**241.7**
Total assets	**2,259.0**	**2,119.8**
Equity attributable to owners of the parent	1,276.3	1,524.4
Non-controlling interests	17.4	14.4
Equity	**1,293.7**	**1,538.8**
Non-current interest-bearing borrowings	194.7	201.7
Other non-current liabilities	188.0	147.9
Non-current liabilities	**382.7**	**349.5**
Current interest-bearing borrowings	224.4	0.3
Other current liabilities	351.1	231.2
Liabilities directly associated with assets held for sale	7.1	-
Current liabilities	**582.6**	**231.5**
Total equity and liabilities	**2,259.0**	**2,119.8**

Condensed consolidated statement of cash flow

	Third quarter		First three quarters	
€ million	2020	2019	2020	2019
Profit (loss) before taxes	(12.7)	38.4	(32.1)	106.6
Depreciation, amortisation and impairment losses	14.8	10.4	43.3	32.4
Share of loss (profit) of joint ventures and associates, net of dividends received	0.9	(1.1)	(1.5)	(1.6)
Dividends received from joint ventures and associates	2.2	1.4	2.2	1.4
Taxes paid	(9.2)	(13.4)	(23.0)	(40.1)
Sales losses (gains) non-current assets and other non-cash losses (gains)	(1.7)	(0.3)	(2.4)	(0.3)
Net loss on derivative instruments at fair value through profit or loss	21.5	-	76.1	-
Other non-cash items and changes in working capital and provisions	18.0	1.6	27.2	9.4
Net cash flow from operating activities	**33.8**	**36.8**	**89.8**	**107.7**
Development and purchase of intangible assets and property, plant and equipment	(10.3)	(10.7)	(32.9)	(33.5)
Acquisition of subsidiaries, net of cash acquired	-	(0.6)	(7.5)	(10.9)
Proceeds from sale of intangible assets and property, plant and equipment	-	(0.0)	-	0.0
Proceeds from sale of subsidiaries, net of cash sold	-	0.0	0.2	0.0
Net sale of (investment in) other shares	(1.2)	(1.7)	(4.7)	(8.7)
Net change in other investments	0.8	1.3	0.3	1.0
Net cash flow from investing activities	**(10.7)**	**(11.8)**	**(44.6)**	**(52.1)**
Net cash flow before financing activities	**23.1**	**(25.1)**	**45.2**	**55.5**
Net change in interest-bearing loans and borrowings	0.8	0.0	223.9	148.7
Change in ownership interests in subsidiaries	-	(0.1)	-	(100.2)
Capital increase	-	0.0	-	7.8
IFRS 16 lease payments	(3.4)	(2.9)	(9.7)	(9.1)
Dividends paid to non-controlling interests	-	0.0	-	0.0
Net financing from (to) Schibsted ASA	-	0.0	-	(70.9)
Net sale (purchase) of treasury shares	-	0.0	(2.0)	0.0
Net cash flow from financing activities	**(2.6)**	**(2.9)**	**212.2**	**(23.7)**
Cash and cash equivalents related to the disposal group (see note 2)	(1.7)	-	(1.7)	-
Effects of exchange rate changes on cash and cash equivalents	(0.4)	(0.0)	(0.8)	(0.0)
Net increase (decrease) in cash and cash equivalents	**18.4**	**22.1**	**254.9**	**31.8**
Cash and cash equivalents at start of period	308.3	64.9	71.8	55.1
Cash and cash equivalents at end of period	**326.7**	**86.9**	**326.7**	**86.9**

Condensed consolidated statement of changes in equity

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	59.0	3.0	62.0
Transactions with the owners	148.4	(2.6)	145.8
Capital increase	*144.7*	*-*	*144.7*
Share-based payment	*2.0*	*-*	*2.0*
Dividends paid to non-controlling interests	*-*	*(3.6)*	*(3.6)*
Business combinations	*-*	*0.2*	*0.2*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.9)*	*0.8*	*(1.1)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 31 December 2019	**1,524.4**	**14.4**	**1,538.8**
Comprehensive income	(249.7)	2.5	(247.2)
Transactions with the owners	1.6	0.5	2.1
Capital increase	*-*	0.3	0.3
Share-based payment	*2.6*	*-*	*2.6*
Change in treasury shares	*(0.8)*	*-*	*(0.8)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0.2)*	*0.2*	*-*
Equity as at 30 September 2020	**1,276.3**	**17.4**	**1,293.7**

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	56.9	2.0	58.9
Transactions with the owners	146.8	0.8	147.6
Capital increase	*144.4*	*-*	*144.4*
Share-based payment	*0.6*	*0.0*	*0.6*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.8)*	*0.8*	*(1.0)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 30 September 2019	**1,520.8**	**16.7**	**1,537.5**

Notes

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

The Adevinta Group was established on 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. The company was listed on the Oslo Stock Exchange on 10 April 2019. Schibsted has retained a majority interest of 59.28% in Adevinta ASA.

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

The accounting policies adopted are consistent with those followed in preparing the Group's annual consolidated financial statements for 2019.

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

Operating segments

Management has assessed operating segments according to IFRS 8 Segments. Based on the internal reporting structure, Adevinta has identified France, Spain, Brazil and Global Markets as operating segments, which is in line with how the business will continue to be developed and managed by the chief operating decision maker.

As announced on 21 April 2020, Adevinta ASA has implemented minor changes in the financial reporting structure as of Q1 2020. The changes are made to fully align Global Markets segment reporting with Management reporting. Additionally, the change creates full consistency across segments when it comes to how joint ventures are presented. The main changes consist of including 100% of the Austrian 50% owned joint venture (willhaben) in the revenue and EBITDA of the Global Markets segment (100% of the revenue and EBITDA of willhaben is removed in Eliminations), fully consistent with how OLX Brazil is presented. Also, certain expenses related to Business Area management of the Global Markets segment have been moved from the HQ/Other segment to Global Markets. The Group consolidated figures are unchanged.

In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil and willhaben are accounted for using the equity method of accounting. The segment figures for Brazil and for willhaben in Global Markets 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.

Note 2. Changes in the Composition of the Group

At the end of July 2020 Adevinta has received an offer from Frontier Digital Ventures (FDV) to sell the subsidiaries, Avito (Morocco), Tayara (Tunisia) and Fincaraiz (Colombia) and, as mentioned in note 8, an agreement has been signed with FDV on 8 October 2020 for the sale of these subsidiaries. All three subsidiaries will be disposed of together as a group in a single transaction. The business of the disposal group is included in the Group's Global Markets operating segment. The disposal is in line with Adevinta's portfolio optimisation strategy. On 30 September 2020 the associated assets and liabilities of the disposal group were presented as held for sale. The disposal group does not represent a separate major line of business, thus does not qualify as discontinued operations.

The following assets and liabilities were reclassified as held for sale as at 30 September 2020:

Assets and liabilities classified as held for sale	30 September 2020	31 December 2019
Assets classified as held for sale		
Intangible assets	25.0	-
Trade receivables	5.7	-
Other assets	1.4	-
Cash and cash equivalents	1.7	-
Total assets of the disposal group held for sale	**33.9**	**-**
Liabilities directly associated with assets classified as held for sale		
Other liabilities	7.1	-
Total liabilities of the disposal group held for sale	**7.1**	**-**

The cumulative foreign exchange losses recognised in other comprehensive income in relation to the disposal group as at 30 September 2020 were €0.3 million.

Note 3. Operating Segment Disclosures

Management has assessed operating segments according to IFRS 8 Segments. Based on the 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, L'Argus and Pilgo.

Spain comprises primarily InfoJobs, Coches.net, Motos.net, 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 (sold in Q2 2020); Shpock in Austria, Germany and United Kingdom; and willhaben in Austria. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, willhaben is accounted for using the equity method of accounting. The segment figures for willhaben in Global Markets 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.

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

Eliminations comprise reconciling items related to OLX Brazil, willhaben 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).

The operating segments correspond to the management structure and the internal reporting to the Group's chief operating decision maker, defined as the CEO.

Operating revenues and profit (loss) by operating segments

Third quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	99.8	41.9	16.0	37.0	0.6	(24.2)	171.1
Operating revenues from other segments	0.3	-	-	0.1	0.4	(0.8)	-
Operating revenues	**100.1**	**41.9**	**16.0**	**37.1**	**1.0**	**(25.0)**	**171.1**
Gross operating profit (loss) excl. Investment phase	50.2	14.8	3.8	9.3	(15.1)	(6.0)	57.0
Gross operating profit (loss)	50.2	14.8	3.8	6.4	(15.1)	(6.0)	54.1
Operating profit (loss)	**44.9**	**11.4**	**(1.8)**	**3.3**	**(43.9)**	**(0.3)**	**13.6**

First three quarters 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	282.9	121.3	48.8	105.9	4.3	(72.6)	490.6
Operating revenues from other segments	0.7	-	-	0.5	1.2	(2.4)	-
Operating revenues	**283.6**	**121.3**	**48.8**	**106.4**	**5.5**	**(75.0)**	**490.6**
Gross operating profit (loss) excl. Investment phase	138.0	39.4	10.8	20.0	(46.6)	(18.6)	143.0
Gross operating profit (loss)	138.0	39.4	10.8	9.9	(46.6)	(18.6)	132.9
Operating profit (loss)	**119.5**	**30.3**	**2.2**	**7.3**	**(92.6)**	**(5.0)**	**61.7**

Third quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	85.6	45.3	22.0	40.2	2.1	(29.8)	165.4
Operating revenues from other segments	0.2	-	-	0.6	0.2	(1.0)	-
Operating revenues	**85.7**	**45.3**	**22.0**	**40.9**	**2.3**	**(30.8)**	**165.4**
Gross operating profit (loss) excl. Investment phase	48.3	16.0	3.4	7.0	(17.8)	(4.8)	52.2
Gross operating profit (loss)	48.3	16.0	3.4	6.5	(17.8)	(4.8)	51.7
Operating profit (loss)	**44.8**	**13.5**	**2.5**	**4.0**	**(22.0)**	**(1.9)**	**41.0**

First three quarters 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	255.6	135.1	62.8	121.0	7.7	(86.3)	496.0
Operating revenues from other segments	0.4	-	-	1.0	1.8	(3.2)	-
Operating revenues	**255.9**	**135.1**	**62.8**	**122.1**	**9.5**	**(89.5)**	**496.0**
Gross operating profit (loss) excl. Investment phase	141.6	44.2	1.2	20.2	(44.1)	(7.5)	155.7
Gross operating profit (loss)	141.6	44.2	1.2	14.5	(44.1)	(7.5)	150.0
Operating profit (loss)	**131.4**	**35.4**	**(1.3)**	**6.5**	**(59.2)**	**(2.4)**	**110.3**

Operating revenues by category:

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Advertising revenues	29.9	31.0	81.8	96.1
Classifieds revenues	139.3	130.2	401.4	387.3
Other operating revenues	1.9	4.2	7.4	12.5
Operating revenues	**171.1**	**165.4**	**490.6**	**496.0**

Disaggregation of revenues by category:

Third quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	16.6	5.6	0.1	7.6	-	29.9
Classified revenues	82.2	36.3	1.0	19.7	0.1	139.3
Other revenues	1.0	-	-	0.1	0.4	1.5
Revenues from contracts with customers	**99.8**	**41.9**	**1.1**	**27.4**	**0.5**	**170.7**
Revenues from lease contracts, government grants and others	0.0	-	-	0.3	0.1	0.4
Operating revenues from external customers	**99.8**	**41.9**	**1.1**	**27.7**	**0.6**	**171.1**

First three quarters 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	44.9	14.9	0.4	21.6	-	81.8
Classified revenues	235.4	106.4	3.2	56.3	0.1	401.4
Other revenues	2.6	-	-	0.2	2.0	4.8
Revenues from contracts with customers	**282.9**	**121.3**	**3.6**	**78.1**	**2.1**	**488.0**
Revenues from lease contracts, government grants and others	0.0	-	-	0.4	2.2	2.6
Operating revenues from external customers	**282.9**	**121.3**	**3.6**	**78.5**	**4.3**	**490.6**

Third quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	16.9	5.4	0.3	8.5	-	31.0
Classified revenues	66.4	40.5	1.5	21.8	0	130.2
Other revenues	2.3	(0.6)	-	0.2	1.7	3.6
Revenues from contracts with customers	**85.5**	**45.3**	**1.7**	**30.6**	**1.8**	**164.9**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	0.4	0.5
Operating revenues from external customers	**85.6**	**45.3**	**1.7**	**30.7**	**2.1**	**165.4**

First three quarters 2019	France	Spain	Brazil	Global	Other /	Total

€ million				Markets	Headquarters	
Advertising revenues	51.4	16.5	0.7	27.5	-	96.1
Classified revenues	200.4	118.6	4.4	63.8	0.1	387.3
Other revenues	3.7	0.1	-	0.6	6.6	11.0
Revenues from contracts with customers	**255.5**	**135.1**	**5.1**	**92.0**	**6.7**	**494.4**
Revenues from lease contracts, government grants and others	0.0	-	-	0.3	1.2	1.5
Operating revenues from external customers	**255.6**	**135.1**	**5.1**	**92.3**	**7.9**	**496.0**

Note 4. Other Income and Expenses

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Restructuring costs	(0.6)	(0.5)	(1.6)	(3.9)
Gain (loss) on sale of subsidiaries, joint ventures and associates	1.6	0.4	2.3	0.4
Gain (loss) on sale of intangible assets, property, plant and equipment and investment property	-	(0.0)	0.0	(0.0)
Gain (loss) on amendment of pension plans	-	0.0	-	0.0
Acquisition-related costs	(23.9)	(0.4)	(26.2)	(0.7)
Integration-related costs	(1.5)	0.0	(1.5)	0.0
IPO-related costs	(0.5)	(0.9)	(2.3)	(4.9)
Other	(0.0)	0.0	(0.1)	0.1
Total other income and expenses	**(24.9)**	**(1.4)**	**(29.4)**	**(8.9)**

Acquisition-related costs of €(26.2) million and integration-related costs of €(1.5) million mainly related to the upcoming acquisition of eBay Classifieds Group.

IPO-related costs of €(2.3) million mainly related to the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019.

Note 5. Net Financial Items

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Net interest income (expenses)	(1.3)	(0.9)	(3.5)	(4.8)
Net foreign exchange gain (loss)	(23.9)	(1.4)	(87.0)	2.0
Net other financial income (expenses)	(1.1)	(0.2)	(3.3)	(0.8)
Net financial items	**(26.3)**	**(2.6)**	**(93.8)**	**(3.7)**

Pursuant to the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about R$2.9 billion which will be funded equally by each joint venture partner, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure of the firm commitment of the Grupo Zap acquisition by locking the funding amount in €. The depreciation of the BRL against the € during 2020 has resulted in a decrease in fair value of those derivatives amounting to €(67.5) million, which has increased current liabilities related to financial derivatives by the same amount.

Pursuant to the agreement entered into to acquire eBay Classifieds Group, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure for the consideration to be paid in US$, locking the cash to be paid in €. The depreciation of the US$ against the € since July 2020 has resulted in a decrease in fair value of those derivatives. Some of these derivatives are not accounted for as hedges. As a consequence, €64.9 million have been registered as foreign exchange losses, €56.3 million through OCI and €8.6 million as a financial expense.

Note 6. Contingent Liabilities

Digital Services Tax in France

The French digital services tax legislation (DST) was enacted during 2019. The main features of the DST bill are a single rate of 3% to be levied on gross revenue derived from two types of activities if deemed to be made or supplied in France:

• The supply, by electronic means, of a digital interface that allows users to contact and interact with other users, in particular in view of delivering goods or services directly between those users.

• Services provided to advertisers or their agents enabling them to purchase advertising space located on a digital interface accessible by electronic means in order to display targeted advertisements to users located in France, based on data provided by such users.

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

• €750 million of worldwide revenue; and,

• €25 million of revenue generated in France.

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

Due to the complexity of the law the assessment of whether DST is applicable to Adevinta Group is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as at 30 September 2020.

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.

Should the interactions with the French Tax Authorities and other actions conclude differently, the DST amounts applicable to Adevinta are not expected to exceed €9.0 million for 2019 and €6.8 million for the first three quarters of 2020. Management will continue to work with the French tax authorities to obtain further clarification on this matter.

Note 7. Other Matters

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 near term, financial performance will be affected negatively, but it is still too early to predict the full impact that COVID-19 will have on the business.

Adevinta had at the end of September 2020 net interest-bearing debt of €193.7 million and €726.7 million total liquidity available. Please refer to note 8 on new senior secured term loan B facility and senior secured notes.

Adevinta's businesses have experienced reduced revenue due to the COVID-19 pandemic, which is an impairment indicator, and hence management has updated the estimated recoverable amount and compared this to the carrying amount for the relevant CGUs. The recoverable amount of a CGU is the higher of an asset's fair value less costs of disposal and value in use. Value in use is assessed by discounting estimated future cash flows. Reference is made to the carrying amounts, principles and estimation uncertainty and sensitivity for impairment testing disclosed in note 15 in Adevinta's annual report for 2019.

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 is significantly higher in periods with uncertain macroeconomic prognosis as it is the case during COVID-19.

Adevinta has goodwill and other non-current assets related to CGUs in certain markets that presently recognise negative or low profitability due to large investments in market positions and immature monetisation rates.

These CGUs are dependent on future growth in profitability to recover goodwill. This mainly applies to Mexico and Chile where there is an increased uncertainty about the future performance due to COVID-19 and the recoverable amounts are close to the carrying amounts. The recoverable amounts can be significantly affected by assumptions applied for discount rates, sustained growth and future cash flows which are uncertain at this stage.

Management has based its current estimates of future cash flows on the expectation that the businesses will recover from COVID-19 in early 2021 and the discount rates are based on an expected stabilization of volatility, risk premiums and interest rates at levels prior to the COVID-19 outbreak. However, management believes it is still too early to predict the full impact that COVID-19 will have on the business and financial markets as the situation is still developing although appropriate measures are being applied to ensure business continuity. Should management's current expectations not be met, then that could result in impairment losses.

Based on the current estimates, no impairment loss is recognised for the first three quarters of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to longer term, it may have an impact on assumptions applied for calculating the recoverable amount for fixed and intangible assets, including goodwill. Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of COVID-19 is obtained.

Government measures

Government grants are recognised when there is reasonable assurance that the conditions attaching to the grants will be complied with and that the grants will be received.

The grants related to income are recognised as other income unless they directly relate to specific expense items. In the latter case these grants are deducted from the related expenses.

Adevinta has made use of certain measures implemented by governments in different territories to mitigate the effect of COVID-19. Such measures primarily relate to employees being temporarily laid off in Spain and France and deferrals in payment terms of taxes and other levies. These measures contributed positively to operating profit in Q3 with €0.9 million, but negatively to the cash flow from operating activities in Q3 with €(7.5) million, as the deferred payments from Q2 were paid during Q3 and these payments exceed the deferrals in Q3.

Note 8. Events After the Balance Sheet Date

Agreement to acquire Grupo ZAP

On 1 October 2020, the Brazil's Antitrust Agency (CADE) issued the formal approval for the transaction and we expect the acquisition to close before the end of 2020 or in early 2021.

Agreement to sell Avito, Tayara and Fincaraiz

On 8 October 2020, Adevinta signed an agreement to sell the subsidiaries, Avito (Morocco), Tayara (Tunisia) and Fincaraiz (Colombia) as a group in a single transaction to Frontier Digital Ventures (FDV), a company specializing in online marketplaces in emerging markets. The sale will be recognized in Q4, when the transaction is expected to be closed.

New senior secured Term Loan B facility and Senior Secured Notes

On 22 October 2020, Adevinta announced that it has priced:

- an offering of approximately €1,060 million aggregate principal amount of senior secured notes (the "Notes"). The Notes consist of two tranches:€660 million aggregate principal amount of Notes due 2025, bearing interest at a rate of 2.625% per annum and €400 million aggregate principal amount of Notes due 2027 at a rate of 3.000% per annum. The Notes are expected to be issued on 5 November 2020, subject to customary closing conditions.

- a new senior secured Term Loan B facility consisting of a €900 million EUR-denominated tranche (the "EUR TLB") and a $506 million US$ denominated tranche (the "USD TLB). The EUR TLB will bear interest at a rate per annum equal to EURIBOR (subject to a floor of zero) plus 3.250%, subject to a leveraged based margin ratchet. The USD TLB will bear interest at a rate per annum equal to LIBOR (subject to a 0.75% floor) plus 3.000% subject to a leveraged based margin ratchet. Adevinta has entered into a cross currency interest rate swap, effectively converting the $506 million US$ TLB into €427 million with an all-in fixed rate of 3.169%.

Adevinta intends to use the proceeds from the Notes and Term Loan B to, among other things, fund a portion of the cash consideration for the acquisition (the "Acquisition") of the eBay Classifieds group ("eCG") and refinance existing debt.

The gross proceeds from the issuance of the Notes will be placed into a segregated escrow account pledged in favour of the holders of the Notes. The proceeds of the Notes will be released from escrow, and the Term Loan B will be funded, immediately prior to completion of the Acquisition, subject to satisfaction of certain customary conditions.

The Term Loan B and the Notes will be guaranteed by certain subsidiaries of Adevinta and eCG and secured by shares of certain of the guarantors as well as certain material bank accounts and the intercompany receivables of Adevinta.

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 are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below:

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 characterised by growth phase with large investments in market positions, immature monetisation 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.
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 monetisation 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 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.

Underlying tax rate	Underlying tax rate is defined as tax cost excluding effects that do not result in current tax payables.	Management believes that adjusted tax rate represents a more understandable measure of what is tax payable by the Group.
Liquidity reserve	Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.	Management believes that liquidity reserve shows the total liquidity available for meeting current or future obligations.
Interest-bearing debt/Total debt	Interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities. Total debt is defined as interest-bearing debt.	Management believes that it is a useful indicator of the company's debt profile. This has been added as a new APM in Q3 to permit a more complete and comprehensive analysis of the company's debt profile and its ability to meet its debt obligations.
Net interest-bearing debt/Total net debt	Net interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities less cash and cash equivalents and cash pool holdings. Total net debt is defined as net interest-bearing debt.	Management believes that net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the 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. In Q3 2020 lease liabilities have been included in net interest bearing debt as this will provide more relevant information to the users.
Earnings per share adjusted (EPS (adj.))	Earnings per share adjusted for other income and expenses, impairment loss, non-controlling interests related to other income and expenses and impairment loss and taxes.	The measure is used for comparing earnings to shareholders adjusted for income and expenses related transactions and events net of tax not considered by management to be part of operating activities. Management believes the measure enables an evaluation of value created to shareholder excluding effects of non-operating events and transactions.
Revenues adjusted for currency fluctuations	Growth rates on revenue adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation.
Organic revenue growth	Revenue growth adjusted for the effects of currency movements and changes in the scope of consolidation.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation and changes in consolidation scope.

Developed Phase and Investment Phase

Developed Phase	
Consolidated Subsidiaries	**Joint ventures and associates**
• France: leboncoin, MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo • Spain: Coches.net, Motos.net, 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 • Chile: Yapo • Mexico: Segundamano • Morocco: Avito • Belarus: Kufar • Dominican Republic: Corotos (sold in Q2 2020) • Tunisia: Tayara	• Indonesia: OLX • Portugal: Custo Justo (associate from Q3 2018)

	Third quarter		First three quarters	
Reconciliation of EBITDA (before other income and expenses, impairment, joint ventures and associates) (€ million)	**2020**	**2019**	**2020**	**2019**
Gross operating profit (loss)	**54.1**	**51.7**	**132.9**	**150.0**
= EBITDA (before other income and expenses, impairment, JVs and associates)	54.1	51.7	132.9	150.0

	Third quarter		First three quarters	
Reconciliation of Operating revenues and EBITDA excl. Investment phase and in accordance with financial statements (€ million)	**2020**	**2019**	**2020**	**2019**
Operating revenues	**171.1**	**165.4**	**490.6**	**496.0**
Operating revenues Investment phase	5.4	7.0	15.9	21.3
Operating revenues excl. Investment phase	165.7	158.4	474.7	474.7
Gross operating profit (loss)	**54.1**	**51.7**	**132.9**	**150.0**
EBITDA Investment phase	(2.9)	(0.5)	(10.1)	(5.7)
EBITDA excl. Investment phase	57.0	52.2	143.0	155.7

Underlying tax rate (€ million)	Third quarter 2020	Third quarter 2019	First three quarters 2020	First three quarters 2019
Profit (loss) before taxes	(12.7)	38.4	(32.1)	106.6
Share of profit (loss) of joint ventures and associates	0.9	(1.1)	(1.5)	(1.6)
Other losses for which no deferred tax benefit is recognised	59.5	8.6	151.6	25.4
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	4.3	(0)	(2.3)	(0)
Impairment losses	-	-	-	-
Adjusted tax base	**52.0**	**45.5**	**115.7**	**130.0**
Taxes	15.0	16.2	35.7	43.2
Underlying tax rate	28.8%	35.6%	30.9%	33.2%

Liquidity reserve	30 September 2020	31 December 2019
Cash and cash equivalents	326.7	71.8
Unutilised drawing rights on credit facilities	400.0	100.0
Liquidity reserve	**726.7**	**171.8**

Net interest-bearing debt	30 September 2020	31 December 2019
Non-current interest-bearing borrowings	194.6	201.7
Lease liabilities, non-current	84.6	53.2
Total non-current liabilities	**279.2**	**254.9**
Current interest-bearing borrowings	224.6	0.3
Lease liabilities, current	16.6	13.3
Total current liabilities	**241.2**	**13.6**
Interest-bearing debt	**520.4**	**268.5**
Cash and cash equivalents	(326.7)	(71.8)
Net interest-bearing debt	**193.7**	**196.7**

Earnings per share - adjusted	Third quarter 2020	Third quarter 2019	First three quarters 2020	First three quarters 2019
Profit (loss) attributable to owners of the parent	(28.6)	21.3	(67.8)	61.4
Other income and expenses	24.9	1.4	29.4	8.9
Impairment loss	-	0.0	-	0.3
Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	1.2	(0.2)	(0.7)	(0.7)
Profit (loss) attributable to owners of the parent - adjusted	**(2.5)**	**22.5**	**(39.1)**	**70.0**
Earnings per share – adjusted (EUR)	(0.00)	0.03	(0.06)	0.10
Diluted earnings per share – adjusted (EUR)	(0.00)	0.03	(0.06)	0.10

Currency rates used when converting profit or loss	Third quarter 2020	Third quarter 2019	First three quarters 2020	First three quarters 2019
Pound sterling (GBP)	1.1050	1.1089	1.1314	1.1331
Brazilian Real (BRL)	0.1592	0.2269	0.1776	0.2293

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Financial Calendar

For information regarding conferences, roadshows and other investor questions, please visit www.adevinta.com/ir

Q2 2020

Interim Report

July 16 2020

Adevinta Highlights

Highlights of Q2 2020

Stronger-than-expected recovery, especially in France

- Operational KPIs improving in all segments throughout Q2
- Total revenues[1] down 16% but performance improving month by month
- Online classifieds revenues[1] decreased 12%
- Display advertising revenues[1] decreased 32%
- France back to positive organic growth in June

Strong EBITDA[1] performance despite significant drop in revenues and sustained investment in P&T

- Margin flat yoy
- Expected dilutive impact of acquisitions and of corporate functions set up
- Sustained investment in P&T
- Successful cost saving initiatives

Product & technology achievements

- Deployment of end-to-end transactional solution in various markets
- Increasing use of machine learning

Strong financial position securing ability to invest organically and externally

- Leverage ratio of 0.6x at end of June
- Cash & cash equivalent at €308m
- Undrawn €400m RCF

Further progress in the preparation for the acquisition of Grupo Zap

Rolv Erik Ryssdal, CEO

In recent months, Covid-19 has upended the daily lives of citizens and economies across the world. As anticipated, our Q2 performance was impacted negatively. Nonetheless, we have seen strong improvement throughout the quarter in all segments. We are now back to pre-covid levels and above last year's levels in terms of traffic and leads in most markets. We have even reached record-high traffic in some countries like France, Spain and Austria.

Our financial performance has recovered faster than expected, especially in France, where we posted positive organic growth in June.

We successfully implemented cost saving initiatives, which has allowed us to mitigate to some extent the impact on our profits while we continued to invest in product and technology to support future growth.

Consumer behaviour is changing at an accelerated pace. The drive for more convenience, trust and transparency, as well as the shift toward more sustainable consumption, has amplified the role of online marketplaces. For our professional clients online advertising has become an increasingly important part of their operating model. Their needs and feedback have continued to underpin our product development roadmap. We have accelerated building transactional solutions in our products, whilst improving our offerings and efficiency. As a leading player in our markets and a highly trusted business partner we have helped our clients to restart their activities as soon as they could safely do so. This puts us in an even better position for the years to come.

Looking ahead, we expect our recovery to continue, with positive growth in France and further improvement in other countries in the second-half of the year, and beyond. The macro environment may be uncertain in the near term, but we are excited about the long-term opportunities in our markets and remain confident about our long-term sustainable growth profile.

[1] *Proportionate basis incl JVs*

For definition of EBITDA please see section Definitions and reconciliations. Adevinta implemented IFRS 16 from 1 January 2019.

Key financial numbers

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

	Second quarter		(€ million)	YTD		
yoy%	2019	2020		2020	2019	yoy%
-16%	**184.6**	**155.8**	**Operating revenues incl. JVs**	**343.8**	**359.0**	**-4%**
-15%	**49.9**	**42.5**	**EBITDA incl. JVs**	**85.0**	**99.6**	**-15%**
	27%	27%	EBITDA margin incl. JVs	25%	28%	
			Operating revenues - segments			
-3%	88.5	86.0	France	183.5	170.2	8%
-28%	46.0	33.0	Spain	79.4	89.9	-12%
-34%	20.3	13.4	Brazil	32.7	40.8	-20%
-23%	41.8	32.1	Global Markets	69.3	81.2	-15%
			EBITDA - segments			
-15%	48.2	40.8	France	87.8	93.3	-6%
-30%	15.5	10.8	Spain	24.5	28.1	-13%
>100 %	(7.0)	4.6	Brazil	7.0	(2.2)	>100 %
-69%	5.1	1.6	Global Markets	3.6	8.0	-56%
			Cash flow			
-33%	19.8	13.3	Net cash flow from operating activities	56.0	70.8	-21%

Key consolidated financial figures

	Second quarter		(€ million)	YTD		
yoy%	2019	2020	Consolidated financial figures	2020	2019	yoy%
-15%	**170.3**	**145.0**	**Operating revenues - segments**	**319.5**	**330.6**	**-3%**
-3%	88.5	86.0	France	183.5	170.2	8%
-28%	46.0	33.0	Spain	79.4	89.9	-12%
-34%	20.3	13.4	Brazil	32.7	40.8	-20%
-23%	41.8	32.1	Global Markets	69.3	81.2	-15%
-17%	3.0	2.4	Other and Headquarters	4.5	7.2	-38%
25%	(29.2)	(21.9)	Eliminations	(49.9)	(58.7)	15%
-26%	**52.3**	**38.7**	**Gross operating profit (EBITDA) - segments**	**78.8**	**98.3**	**-20%**
-15%	48.2	40.8	France	87.8	93.3	-6%
-30%	15.5	10.8	Spain	24.5	28.1	-13%
>100 %	(7.0)	4.6	Brazil	7.0	(2.2)	>100 %
-69%	5.1	1.6	Global Markets	3.6	8.0	-56%
19%	(14.2)	(11.5)	Other and Headquarters	(31.5)	(26.2)	-20%
-261%	4.7	(7.6)	Eliminations	(12.6)	(2.7)	-369%
			Proportional ownership view			
-16%	**184.6**	**155.8**	**Operating revenues incl. JVs**	**343.8**	**359.0**	**-4%**
-15%	**49.9**	**42.5**	**EBITDA incl. JVs**	**85.0**	**99.6**	**-15%**
	27%	27%	EBITDA margin incl. JVs	25%	28%	

Operational Development

Commentary and financial numbers in the Operational Development section of this report refers to proportionate numbers including JVs.

Adevinta Overview

	Second quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**ADEVINTA**	**2020**	**2019**	**yoy%**
-15%	**170.3**	**145.0**	**Operating revenues**	**319.5**	**330.6**	**-3%**
-25%	14.3	10.7	Proportional revenues from JVs	24.2	28.4	-15%
-16%	**184.6**	**155.8**	**Operating revenues incl. JVs**	**343.8**	**359.0**	**-4%**
-26%	**52.3**	**38.7**	**EBITDA**	**78.8**	**98.3**	**-20%**
-21%	54.0	42.6	- of which Developed phase	86.0	103.5	-17%
-136%	(1.7)	(3.9)	- of which Investment phase	(7.2)	(5.2)	-39%
	31%	27%	EBITDA margin	25%	30%	
>100 %	(2.4)	3.8	Proportional EBITDA from JVs	6.3	1.3	>100 %
-15%	**49.9**	**42.5**	**EBITDA incl. JVs**	**85.0**	**99.6**	**-15%**
	27%	27%	EBITDA margin incl. JVs	25%	28%	

Revenues, including JVs, declined 16% in Q2 compared to Q2 2019 (or -20% excluding L'Argus) strongly impacted by COVI-19 in all of our markets. After a significant decline in April, trends are improving month by month in all regions and France even returned to positive year-on-year organic growth in June. Classifieds revenues were down 12% in the quarter, while display advertising revenues were down 32%. L'Argus acquisition added 3.9 points to total revenue growth but changes in exchange rate had a negative 1.5 point impact.

Gross operating profit (EBITDA) decreased by 15% yoy. The negative impact of COVID-19 in our main markets was partially mitigated by strong cost reduction initiatives implemented throughout the group. During the period we continued to invest in product & technology (at central and business levels) to drive future growth, capture the accelerated consumer trends and operational efficiency. Compared to last year, the set up of corporate functions had a negative effect, as anticipated, while we benefited from positive one-offs in other costs where we recognized UK government grants as R&D credits.

France

	Second quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**France**	**2020**	**2019**	**yoy%**
-3%	88.5	86.0	Operating revenues	183.5	170.2	8%
-12%	40.2	45.1	Operating expenses	95.7	76.9	24%
-15%	48.2	40.8	EBITDA	87.8	93.3	-6%
	54%	47%	EBITDA margin	48%	55%	

Revenues in France contracted by 3% in the second quarter (or -11% excluding L'Argus), significantly impacted by the challenging business environment implied by the COVID-19. Total classifieds revenues grew 5% compared to last year (including contribution from L'Argus), driven by subscription revenue for cars and real estate verticals and ramp up in transactional. The lockdown of the country significantly impacted the revenue performance in April. Following the lifting of the lockdown, the trend improved and revenue returned to double digit growth in June driven by classifieds while Advertising remained subdued below previous year level.

EBITDA margin decreased 7 pp strongly impacted by the drop in April and May revenues but also due to the dilutive impact of acquisitions and investment in the transactional model ahead of revenue generation. Several initiatives, along with government support measures related to employees, were implemented during the lockdown to mitigate the shortfall in revenues. Nevertheless, since mid May, strong marketing investments have been activated.

Traffic dropped significantly following the lockdown of the country but strong recovery was seen during April and in May, with traffic reaching record levels. Similar trends were observed in leads.

In Q2 we continued to ramp-up a full transactional solution and enhanced the delivery solution with a partnership with La Poste offering additional shipping options within Consumer Goods. The number of daily transactions doubled compared to February. We launched a comprehensive tourism offering with attractive commercial conditions to increase our position in the holiday rental segment by integrating Pilgo and Locasun into the offering. We also improved our offering with pricing tools in real estate, the integration of L'Argus valuation tool and payment solutions in cars, and CV library and dedicated seekers' universe in jobs.

Spain

	Second quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**Spain**	**2020**	**2019**	**yoy%**
-28%	46.0	33.0	Operating revenues	79.4	89.9	-12%
-27%	30.6	22.2	Operating expenses	54.9	61.7	-11%
-30%	15.5	10.8	EBITDA	24.5	28.1	-13%
	34%	33%	EBITDA margin	31%	31%	

Revenues in Spain saw negative growth of -28% in Q2 compared to Q2 2019 significantly impacted by the full lockdown, although gradually recovering as the restrictions were uplifted. Classifieds revenues were down 28% compared to Q2 2019; impacted by selected discounts offered to professional customers as part of the tailored and reactive customer-support strategy. Real estate and cars markets, which were hit by the decrease of transactions in April and May, were recovering in June. Jobs benefited from the resilience of annual contract revenues. Other revenue drivers were highly impacted by the decrease in signed employment contracts and the economy contraction but recovering towards the end of Q2.

Display advertising decreased by 31% year-over-year (though representing a limited share of total revenues), impacted by reduction in advertising budget of many companies. However, we have seen programmatic revenues back to normal levels in June in line with traffic recovery.

Traffic developed positively, to above last year levels from May. Our real estate marketplaces reached all-time-high KPI's in May and June and we saw great recovery in motor, back to pre-COVID level in June.

The EBITDA margin decreased 1pp, strongly impacted by the decline in revenues in April and May. The successful execution of cost saving initiatives partially mitigated the impact of the revenue drop on profitability. They included reductions in marketing investment, selective temporary working hours reduction and negotiation with key providers.

In Q2, we have kept the focus on our strategy of improving our products, developing key convergence projects and enhancing our monetisation. We have improved the search experience with machine learning and deployed new products to increase engagement in jobs. We have adjusted our value proposition with the launch of new product features to facilitate acquisition of content in cars and the accelerated introduction of 3D experiences in real estate. We have prioritised and accelerated the development of a payment and delivery solution in Milanuncios.

Brazil

	Second quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**Brazil**	**2020**	**2019**	**yoy%**
-34%	20.3	13.4	Operating revenues	32.7	40.8	-20%
-68%	27.3	8.8	Operating expenses	25.7	43.0	-40%
>100 %	(7.0)	4.6	EBITDA	7.0	(2.2)	>100 %
		34%	EBITDA margin	21%		

Strong depreciation of brazilian real against euro compared to Q2 2019 impacted total revenue growth. Operational revenue in the Brazil segment decreased by 11% in local currency strongly impacted by COVID-19, with recovery underway towards the end of the quarter.

OLX.com.br in Brazil, which is a 50% owned joint venture, decreased revenue in Q2 by 10% in local currency, due to a slowdown in supply in real estate and car verticals and in direct advertising. We saw recovery in professional revenues driven by successful initiatives to improve retention and new sales, and also in indirect advertising, above pre-COVID levels, due to improvement in formats and boost in traffic from mid May. Acceleration in the deployment of a transactional model continues to position ourselves for future growth.

Operational KPIs suffered a hit at the beginning of the lockdown but gradually recovered. We saw great development in traffic and liquidity from mid May, reaching all time high in daily active users.

Infojobs.com.br in Brazil decreased its operational revenues by -23% in local currency; professional revenue significantly affected by the pandemic of Covid-19.

In Q2, cumulative EBITDA increased by €12 million when compared to Q2 2019. This was positively impacted by a one-off reversal of the management long-term incentive in OLX Brazil. Excluding this one-off impact, EBITDA margin would have seen a decrease of 6 percentage points vs Q2 2019 (an EBITDA margin of 12%), as a result of the revenue decline and investment in product & tech resources, partly offset by solid cost control measures.

In Q2 we have deployed an end-to-end transactional solution in OLX Brazil with wallet, escrow and delivery components. We have launched new features to adapt to evolving users' expectations, around social distancing with video listings, trust and safety improvement and ad insertion.

Global Markets

	Second quarter		(€ million)	YTD		
yoy%	2019	2020	Global Markets	2020	2019	yoy%
-23%	41.8	32.1	Operating revenues	69.3	81.2	-15%
-17%	36.7	30.5	Operating expenses	65.7	73.2	-10%
-69%	5.1	1.6	EBITDA	3.6	8.0	-56%
	12%	5%	EBITDA margin	5%	10%	

In order to fully align Global Markets segment reporting with Management reporting and to create full consistency between the Brazil and Global Markets segments when it comes to how Joint Ventures are presented, willhaben revenues and EBITDA are included on a 100% basis for both periods. For more details (including reconciliation information and historical numbers, please refer to the Investors section of the Adevinta website)

The Global Markets portfolio saw negative revenue growth of -23% compared to Q2 2019 (or -22% at constant currency) with a significant impact from the COVID-19 situation although showing strong signs of recovery towards the end of the quarter. Classifieds revenues were down -18% over the quarter despite an improvement in June. Revenues in advertising were also heavily impacted and declined year-on-year by -32% despite signs of recovery in June which saw willhaben return to growth year-on-year .

EBITDA decreased by €3.5 million year-on-year to €1.6 million in Q2 as overall cost reductions were unable to fully offset the revenue decline. The main downsides were in Shpock with the impact of the planned transformation to a transactional model along with Morocco, Italy and Ireland which were strongly impacted by the COVID-19 downturn. In terms of upside, willhaben increased EBITDA when compared to Q2 2019.

In Italy, we saw a heavy impact of the COVID-19 pandemic and the following lockdown, in particular during April. However operational KPIs rebounded in June, reaching all-time highs of daily active users and visits. Jobs vertical and advertising recovered more slowly when lockdown eased however we saw a significant improvement in advertising from the second half of May with the traffic boost. In terms of P&T developments, we are progressing towards full implementation of shipping, wallet and transactions in the second half of the year.

In willhaben, we have seen a strong recovery, reaching all-time highs in traffic and content in May, although Jobs and advertising are yet to recover to pre-COVID levels. New initiatives deployed include new user experience in Motor and Real Estate and the launch of Paylivery, a peer-to-peer payment and delivery service, in June across four categories in consumer goods with initial promising adoption in ad insertion.

In Ireland, we focused on preserving relationships with professional clients with extensive commercial measures to provide support during the lockdown. Many specific initiatives and new services were launched such as peer-to-peer cashless payments for DoneDeal and VR tour improvements including the development of an integrated pay as you go VR tour solution for Daft.

In Hungary, we saw all-time high door-to-door delivery service revenues led by an optimized workflow, free delivery campaigns which helped to increase and sustain the successful deal numbers and also new ad insertion options.

In Shpock we have continued to see accelerated growth in on-site transactions. We've also rolled out door-to-door delivery at Shpock during the lockdown with strong user adoption.

Traffic was significantly impacted across all geographies in the COVID-19 context but started to rebound strongly from April onwards, with willhaben reaching all-time highs in May and Italy following in June.

Investment phase portfolio

The investment phase portfolio sits predominantly in our Global Markets segment. In this portfolio we continue to look at different models to develop these early stage assets.

The EBITDA of operations in the Investment phase amounted to €(3.9) million in Q2 compared to €(1.7) million in Q2 2019 mainly led by the negative impact of COVID-19 across in particular in Chile. Investment in the transactional shift in Shpock continued through Q2. We will continue to assess the market opportunity and will adapt our investment efforts accordingly.

Outlook

The current world-wide crisis has had consequences in many aspects. Besides its social and economic impact, we see an acceleration of the trends that support the development of digital economy. Strong secular shifts in online behavior and changing consumption patterns are driving expectations for more convenient user digital journeys. Professionals are rethinking their operating models after several months of running business without being able to physically showcase their products and they're in demand for more efficient and digital content advertising solutions. In that context, we believe online marketplaces will play a more important role going forward. As a leading player in the industry, this provides a huge opportunity for us and we are constantly adapting our product development roadmap to further improve our offering, based on clients' and users' feedback and evolving needs. We intend to remain a partner of choice for them and to come out even stronger from the crisis.

Our performance has significantly picked up in May and June and while macro uncertainty remains in the near term, we expect the second half of the year to continue on this recovery trend. We notably expect our largest market, France, to continue to post positive organic growth in Q3 and Q4 in the absence of further stringent lockdowns.

We remain confident in the resilience of our business and in our sustainable growth profile and maintain our medium- to long-term target to grow annual revenues by 15-20% (on a proportionate basis including JVs and including bolt on acquisitions).

Inherent operational leverage remains strong in some geographies while the group will continue to invest in product & tech and further deploy the transactional model to tap into new revenue streams and create value over time. The long-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. We will increasingly seek to validate the value creation opportunity of deploying such models across the portfolio and will calibrate appropriate levels of resources and investment accordingly.

Due to the lack of agreement at the EU level, a digital service tax (DST) of 3% has been implemented in France and Italy and proposed in Spain. Though surrounded by a high degree of uncertainty, our view at this juncture is that the French DST is not applicable to Adevinta, hence no provision has been made. The interaction and consultation with the French tax authorities continues. Please refer to the Group Overview section and note 5 of the consolidated financial statements for further information.

Group Overview

Operating profit

Revenue decreased by 15% in Q2 2020, compared to Q2 2019, driven by the negative impact of the COVID-19 situation in all our markets, although trends have improved throughout the quarter. Operating expenses decreased by 10% in Q2 2020, compared to Q2 2019 due to strong cost reduction measures implemented to mitigate the impact of the shortfall in revenues. Personnel expenses increased compared to the same period last year as we continued to invest in talents and resources to support the long-term development of the business. As a result gross operating profit (EBITDA) decreased by 26% in Q2 2020, compared to Q2 2019.

Share of profit (loss) of joint ventures and associates increased from €(3.8) million in Q2 2019 to €2.0 million in Q2 2020 mainly explained by improved results in Brazil, caused by a positive impact generated by the revaluation of the liability related to the management long-term incentive plan. Other income and expenses in Q2 2020 was €(3.4) million (€(5.8) million in Q2 2019). Other income and expenses are disclosed in note 3.

Operating profit (loss) in Q2 2020 amounted to €22.4 million (€32.3 million in Q2 2019). Please also refer to note 2 to the condensed consolidated financial statements.

Net profit and earnings per share

Financial expenses include a €(14.7) million foreign exchange loss, mainly due to the depreciation of the BRL against the EUR (compared to a €0.6 million foreign exchange gain in Q2 2019) and mostly driven by a decrease in fair value of derivatives amounting to €(12.6) million. Net financial items are disclosed in note 4 to the condensed consolidated financial statements.

The underlying tax rate has increased from 28.2% in full year 2019 to 32.6% in Q2 2020. In 2019 the underlying tax rate was positively impacted by the application of previous year's tax losses related to some subsidiaries in France (excluding the effect of such tax loss compensation, the underlying tax rate for 2019 would have been 32.7%). The reported tax rate is 157% in Q2 2020, compared to 42% in Q2 2019. The increase in the reported tax rate is due to increase in losses for which no deferred tax asset is recognized which is primarily related to loss on derivatives.

Basic earnings per share in Q2 2020 is €(0.00) compared to €0.03 in Q2 2019. Adjusted earnings per share in Q2 2020 is €(0.00) compared to €0.03 in Q2 2019.

Financial position

The carrying amount of the Group's assets increased by €162.3 million to €2,282.1 million during 2020 and the Group's net interest-bearing debt decreased by €16.4 million to €113.8 million (see specification in Definitions and reconciliations below). The Group's equity ratio is 61% as at 30 June 2020, compared to 73% at the end of 2019.

The increase in the carrying amount of the Group's assets is mainly due to the cash received in April from the bridge loan secured through bilateral facilities with partner banks (the new facilities will support the closing of the Grupo Zap acquisition announced earlier in February). Also, the right-of-use assets and lease liabilities (included in other non-current liabilities) have increased by €45.2 million in 2020 due to new lease agreements (mainly the new office lease agreement entered into in France). These effects have been partially compensated by the reduction in Investments in joint ventures and associates as well as Intangible assets from business combinations in foreign currency (mainly BRL and CLP), when being translated to €.

As a result of the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about R$2.9 billion which will be funded equally by each joint venture partner, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure of the firm commitment of the Grupo Zap acquisition by locking the funding amount in €. The depreciation of the BRL against the € during 2020 has resulted in a decrease in fair value of those derivatives amounting to €(54.6) million, which has increased current liabilities related to financial derivatives by the same amount.

On 25 February 2020, Adevinta refinanced 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 and variable interest rate was swapped to fixed interest rate. It was drawn by the NOK equivalent to €200 million and the proceeds were used to cancel the old facility. As a result of the depreciation of the NOK against the € since the loan was obtained the non-current interest-bearing debt has decreased by €3.0 million. This effect has been offset by an increase in other non-current liabilities of €3.2million related to the fair value change of the swap derivative.

On 13 May 2020, Adevinta ASA decided to initiate a buyback of up to 320,000 of its own shares. The shares were to be used as settlement in the vested part of the Company's share-based incentive schemes as well as employee share saving plans. The buybacks started on the 14 of May and were completed on the 25 of May and were made in accordance with the authorisation granted to the Board of Directors by the Company's General Meeting held on 5 of May 2020. As stated in the authorisation, shares shall be purchased at a minimum of NOK 20 and a maximum of NOK 750 per share. On 28 May 2020, Adevinta ASA announced the transfer of 128,876 own shares to employees in connection with share based incentive plans. 102,127 own shares were sold through a broker in the open market at an average price of NOK 99,5904 on 26 and 27 May 2020 to cover the participant's tax liabilities in relation to the incentive program. After the transactions, Adevinta ASA holds 88,997 own shares. The share transfer is a settlement of part of the performance element of the 2018 Long Term Incentive program of Schibsted ASA, in which the Adevinta employees participated prior to the demerger effective 10 April 2019. For these participants the 2018 Long Term Incentive program of Schibsted ASA was converted to a number of Adevinta shares in connection with the demerger.

Cash flow

Net cash flow from operating activities was €56.0 million for the first half-year of 2020, compared to €70.8 million within the same period in 2019. The decrease is primarily related to the decrease in operating profit.

Net cash outflow from investing activities was €(33.9) million for the first half-year of 2020, compared to €(40.4) million within the same period in 2019. The decrease is mainly due to lower expenditure in the acquisition of subsidiaries and in the investments in other shares. Net cash inflow from financing activities was €214.8 million for the first half-year of 2020, compared to €(20.8) million within the same period in 2019. The significant increase is primarily related to the cash received from the bridge loan in 2020 but also due to the fact that in the first half-year of 2019 Adevinta had a cash outflow to increase the ownership interest in Spain to 100% which was partly offset by net financing from Schibsted.

Digital services tax (DST)

The French DST was enacted during 2019. Due to the complexity of the law including the scope of the taxable services, the assessment of whether DST is applicable to Adevinta is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as per 30 June 2020. Please see note 5 to the condensed consolidated financial statements for further information.

During 2019 Italy approved DST legislation applicable as from January 2020. The DST will levy a 3% tax over certain digital services for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with payment expected to take place in 2021. Management has assessed that Italian DST, which differs in definition and scope from the French DST, is applicable to Adevinta and hence a provision has been recognised as per 30 June 2020, but the impact is not expected to be material for Adevinta in 2020.

In February 2020 the Spanish government has approved a draft legislation to impose a 3% tax over certain digital services. The draft bill is currently being discussed in the parliament for approval. The draft legislation would be applicable to groups with worldwide revenues 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. It is not expected that DST will apply retrospectively based on current wording in the draft bill.

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. At signing, Adevinta entered into a deal contingent hedge to fix Adevinta’s funding commitment in relation to the transaction 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 near term, financial performance will be affected negatively, but it is still too early to predict the full impact that COVID-19 will have on the business.

Adevinta’s businesses have experienced reduced revenue due to the COVID-19 pandemic, which is an impairment indicator, and hence management has updated the estimated recoverable amount and compared this to the carrying amount for the relevant CGUs. Based on the current estimates, no impairment loss is recognised for the first-half year of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to longer term, it may have an impact on assumptions applied for calculating the recoverable amount for fixed and intangible assets, including goodwill.

Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of COVID-19 is obtained.

Adevinta had at the end of June 2020 net interest-bearing debt of €113.8 million and €708.3 million total liquidity available. Adevinta still considers liquidity and refinancing risk to be low. At the end of June 2020, the leverage ratio of the Group stood at 0.6 times net interest-bearing debt over EBITDA, leaving significant headroom compared to the leverage financial covenant of the EUR 600 million Term Loan & RCF and the EUR 225 million Term Loan Facilities. The leverage financial covenant allows Adevinta to go up to 4.0 times net interest-bearing debt over EBITDA for four consecutive quarters.

Condensed Consolidated Financial Statements

Condensed consolidated income statement

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Operating revenues	**145.0**	**170.3**	**319.5**	**330.6**
Personnel expenses	(59.0)	(55.1)	(128.6)	(110.7)
Other operating expenses	(47.3)	(62.9)	(112.1)	(121.6)
Gross operating profit (loss)	**38.7**	**52.3**	**78.8**	**98.3**
Depreciation and amortisation	(14.9)	(10.4)	(28.6)	(21.7)
Share of profit (loss) of joint ventures and associates	2.0	(3.8)	2.4	0.5
Impairment loss	-	0.0	-	(0.3)
Other income and expenses	(3.4)	(5.8)	(4.5)	(7.5)
Operating profit (loss)	**22.4**	**32.3**	**48.1**	**69.3**
Net financial items	(16.8)	(0.9)	(67.4)	(1.0)
Profit (loss) before taxes	**5.6**	**31.4**	**(19.3)**	**68.2**
Taxes	(8.8)	(13.2)	(20.8)	(27.0)
Profit (loss)	**(3.2)**	**18.2**	**(40.1)**	**41.2**
Profit (loss) attributable to:				
Non-controlling interests	0.0	0.6	(0.8)	1.1
Owners of the parent	(3.2)	17.6	(39.3)	40.1
Earnings per share in €:				
Basic	(0.00)	0.03	(0.06)	0.06
Diluted	(0.00)	0.03	(0.06)	0.06

Condensed consolidated statement of comprehensive income

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Profit (loss)	**(3.2)**	**18.2**	**(40.1)**	**41.2**
Remeasurements of defined benefit pension liabilities	-	-	-	-
Income tax relating to remeasurements of defined benefit pension liabilities	-	-	-	-
Items not to be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**
Exchange differences on translating foreign operations	(16.9)	1.2	(100.0)	10.9
Net gain/(loss) on cash flow hedges	(1.2)	-	(1.6)	-
Items to be reclassified subsequently to profit or loss	**(18.1)**	**1.2**	**(101.6)**	**10.9**
Other comprehensive income	**(18.1)**	**1.2**	**(101.6)**	**10.9**
Comprehensive income	**(21.3)**	**19.4**	**(141.7)**	**52.1**
Comprehensive income attributable to:				
Non-controlling interests	2.2	0.6	1.1	1.1
Owners of the parent	(23.5)	18.8	(142.8)	50.9

Condensed consolidated statement of financial position

	30 June	31 December
€ million	**2020**	**2019**
Intangible assets	1,390.1	1,394.8
Property, plant and equipment and right-of-use assets	117.5	85.9
Investments in joint ventures and associates	289.2	381.1
Other non-current assets	24.0	16.4
Non-current assets	**1,820.8**	**1,878.1**
Trade receivables and other current assets	153.0	169.9
Cash and cash equivalents	308.3	71.8
Current assets	**461.3**	**241.7**
Total assets	**2,282.1**	**2,119.8**
Equity attributable to owners of the parent	1,381.3	1,524.4
Non-controlling interests	15.9	14.4
Equity	**1,397.2**	**1,538.8**
Non-current interest-bearing borrowings	198.2	201.7
Other non-current liabilities	187.8	147.9
Non-current liabilities	**386.0**	**349.5**
Current interest-bearing borrowings	223.9	0.3
Other current liabilities	275.0	231.2
Current liabilities	**498.9**	**231.5**
Total equity and liabilities	**2,282.1**	**2,119.8**

Condensed consolidated statement of cash flow

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Profit (loss) before taxes	5.6	31.4	(19.3)	68.2
Depreciation, amortisation and impairment losses	14.9	10.4	28.6	22.0
Share of loss (profit) of joint ventures and associates, net of dividends received	(2.0)	3.8	(2.4)	(0.5)
Dividends received from joint ventures and associates	0.0	0.0	0.0	0.0
Taxes paid	(13.2)	(14.3)	(13.8)	(26.7)
Sales losses (gains) non-current assets and other non-cash losses (gains)	(0.7)	0.0	(0.7)	0.0
Net loss on derivative instruments at fair value through profit or loss	12.6	-	54.6	0.0
Other non-cash items and changes in working capital and provisions	(3.9)	(11.5)	9.0	7.8
Net cash flow from operating activities	**13.3**	**19.8**	**56.0**	**70.8**
Development and purchase of intangible assets and property, plant and equipment	(11.3)	(13.2)	(22.6)	(22.8)
Acquisition of subsidiaries, net of cash acquired	0.0	(10.3)	(7.5)	(10.3)
Proceeds from sale of intangible assets and property, plant and equipment	0.0	(0.2)	0.0	0.0
Proceeds from sale of subsidiaries, net of cash sold	0.2	0.0	0.2	0.0
Net sale of (investment in) other shares	(2.8)	(0.8)	(3.5)	(7.0)
Net change in other investments	(0.6)	0.1	(0.5)	(0.2)
Net cash flow from investing activities	**(14.5)**	**(24.5)**	**(33.9)**	**(40.4)**
Net cash flow before financing activities	**(1.2)**	**(4.7)**	**22.1**	**30.5**
Net change in interest-bearing loans and borrowings	223.8	148.6	223.1	148.6
Change in ownership interests in subsidiaries	0.0	0.0	0.0	(100.1)
Capital increase	0.0	7.8	0.0	7.8
IFRS 16 lease payments	(2.7)	(3.2)	(6.3)	(6.2)
Dividends paid to non-controlling interests	0.0	0.0	0.0	0,0
Net financing from (to) Schibsted ASA	0.0	(136.7)	0.0	(70.9)
Net sale (purchase) of treasury shares	(2.0)	-	(2.0)	-
Net cash flow from financing activities	**219.1**	**16.5**	**214.8**	**(20.8)**
Effects of exchange rate changes on cash and cash equivalents	0.9	(0.0)	(0.4)	(0.0)
Net increase (decrease) in cash and cash equivalents	**218.8**	**11.8**	**236.5**	**9.7**
Cash and cash equivalents at start of period	89.5	53.0	71.8	55.1
Cash and cash equivalents at end of period	**308.3**	**64.9**	**308.3**	**64.9**

Condensed consolidated statement of changes in equity

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	59.0	3.0	62.0
Transactions with the owners	148.4	(2.6)	145.8
Capital increase	*144.7*	*-*	*144.7*
Share-based payment	*2.0*	*-*	*2.0*
Dividends paid to non-controlling interests	*-*	*(3.6)*	*(3.6)*
Business combinations	*-*	*0.2*	*0.2*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.9)*	*0.8*	*(1.1)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 31 December 2019	**1,524.4**	**14.4**	**1,538.8**
Comprehensive income	(142.8)	1.1	(141.7)
Transactions with the owners	(0.3)	0.4	0.1
Share-based payment	*0.9*	*-*	*0.9*
Change in treasury shares	*(0.8)*	*-*	*(0.8)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0.4)*	*0.4*	*-*
Equity as at 30 June 2020	**1,381.3**	**15.9**	**1,397.2**

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	50.9	1.1	52.1
Transactions with the owners	145.8	0.3	146.1
Capital increase	*144.4*	*-*	*144.4*
Share-based payment	*(0.9)*	*0.0*	*(0.9)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.4)*	*0.3*	*(1.0)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 30 June 2019	**1,513.8**	**15.4**	**1,529.2**

Notes

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

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. The company was listed on the Oslo Stock Exchange on 10 April 2019. Schibsted has retained a majority interest of 59.28% in Adevinta ASA.

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

The accounting policies adopted are consistent with those followed in preparing the Group's annual financial statements for 2019.

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

Operating segments

Management has assessed operating segments according to IFRS 8 Segments. Based on the internal reporting structure, Adevinta has identified France, Spain, Brazil and Global Markets as operating segments, which is in line with how the business will continue to be developed and managed by the chief operating decision maker.

As announced 21 April 2020, Adevinta ASA has implemented minor changes in the financial reporting structure as of Q1 2020. The changes are made to fully align Global Markets segment reporting with Management reporting. Additionally, the change creates full consistency across segments when it comes to how joint ventures are presented. The main changes consist of including 100% of the Austrian 50% owned joint venture (willhaben) in the revenue and EBITDA of the Global Markets segment (100% of the revenue and EBITDA of willhaben is removed in Eliminations), fully consistent with how OLX Brazil is presented. Also, certain expenses related to Business Area management of the Global Markets segment have been moved from the HQ/Other segment to Global Markets. The Group consolidated figures are unchanged.

In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil and willhaben are accounted for using the equity method of accounting. The segment figures for Brazil and for willhaben in Global Markets 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.

Note 2. Operating Segment Disclosures

Management has assessed operating segments according to IFRS 8 Segments. Based on the 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, L'Argus and Pilgo.

Spain comprises primarily InfoJobs, Coches.net, Motos.net, 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; Shpock in Austria, Germany and United Kingdom; and willhaben in Austria. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, willhaben is accounted for using the equity method of accounting. The segment figures for willhaben in Global Markets 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.

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

Eliminations comprise reconciling items related to OLX Brazil, willhaben 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).

The operating segments correspond to the management structure and the internal reporting to the Group's chief operating decision maker, defined as the CEO.

Operating revenues and profit (loss) by operating segments

Second quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	85.7	33.0	13.4	31.9	2.3	(21.3)	145.0
Operating revenues from other segments	0.3	-	-	0.2	0.1	(0.6)	-
Operating revenues	**86.0**	**33.0**	**13.4**	**32.1**	**2.4**	**(21.9)**	**145.0**
Gross operating profit (loss) excl. Investment phase	40.8	10.8	4.6	5.5	(11.5)	(7.6)	42.6
Gross operating profit (loss)	40.8	10.8	4.6	1.6	(11.5)	(7.6)	38.7
Operating profit (loss)	**33.7**	**8.0**	**3.6**	**4.8**	**(24.5)**	**(3.2)**	**22.4**

First half 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	183.1	79.4	32.7	68.9	3.6	(48.2)	319.5
Operating revenues from other segments	0.4	-	-	0.4	0.9	(1.7)	-
Operating revenues	**183.5**	**79.4**	**32.7**	**69.3**	**4.5**	**(49.9)**	**319.5**
Gross operating profit (loss) excl. Investment phase	87.8	24.5	7.0	10.8	(31.5)	(12.6)	86.0
Gross operating profit (loss)	87.8	24.5	7.0	3.6	(31.5)	(12.6)	78.8
Operating profit (loss)	**74.6**	**18.9**	**4.0**	**3.9**	**(48.7)**	**(4.6)**	**48.1**

Second quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	88.3	46.0	20.3	41.6	2.4	(28.4)	170.3
Operating revenues from other segments	0.1	-	-	0.2	0.6	(0.8)	0.0
Operating revenues	**88.5**	**46.0**	**20.3**	**41.8**	**3.0**	**(29.2)**	**170.3**
Gross operating profit (loss) excl. Investment phase	48.2	15.5	(7.0)	6.7	(14.2)	4.7	54.0
Gross operating profit (loss)	48.2	15.5	(7.0)	5.1	(14.2)	4.7	52.3
Operating profit (loss)	**44.7**	**11.8**	**(7.8)**	**1.4**	**(20.5)**	**2.7**	**32.3**

First half 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	170.0	89.9	40.8	80.8	5.6	(56.5)	330.6
Operating revenues from other segments	0.2	-	-	0.4	1.6	(2.2)	0.0
Operating revenues	**170.2**	**89.9**	**40.8**	**81.2**	**7.2**	**(58.7)**	**330.6**
Gross operating profit (loss) excl. Investment phase	93.3	28.1	(2.2)	13.2	(26.2)	(2.7)	103.5
Gross operating profit (loss)	93.3	28.1	(2.2)	8.0	(26.2)	(2.7)	98.3
Operating profit (loss)	**86.5**	**21.9**	**(3.8)**	**2.5**	**(37.3)**	**(0.6)**	**69.3**

Operating revenues by category:

€ million	Second quarter 2020	Second quarter 2019	First half 2020	First half 2019
Advertising revenues	23.3	34.7	51.9	65.1
Classifieds revenues	118.6	132.2	262.1	257.2
Other operating revenues	3.1	3.5	5.5	8.3
Operating revenues	**145.0**	**170.3**	**319.5**	**330.6**

Disaggregation of revenues by category:

Second quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	12.6	4.2	0.1	6.4	-	23.3
Classified revenues	72.3	28.8	0.9	16.5	0.1	118.6
Other revenues	0.8	-	-	0.0	0.6	1.4
Revenues from contracts with customers	**85.7**	**33.0**	**1.0**	**22.9**	**0.7**	**143.3**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	1.6	1.7
Operating revenues from external customers	**85.7**	**33.0**	**1.0**	**23.0**	**2.3**	**145.0**

First half 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	28.4	9.3	0.3	13.9	-	51.9
Classified revenues	153.1	70.1	2.2	36.6	0.1	262.1
Other revenues	1.6	-	-	0.2	1.6	3.4
Revenues from contracts with customers	**183.1**	**79.4**	**2.5**	**50.7**	**1.7**	**317.4**
Revenues from lease contracts, government grants and others	0.0	-	-	0.2	1.9	2.1
Operating revenues from external customers	**183.1**	**79.4**	**2.5**	**50.9**	**3.6**	**319.5**

Second quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	18.6	6.2	0.2	9.7	-	34.7
Classified revenues	69.1	39.7	1.5	21.8	-	132.1
Other revenues	0.6	0.1	-	0.2	2.1	3.0
Revenues from contracts with customers	**88.3**	**46.0**	**1.7**	**31.7**	**2.1**	**169.8**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	0.4	0.5
Operating revenues from external customers	**88.3**	**46.0**	**1.7**	**31.8**	**2.5**	**170.3**

First half 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	34.5	11.1	0.5	19.0	-	65.1
Classified revenues	134.1	78.1	2.9	42.1	-	257.2
Other revenues	1.4	0.7	-	0.3	5.0	7.4
Revenues from contracts with customers	**170.0**	**89.9**	**3.4**	**61.4**	**5.0**	**329.7**
Revenues from lease contracts, government grants and others	0.0	-	-	0.2	0.7	0.9
Operating revenues from external customers	**170.0**	**89.9**	**3.4**	**61.6**	**5.7**	**330.6**

Note 3. Other Income and Expenses

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Restructuring costs	(0.3)	(2.7)	(0.9)	(3.4)
Gain (loss) on sale of subsidiaries, joint ventures and associates	0.7	-	0.7	0.0
Gain (loss) on sale of intangible assets, property, plant and equipment and investment property	0.0	(0.0)	0.0	(0.0)
Gain (loss) on amendment of pension plans	-	-	-	0.0
Acquisition-related costs	(1.9)	(0.3)	(2.3)	(0.3)
IPO-related costs	(1.8)	(2.9)	(1.8)	(4.0)
Other	(0.1)	0.1	(0.2)	0.1
Total other income and expenses	**(3.4)**	**(5.8)**	**(4.5)**	**(7.5)**

IPO-related costs of €(1.8) million mainly related to the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019.

Note 4. Net Financial Items

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Net interest income (expenses)	(1.2)	(1.0)	(2.2)	(3.9)
Net foreign exchange gain (loss)	(14.7)	0.6	(63.1)	3.4
Net other financial income (expenses)	(0.9)	(0.5)	(2.1)	(0.6)
Net financial items	**(16.8)**	**(0.9)**	**(67.4)**	**(1.0)**

As a result of the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about R$2.9 billion which will be funded equally by each joint venture partner, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure of the firm commitment of the Grupo Zap acquisition by hedging the acquisition amount in €. As hedge accounting is not applied to this currency hedge, the change in fair value of these derivatives has resulted in an unrealised foreign exchange loss of €(54.6) million in the first half-year 2020.

Note 5. Contingent Liabilities

Digital Services Tax in France

The French digital services tax legislation (DST) was enacted during 2019. The main features of the DST bill are a single rate of 3% to be levied on gross revenue derived from two types of activities if deemed to be made or supplied in France:

• The supply, by electronic means, of a digital interface that allows users to contact and interact with other users, in particular in view of delivering 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.

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

Due to the complexity of the law the assessment of whether DST is applicable to Adevinta Group is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as per 30 June 2020.

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.

Should the interactions with the French Tax Authorities and other actions conclude differently, the DST amounts applicable to Adevinta are not expected to exceed €9.0 million for 2019 and €4.3 million for the first half-year of 2020. Management will continue to work with the French tax authorities to obtain further clarification on this matter.

Note 6. Other Matters

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 near term, financial performance will be affected negatively, but it is still too early to predict the full impact that COVID-19 will have on the business.

Adevinta had at the end of June 2020 low net interest-bearing debt and €708.3 million total liquidity available. Adevinta still considers liquidity and refinancing risk to be low.

Adevinta's businesses have experienced reduced revenue due to the COVID-19 pandemic, which is an impairment indicator, and hence management has updated the estimated recoverable amount and compared this to the carrying amount for the relevant CGUs. The recoverable amount of a CGU is the higher of an asset's fair value less costs of disposal and value in use. Value in use is assessed by discounting estimated future cash flows. Reference is made to the carrying amounts, principles and estimation uncertainty and sensitivity for impairment testing disclosed in note 15 in Adevinta's annual report for 2019.

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 is significantly higher in periods with uncertain macroeconomic prognosis as it is the case during COVID-19.

Adevinta has goodwill and other non-current assets related to CGUs 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. This mainly applies to Mexico, Morocco and Chile where there is an increased uncertainty about the future performance due to COVID-19 and the recoverable amounts are close to the carrying amounts. The recoverable amounts can be significantly affected by assumptions applied for discount rates, sustained growth and future cash flows which are uncertain at this stage.

Management has based its current estimates of future cash flows on the expectation that the businesses will recover from COVID-19 in early 2021 and the discount rates are based on an expected stabilization of volatility, risk premiums and interest rates at levels prior to the COVID-19 outbreak. However, management believes it is still too early to predict the full impact that COVID-19 will have on the business and financial markets as the situation is still developing although appropriate measures are being applied to ensure business continuity. Should management's current expectations not be met then that could result in impairment losses.

Based on the current estimates, no impairment loss is recognised for the first half-year of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to longer term, it may have an impact on assumptions applied for calculating the recoverable amount for fixed and intangible assets, including goodwill. Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of COVID-19 is obtained.

Government measures

For contributions received accounted for as government grants related to income under IAS 20, the accounting policy of Adevinta is to recognise such grants when there is reasonable assurance that the conditions attaching to the grant will be complied with and that the grants will be received.

The grants are recognised in income unless directly related to specific items of expense.

Adevinta has made use of certain measures implemented by governments in different territories to mitigate the effect of COVID-19. Such measures primarily relate to employees being temporarily laid off in Spain and France and delays in payment terms of taxes and other levies.

These measures contributed positively to operating profit and cash flow from operating activities which included the deferral of social contributions and VAT payments with €2.6 million and €7.7 million respectively.

Statement by the Board of Directors and CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half-year of 2020 has been prepared in accordance with IAS 34 Interim Financial Statements, as endorsed by the EU, and gives 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.

To the best of our knowledge we confirm that the interim management report includes a fair review of important events during the accounting period, and their impact on the financial statements for the first half-year, together with a description of the principal risks and uncertainties that the company is facing during the next accounting period and any major transactions with related parties.

Oslo, 15 July 2020

Adevinta ASA's Board of Directors

Orla Noonan Board Chair

Kristin Skogen Lund

Terje Seljeseth

Sophie Javary

Peter Brooks-Johnson

Fernando Abril-Martorell Hernández

Rolv Erik Ryssdal CEO

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 are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below:

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 characterised by growth phase with large investments in market positions, immature monetisation 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.
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 monetisation 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 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.
Underlying tax rate	Underlying tax rate is defined as tax cost excluding effects that do not result in current tax payables.	Management believes that adjusted tax rate represents a more understandable measure of what is tax payable by the Group.

Liquidity reserve	Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.	Management believes that liquidity reserve shows the total liquidity available for meeting current or future obligations.
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 to shareholder excluding effects of non-operating events and transactions.
Revenues adjusted for currency fluctuations	Growth rates on revenue adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation.
Organic revenue growth	Revenue growth adjusted for the effects of currency movements and changes in the scope of consolidation	Enables comparability of development in revenues over time excluding the effect of currency fluctuation and changes in consolidation scope

Developed Phase and Investment Phase

Developed Phase	
Consolidated Subsidiaries	**Joint ventures and associates**
• France: leboncoin, MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo • Spain: Coches.net, Motos.net, 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 • Chile: Yapo • Mexico: Segundamano • Morocco: Avito • Belarus: Kufar • Dominican Republic: Corotos • Tunisia: Tayara	• Indonesia: OLX • Portugal: Custo Justo (associate from Q3 2018)

	Second quarter		**First half**	
Reconciliation of Operating revenues and EBITDA excl. Investment phase and in accordance with financial statements (€ million)	**2020**	**2019**	**2020**	**2019**
Operating revenues	**145.0**	**170.3**	**319.5**	**330.6**
Operating revenues Investment phase	4.8	7.4	10.7	14.2
Operating revenues excl. Investment phase	140.2	162.9	308.8	316.3
Gross operating profit (loss)	**38.7**	**52.3**	**78.8**	**98.3**
EBITDA Investment phase	(3.9)	(1.7)	(7.2)	(5.2)
EBITDA excl. Investment phase	42.6	54.0	86.0	103.5

	Second quarter		First half	
Underlying tax rate (€ million)	**2020**	**2019**	**2020**	**2019**
Profit (loss) before taxes	5.6	31.4	(19.3)	68.2
Share of profit (loss) of joint ventures and associates	(2.0)	3.8	(2.4)	(0.5)
Other losses for which no deferred tax benefit is recognised	27.9	6.8	92.1	16.8
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(6.6)	-	(6.6)	-
Impairment losses	-	-	-	-
Adjusted tax base	**24.9**	**42.0**	**63.8**	**84.5**
Taxes	8.8	13.2	20.8	27.0
Underlying tax rate	35.3%	31.4%	32.6%	32.0%

	30 June	31 December
Liquidity reserve	**2020**	**2019**
Cash and cash equivalents	308.3	71.8
Unutilised drawing rights on credit facilities	400.0	100.0
Liquidity reserve	**708.3**	**171.8**

	30 June	31 December
Net interest-bearing debt	**2020**	**2019**
Non-current interest-bearing borrowings	198.2	201.7
Non-current interest-bearing borrowings	**198.2**	**201.7**
Current interest-bearing borrowings	223.9	0.3
Cash and cash equivalents	(308.3)	(71.8)
Net interest-bearing debt	**113.8**	**130.2**

IFRS 16 leasing liabilities are not included in net interest bearing debt.

	Second quarter		First half	
Earnings per share - adjusted	**2020**	**2019**	**2020**	**2019**
Profit (loss) attributable to owners of the parent	(3.2)	17.6	(39.3)	40.1
Other income and expenses	3.4	5.8	4.5	7.5
Impairment loss	0.0	(0.0)	0.0	0.3
Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	(1.8)	(0.4)	(1.9)	(0.4)
Profit (loss) attributable to owners of the parent - adjusted	**(1.6)**	**23.0**	**(36.7)**	**47.5**
Earnings per share – adjusted (EUR)	(0.00)	0.03	(0.05)	0.07
Diluted earnings per share – adjusted (EUR)	(0.00)	0.03	(0.05)	0.07

	Second quarter		First half	
Currency rates used when converting profit or loss	**2020**	**2019**	**2020**	**2019**
Pound sterling (GBP)	1.1278	1.1437	1.1445	1.1452
Brazilian Real (BRL)	0.1691	0.2272	0.1868	0.2305

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Financial Calendar

For information regarding conferences, roadshows and other investor questions, please visit www.adevinta.com/ir

eBay Classifieds Group

Combined Carve-out Financial Statements

As of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017
For the years ended 31 December 2019, 2018, and 2017

eBay Classifieds Group
Index to Combined Carve-out Financial Statements

Report of Independent Auditors

To the Members of the Audit Committee of eBay Inc. Board of Directors

We have audited the accompanying combined carve-out financial statements of eBay Classifieds Group, which comprise the combined carve-out balance sheets as of December 31, 2019, 2018, 2017, and January 1, 2017, and the related combined carve-out statements of profit or loss, comprehensive income or loss, changes in invested equity and cash flows for each of the three years in the period ended December 31, 2019.

Management's Responsibility for the Combined Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of the combined carve-out financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the combined carve-out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined carve-out financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined carve-out financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the combined carve-out financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined carve-out financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined carve-out financial statements referred to above present fairly, in all material respects, the financial position of eBay Classifieds Group as of December 31, 2019, 2018, 2017 and January 1, 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

PricewaterhouseCoopers LLP

San Jose, California
June 5, 2020

PricewaterhouseCoopers LLP, 488 Almaden Boulevard, Suite 1800, San Jose, CA 95110
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eBay Classifieds Group
Combined Carve-out Statements of Profit or Loss
(in Millions)

	Notes		Years Ended				
			31 December 2019		**31 December 2018**		**31 December 2017**
Net revenues	3	€	952	€	863	€	789
Cost of net revenues	3, 6, 7, 14		95		90		88
Gross profit			857		773		701
Operating expenses:							
Sales and marketing	6, 7, 14		302		281		300
Product development	14		138		117		102
General and administrative	6, 7, 14		94		87		72
Provision for bad debts	3, 13		13		6		6
Amortization of acquired intangible assets	6		9		15		16
Total operating expenses			556		506		496
Profit from operations			301		267		205
Interest and other, net			-		(1)		-
Profit before income taxes			301		266		205
Income tax benefit (provision)	17		(229)		(177)		604
Net profit		€	72	€	89	€	809

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Combined Carve-out Statements of Comprehensive Income or Loss
(in Millions)

	Years Ended		
	31 December 2019	**31 December 2018**	**31 December 2017**
Net profit	€ 72	€ 89	€ 809
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be reclassified to profit or loss:			
Gains (losses) on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	(17)	3	(2)
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	5	(2)	(3)
Comprehensive income	€ 60	€ 90	€ 804

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Combined Carve-out Balance Sheets
(in Millions)

		As of			
	Notes	**31 December 2019**	**31 December 2018**	**31 December 2017**	**1 January 2017**
ASSETS					
Goodwill	6	€ 659	€ 598	€ 599	€ 601
Intangible assets, net	6	20	3	18	16
Right-of-use assets	7	17	17	19	23
Property and equipment, net	14	23	22	20	21
Long-term investments	12	39	61	57	56
Deferred tax assets	17	349	524	642	4
Non-current assets		1,107	1,225	1,355	721
Other current assets	15	31	13	11	12
Accounts receivable, net	3, 13	119	114	98	86
Cash and cash equivalents	3	20	42	46	31
Current assets		170	169	155	129
Total assets		€ **1,277**	€ **1,394**	€ **1,510**	€ **850**
INVESTED EQUITY AND LIABILITIES					
Net parent investment	10	€ 1,109	€ 1,228	€ 1,354	€ 716
Accumulated other comprehensive income	3	(16)	(4)	(5)	-
Total invested equity		1,093	1,224	1,349	716
Lease liabilities	7	12	10	14	17
Deferred tax liabilities	17	9	8	7	8
Other liabilities		2	3	2	2
Non-current liabilities		23	21	23	27
Income taxes payable	17	53	45	23	17
Accounts payable	3	19	16	14	16
Deferred revenue	3	5	6	5	3
Accrued expenses and other current liabilities	15	84	82	96	71
Current liabilities		161	149	138	107
Total invested equity and liabilities		€ **1,277**	€ **1,394**	€ **1,510**	€ **850**

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Combined Carve-out Statements of Changes in Invested Equity
(in Millions)

		Net Parent Investment		Accumulated Other Comprehensive Income		Total
Balance, 1 January 2017	**€**	**716**	**€**	**-**	**€**	**716**
Net profit for the period		809		-		809
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		-		(2)		(2)
Foreign currency translation adjustments		-		(3)		(3)
Net transfers to Parent		(171)		-		(171)
Balance, 31 December 2017		**1,354**		**(5)**		**1,349**
Net profit for the period		89		-		89
Gains on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		-		3		3
Foreign currency translation adjustments		-		(2)		(2)
Net transfers to Parent		(215)		-		(215)
Balance, 31 December 2018		**1,228**		**(4)**		**1,224**
Net profit for the period		72		-		72
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		-		(17)		(17)
Foreign currency translation adjustments		-		5		5
Net transfers to Parent		(191)		-		(191)
Balance, 31 December 2019	**€**	**1,109**	**€**	**(16)**	**€**	**1,093**

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Combined Carve-out Statements of Cash Flows
(in Millions)

	Years Ended		
	31 December 2019	**31 December 2018**	**31 December 2017**
Cash flows from operating activities:			
Net profit	€ 72	€ 89	€ 809
Adjustments to reconcile net profit to net cash provided by operating activities:			
Provision for bad debts	13	6	6
Depreciation and amortization	24	28	31
Stock-based compensation	41	39	38
Amortization of right-of-use assets	8	8	7
Deferred income taxes	175	118	(638)
Changes in assets and liabilities, net of acquisition effects:			
Accounts receivable	(12)	(24)	(19)
Other current assets	(17)	(3)	1
Accounts payable	6	(1)	(1)
Accrued expenses and other liabilities	2	(14)	26
Deferred revenue	(1)	1	2
Income taxes payable and other tax liabilities	8	22	6
Net cash provided by operating activities	319	269	268
Cash flows from investing activities:			
Purchases of property and equipment	(18)	(12)	(12)
Purchases of investments	-	-	(4)
Purchases of intangible assets	-	-	(18)
Acquisitions, net of cash acquired	(82)	-	-
Net cash used in investing activities	(100)	(12)	(34)
Cash flows from financing activities:			
Payments on the principal portion of lease liabilities	(8)	(8)	(7)
Net transfers to Parent	(233)	(253)	(210)
Net cash used in financing activities	(241)	(261)	(217)
Effect of exchange rate changes on cash and cash equivalents	-	-	(2)
Net increase (decrease) in cash and cash equivalents	(22)	(4)	15
Cash and cash equivalents at beginning of period	42	46	31
Cash and cash equivalents at end of period	€ 20	€ 42	€ 46
Supplemental cash flow disclosures:			
Cash paid for:			
Income taxes	€ 55	€ 34	€ 26

The accompanying notes are an integral part of these combined carve-out financial statements.

1. Organization and Nature of Business

The eBay Classifieds Group (“eBay Classifieds,” “Classifieds,” “eCG” or the “Company”), a combined group of legal entities, is an online marketing services company, made up of platforms that include a collection of brands such as mobile.de, Kijiji, Gumtree, Marktplaats, eBay Kleinanzeigen and others.

eBay Classifieds is designed to help people list their products and services, find what they are looking for in their local communities, and trade at a local level. eBay Classifieds’ brands offer both horizontal and vertical experiences, such as automobiles, real estate and jobs. The Company offers a personalized classifieds experience and focuses on expanding its value proposition by leveraging data and analytics to improve customer relevance and grow the classifieds opportunity on mobile devices.

The Company primarily derives revenue from the sale of advertisements, classifieds fees and marketing service fees. The eBay Classifieds platforms offer classifieds listings in a variety of international markets.

eBay Inc. (“eBay or “Parent”), the ultimate parent of eCG, has a centralized treasury function that maintains cash management and financing activities for its subsidiaries. Accordingly, a substantial portion of the Company's cash balances are transferred to Parent’s cash management accounts regularly, are managed by the Parent and therefore are not included in the combined carve-out financial statements. Only cash balances legally owned by the Company are reflected in the combined carve-out balance sheets. Transfers of cash between the Company and Parent are included within “Net transfers to Parent” on the combined carve-out statements of cash flows and the combined carve-out statements of invested equity. To date, the Company has generated cash flows from operations, which have been periodically transferred to the Parent. To the extent that there are future losses or cash needed at the Company, then the Parent would provide that funding through its net investment in the Company or other funding arrangements.

2. Basis of Preparation

These combined carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and the IFRS Interpretations Committee (“IFRIC”)’s interpretations applicable to companies reporting under IFRS for periods beginning on 1 January 2017. They are prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of eBay using the historical results of operations and historical cost basis of the assets and liabilities of the eBay Classifieds business. Throughout the years ended 31 December 2019, 2018, and 2017, eBay Classifieds operated as a part of Parent. Consequently, stand-alone financial statements have not been historically prepared for eCG. These carve-out financial statements have been prepared on a combined and carve-out basis as they represent a portion of eBay's business which does not solely consist of separate legal entities. The accompanying combined carve-out financial statements are prepared on a stand-alone basis as if the operations of eBay Classifieds had been conducted independently from Parent and present only the historical financial information of the economic activities that comprise the eBay Classifieds business. The combined carve-out financial statements have been prepared by Parent and were authorized for issue on 5 June 2020. The Parent has the power to amend and reissue the financial statements.

The combined carve-out financial statements reflect assumptions, estimates and allocations made by Parent to depict the Company on a stand-alone basis. As a result, the combined carve-out financial statements included herein may not necessarily be indicative of the Company’s financial position, results of operations, or cash flows had eBay Classifieds operated as a stand-alone entity during the periods presented. The accompanying combined carve-out financial statements only include assets and liabilities that are specifically attributable to eBay Classifieds.

The combined carve-out statements of profit or loss include all revenues and costs directly attributable to the Company as well as an allocation of expenses from Parent for certain support functions provided on a centralized basis related to customer support, system operations, payment processing, sales and marketing, development, and other general and administrative services. Parent allocates costs to the Company using methodologies that management believes are appropriate and reasonable. These expenses have been allocated from Parent based on direct usage or benefit when specifically identifiable, with the remainder allocated primarily on a pro rata basis of revenue, headcount, or other systematic measures. The Company considers these allocations to be a reasonable reflection of the utilization of services or the benefit received. The impact of these allocated costs on the Company’s combined carve-out statements of profit or loss is summarized in “Note 8 – Allocation of corporate expenses”.

The Company's future results of operations will include costs and expenses for it to operate as an independent company, and these costs and expenses may materially differ from its historical combined carve-out results of operations, financial position and cash flows. Accordingly, the combined carve-out financial statements presented for the years ended 31 December 2019, 2018, and 2017 are not necessarily indicative of the Company's future results of operations, financial position, and cash flows. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Principles of combination

The combined carve-out financial statements of the Company include assets and liabilities that have been determined to be specifically identifiable to the eBay Classifieds business. The combined carve-out financial statements reflect all of the costs of doing business, including certain expenses incurred by the Parent on the Company's behalf. All significant intra-company transactions within the Company have been eliminated within the combined carve-out financial statements. Transactions between the Company and Parent, which consist principally of advertising and marketing services, are reflected in these combined carve-out financial statements.

See "Note 9 — Related party transactions" for the Company's related party activities.

Invested equity

Net parent investment represents Parent's interest in the recorded net assets of the Company, the cumulative net investment by Parent in the Company through the periods presented and includes the Company's cumulative operating results. All transactions between the Company and Parent are considered to be effectively settled through net parent investment at the time the transactions are recorded.

Income taxes

The parent entity of the Classifieds business is incorporated in the Netherlands; accordingly, the Company's income tax provision on a carve-out basis excludes the impact of any U.S. international tax provisions (including the effects of U.S. tax reform) that arise when a U.S. parent owns non-U.S. subsidiaries.

First time adoption of International Financial Reporting Standards

IFRS 1 - First-Time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied in the adoption of IFRS for the purpose of preparing the combined carve-out financial statements. IFRS 1 requires IFRS effective at the end of the first financial statement to be applied retrospectively. As such, the Company will apply the applicable standards to the combined carve-out financial statements for annual periods beginning on or after 1 January 2017.

The following mandatory exemptions of IFRS 1 have been applied in preparing the combined carve-out financial statements:

- Estimates – Estimates made by the Company in preparing its first IFRS financial statements at the date of transition and in the comparative reporting periods are consistent with estimates made under previous GAAP. Therefore, estimates are not updated for information received at a later date.
- Derecognition of financial instruments – The Company will apply the derecognition requirements related to financial assets and liabilities prospectively to transactions occurring on or after the date of transition to IFRS but need not apply them retrospectively to transactions that had already been derecognized.
- Impairment of financial assets – The Company will apply the impairment requirements of IFRS 9 retrospectively.

The following optional exemptions of IFRS 1 have been applied in preparing the combined carve-out financial statements:

- Business combinations – The Company will not apply IFRS retrospectively to business combinations that occurred before the date of transition. However, all business combinations occurring on or after the date of transition are required to be accounted for in accordance with IFRS.
- Share-based payment transactions – IFRS 2 Share Based Payment will not be applied fully retrospectively to all share based payment transactions that have already vested at the date of transition.
- Deemed cost – The Company will use the fair value measurements following from business combinations for intangible assets as a deemed cost basis for the measurement of these assets at the date of transition.
- Leases – The Company will assess the classification of its leases based on the lease terms that are existing at the date of transition and exclude initial direct costs from the measurement of the right-of-use assets.
- Cumulative translation differences – The Company will reset cumulative translation differences related to foreign operations at the date of transition.
- Designation of previously recognized financial instruments – The Company will elect the financial instruments designation at the time of initial recognition under IFRS based on the facts and circumstances that existed at the transition date.

- Revenue – The Company will not restate contracts with customers that were completed before the earliest period presented.

Prior to the first-time adoption of IFRS, the financial information of the Company was incorporated into Parent's consolidated financial statements and was prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The entities included in the combined financial statements are entities that used to be part of the consolidated financial statements of Parent, which were prepared based on US GAAP. For local statutory purposes, these entities prepared financial statements based on national GAAP.

Both US GAAP and national GAAP meet the definition of previous GAAP under IFRS 1, i.e. the basis of accounting that a first-time adopter used immediately before adopting IFRS. However, the entity can only present one set of IFRS financial statements and therefore, the Company must choose a previous GAAP. There are a number of factors that should be taken into account when making this determination:

- There are no national legislation and regulatory requirements that restrict the Company's options and require either national GAAP or US GAAP to be designated as previous GAAP.
- As the Company operates globally, the comparability with other entities in the same jurisdiction is less relevant.
- The financial statements of Parent were prepared based on US GAAP historically. The financial statements prepared on national GAAPs are considered to be only relevant for statutory purposes.
- The national GAAPs are all slightly different in the various jurisdictions and cannot be defined as one standard.

Based on the factors above, the Company considers US GAAP to be the previous GAAP. The table below presents the IFRS 1 first-time adoption reconciliations:

Reconciliation of invested equity

	As of			
	31 December 2019	**31 December 2018**	**31 December 2017**	**1 January 2017**
Invested equity under US GAAP – in millions of USD	$ 1,199	$ 1,368	$ 1,579	$ 737
Exchange rate	0.9010	0.8770	0.8408	0.9562
Invested equity under US GAAP – in millions of EUR	€ 1,080	€ 1,200	€ 1,328	€ 705
Adjustment recorded to reflect management's assessment of long term investment fair values under IFRS 9, with changes in fair value recognized through OCI. (Note 3n, 4, and 12)	13	34	30	33
Difference on allowance for doubtful receivables due to the adoption of the expected credit loss model under IFRS 9 (Note 3b and 13)	(3)	(4)	(3)	(2)
Difference on leases due to the adoption of IFRS 16 (Note 7)	-	(1)	-	-
Difference on tax effects due to IAS 12 (Note 3f and 17)	3	(5)	(6)	(6)
Other	-	-	-	(14)
Invested equity under IFRS – in millions of EUR	€ 1,093	€ 1,224	€ 1,349	€ 716

Reconciliation of net profit

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Net income under US GAAP – in millions of USD	$ 77	$ 115	$ 870
Average exchange rate for the year	0.8949	0.8491	0.8827
Net income under US GAAP – in millions of EUR	€ 69	€ 98	€ 768
Difference in stock-based compensation expenses due to IFRS 2 (Note 16)	-	(2)	(5)
Difference in provision for bad debts due to expected credit loss model required under IFRS 9 (FN 13)	-	(1)	(1)
Difference in tax provision (benefit) due to IAS 12 (Note 3f and 17)	3	(6)	47
Net profit under IFRS – in millions of EUR	€ 72	€ 89	€ 809

3. Summary of Significant Accounting Policies

(a) Use of estimates

The preparation of the combined carve-out financial statements in conformity with IFRS requires management to exercise judgement and to make estimates and assumptions that affect the amounts reported in the Company's combined carve-out financial statements and accompanying notes. The Company bases these estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

The table below presents the areas that involve a higher degree of judgement or areas where assumptions and estimates are significant to the Company's combined carve-out financial statements.

	Note
Revenue recognition	3(b)
Goodwill and the recoverability of intangible assets	3(i)
Fair value measurement of assets and liabilities	12
Provision for bad debts	13
Income taxes	17

(b) Revenue recognition

The Company recognizes revenue when it transfers control of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. Revenue is recognized net of any taxes collected, which are subsequently remitted to governmental authorities. As a first-time IFRS adopter, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") for annual periods beginning on 1 January 2017. IFRS 15 introduces a single model for recognizing revenue that applies to all contracts with customers, except for contracts that are within the scope of standards on leases, insurance and financial instruments.

The Company's net revenues consist entirely of marketing services and other net revenues, which are derived principally from the sellers' listing fees and feature fees. The Company identified two distinct performance obligations: (1) listing an item on the platform for which revenue is recognized over the listing period, and (2) featured listings mainly to promote the item which can be provided over time or at a point in time and recognized in accordance with service delivery. Discounts offered through the purchase of packages of multiple services are allocated based on the stand-alone selling price of each respective feature. Both fees are typically billed on a monthly basis.

The Company also derives advertising revenue from the sale of online advertisements which are based on "impressions" (i.e., the number of times that an advertisement appears in pages viewed by users of the Classifieds platforms) or "clicks" (which are generated each time users on the Classifieds platforms click through the advertisements to an advertiser's designated website) delivered to advertisers. The Company uses the output method and applies the practical expedient to recognize advertising revenue in the amount to which the Company has a right to invoice. For contracts with targeted advertising commitments with rebates, significant revenue estimates include estimated payout that is accounted for as variable consideration to the extent it is probable that a significant reversal of revenue will not occur.

Cost of net revenues

The Company's cost of net revenues comprises of costs incurred for services provided to customers. The most significant element is labor related to customer support and systems operations. In addition, cost of net revenues includes certain expenses that are attributable to the Company's revenues, including the amortization of certain intangibles, the depreciation of certain property, plant, and equipment, and the depreciation of certain right-of-use assets.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents both amounts invoiced, as well as revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The allowance for doubtful receivables is estimated based upon the simplified expected credit losses approach, which uses a lifetime expected loss allowance for all trade receivables. The allowance for doubtful receivables was €19 million, €12 million, €9 million, and €7 million as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017, respectively.

Deferred revenue consists of fees received related to unsatisfied performance obligations at the end of the period. Due to the generally short-term duration of contracts, the majority of the performance obligations are satisfied in the following reporting period. The amount of revenue recognized for the years ended 31 December 2019, 2018, and 2017 that was included in the deferred revenue balance at the beginning of each period was €6 million, €5 million and €3 million, respectively.

Disaggregation of revenue

The Company's net revenues consist entirely of marketing services and other revenues. The following table presents the Company's revenues disaggregated based on geography (in millions) for the years ended 31 December 2019, 2018, and 2017:

	Years Ended					
		31 December 2019		31 December 2018		31 December 2017
Net revenues:						
Germany	€	406	€	334	€	286
Netherlands		132		129		120
Canada		146		148		151
United Kingdom		92		73		77
Australia		52		59		61
Denmark		48		46		42
Other		76		74		52
Total net revenues	€	952	€	863	€	789

(c) Leases

As a first-time IFRS adopter, the Company adopted IFRS 16 – New Leases Standard ("IFRS 16") for annual periods beginning on 1 January 2017. Under this policy, the Company determines if an arrangement is a lease or contains a lease at inception. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the Company's leases, the Company generally uses an incremental borrowing rate consistent with the Parent's, which is based on information available at the commencement date to determine the present value of future lease payments. Right-of-use ("ROU") assets are generally recognized based on the amount of the initial measurement of the lease liability, adjusted for accrued lease payments (i.e. deferred rent) and the remaining balance of lease incentives received. Subsequent to lease commencement, lease liabilities are re-measured upon a modification in the lease term or changes in an index or rate used to determine the lease payments. The corresponding adjustments are recorded to the related ROU assets.

The Company will recognize a depreciation charge for right-of-use assets and interest expense related to lease liabilities. Leases are included in right-of-use assets, accrued expenses and other current liabilities, and lease liabilities on the combined carve-out balance sheets.

The Company has elected to apply the following optional exemptions and practical expedients of IFRS 1:

- Measurement of the lease liability and right-of-use asset at the date of transition to IFRS using the lessee's incremental borrowing rate at the date of transition to IFRS; and
- Excluding initial direct costs from the measurement of the ROU assets and lease liabilities at the date of transition to IFRS.

(d) Advertising expense

The Company expenses the costs of producing advertisements at the time production occurs and expenses the cost of communicating advertisements in the period during which the advertising space or airtime is used. The Company recognizes advertising as an element of sales and marketing expense. Internet advertising expenses are recognized based on the terms of the individual agreements, which are generally over the greater of the ratio of the number of impressions delivered over the total number of contracted impressions, on a pay-per-click basis, or on a straight-line basis over the term of the contract. Advertising expense totaled €159 million, €149 million and €152 million for the years ended 31 December 2019, 2018, and 2017, respectively. Of these amounts, an immaterial amount is allocated from the Parent.

(e) Stock-based compensation

The Company determines compensation expense associated with restricted stock units ("RSUs") based on the fair value of the Parent's common stock on the grant date. The Company determines compensation expense associated with stock options based on the estimated grant date fair value method using the Black-Scholes valuation model. The Company generally recognizes compensation expense using a straight-line amortization method over the respective vesting period for each vesting tranche for awards that are ultimately expected to vest. Accordingly, stock-based compensation expense for the years ended 31 December 2019, 2018, and 2017 has been reduced for estimated forfeitures. The Company recognizes a benefit or provision from stock-based compensation in earnings as a component of income tax expense to the extent that an incremental tax benefit or deficiency is realized by following the ordering provision of the tax law. A corresponding credit to equity is raised for equity-settled plans.

The Company records a deferred tax asset related to stock-based compensation based on the future tax deduction determined by the stock price as of the reporting date. If the amount of future tax deduction exceeds the cumulative amount of stock-based compensation expenses, the excess deferred tax is recognized directly in invested equity.

(f) Income taxes

Income taxes as presented herein attribute current and deferred income taxes of eBay to the Company's stand-alone financial statements in a manner that is systematic and consistent with IAS 12. Under IAS 12, the total income tax expense (income) recognized in a period is the sum of current tax plus the change in deferred tax assets and liabilities during the period, excluding tax recognized outside of profit or loss – i.e. either in other comprehensive income ("OCI") or directly in equity, or arising from a business combination. For investment property measured using the fair value model, management has elected to run the re-measurement related changes through OCI instead of through profit or loss. Therefore, the related tax effects are also recorded in OCI.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period. A current tax liability or asset is recognized for income tax payable or paid but recoverable in respect of all periods to date.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Further, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company's income tax provision was prepared following the separate return method, as modified by the benefits-for-loss approach. Accordingly, the operating losses and other tax attributes are characterized as utilized when those attributes have been utilized by other members of the eBay consolidated group. In addition, the separate return method applies to the stand-alone financial statements of each member of the combined group as if the group member were a separate taxpayer and a stand-alone enterprise. As a result, actual tax transactions included in the consolidated financial statements of eBay may not be included in the separate combined carve-out financial statements of the Company. Similarly, the tax treatment of certain items reflected in the separate combined carve-out financial statements of the Company may not be reflected in the consolidated financial statements and tax returns of eBay; therefore, items such as net operating losses and credit carry forwards may exist in the stand-alone financial statements that may or may not exist in eBay's consolidated financial statements.

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the estimates in relation to the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The provisions are based on management's best judgement of the application of tax legislation and best estimates of future settlement amounts based on a separate return filing methodology.

(g) Cash, cash equivalents

Cash and cash equivalents are stated at face value and are comprised of cash on hand, bank deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within accrued expenses and other current liabilities in the combined carve-out balance sheets.

(h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation for equipment and leasehold improvements commences once the assets are ready for their intended use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally, one to three years for computer equipment and software, the shorter of five years or the term of the lease for leasehold improvements, and three years for furniture and fixtures).

(i) Goodwill and intangible assets

Goodwill is tested for impairment at a minimum on an annual basis at a cash-generating unit ("CGU") level. As the Company monitors goodwill at a Company-wide level, goodwill is tested for impairment at an aggregated entity-wide CGU level. Goodwill is considered impaired if the carrying value of the entity-wide CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The fair value of the entity-wide CGU is estimated using income and market approaches. In estimating the recoverable amount, management is required to make an estimate of the expected future cash flows from the entity-wide CGU in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Such estimates are subject to a certain degree of judgment and uncertainty.

An impairment test of goodwill was conducted as of 31 August 2019, 2018, and 2017, and 1 January 2017, the Company's date of transition to IFRS. As a result of these assessments, the Company determined that no adjustment to the carrying value of goodwill was required. These calculations use pre-tax cash flow projections for two years based on financial budgets approved by management, including annual revenue growth rates ranging from 2% to 15% and discount rates ranging from 9% to 11.5%. Management determined the expected growth rate and operating results based on past performance and its expectations in relation to market developments. The discount rate used reflects specific risks relating to the entity-wide CGU. Based on this assessment, there was no impairment of goodwill as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017. Material changes in the assumptions used in the calculation of recoverable amount may result in impairment losses. As of 31 December 2019, the Company determined that no events or circumstances from 31 August 2019 through 31 December 2019 indicated that a further assessment was necessary.

Intangible assets consist of trademarks and tradenames, customer lists and user base, and developed technologies. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one to five years. No significant residual value is estimated for intangible assets.

(j) Impairment of non-financial assets

The Company evaluates non-financial assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a non-financial asset or asset group may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets, i.e. CGU. The CGU is considered impaired if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use. The Company did not record any impairment charges for the years ended 31 December 2019, 2018, and 2017. In addition, there was no impairment of non-financial assets as of 1 January 2017.

(k) Business combination

The Company applies the acquisition method, which measures identifiable assets acquired and liabilities assumed in a business combination at their fair values at the acquisition date. The consideration transferred for the acquisition is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Company (if any). Acquisition-related costs are generally expensed as incurred.

See "Note 5 – Business combination" for a full description of the Company's acquisition of U.K.-based classifieds site, Motors.co.uk, in February 2019.

(l) Foreign currency

The Company's business operations are primarily denominated in functional currencies which include Euros ("EUR", "€"), Great Britain Pounds ("GBP"), Australian Dollars ("AUD"), Canadian Dollars ("CAD"), and United States Dollars ("USD"). The Company's presentation currency is EUR.

Assets and liabilities are translated into EUR using exchange rates prevailing at the balance sheet date, while revenues and expenses are translated at average exchange rates during the year. Gains and losses resulting from the translation of the combined carve-out balance sheets and the combined carve-out statements of profit or loss are recorded as a component of other comprehensive income or loss.

Gains and losses from foreign currency transactions are recognized as interest and other, net.

(m) Derivative instruments

The Company uses derivative financial instruments not designated as hedges, such as forwards, to hedge foreign currency balance sheet exposures associated with changes in currency exchange rates against the Company's functional currencies. The Company does not use derivative financial instruments for trading purposes.

See "Note 12 — Fair value measurement of assets and liabilities" for a full description of the Company's derivative instrument activities and related accounting policies.

(n) Accounts receivable, allowance for doubtful receivables and provision for bad debts

Accounts receivable is carried at the receivable amount less an allowance for expected credit losses. Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The Company estimates its allowance for doubtful receivables based on an expected credit losses approach. In determining the expected credit losses, the Company applies the simplified approach to measuring expected credit losses, which references lifetime expected credit losses for all trade receivables. The expected credit loss rates are measured based on historical collection trends adjusted for asset specific attributes, current conditions and reasonable and supportable forecasts of the economic conditions that will exist through the contractual life of the financial asset. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances, and the allowance is adjusted accordingly. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful.

Provision for bad debts consists primarily of losses resulting from bad debts associated with the Company's accounts receivable. Provisions for these items represent the estimate of expected losses based on historical experience and other factors including the impact of regulatory changes and economic conditions.

(o) Fair value measurements

Upon initial recognition, the Company classifies its financial assets and liabilities as subsequently measured at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI"), or at amortized cost. The classification depends on the purpose for which the financial assets are bought and held.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured by reference to the principal market for the asset or liability assuming that market participants act in their economic best interests. The Company's financial assets and liabilities are valued using market prices on both active markets (Level 1), less active markets (Level 2) and little or no market activity (Level 3). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from readily available pricing sources for comparable instruments, identical instruments in less active markets, or models using market observable inputs. Level 3 instrument valuations typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Financial assets at FVOCI

The Company has elected to irrevocably designate its equity investments as measured at fair value through other comprehensive income when they meet the definition of equity and are not held for trading. These investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss in other comprehensive income is not reclassified to profit or loss on disposal.

Financial assets and liabilities at FVTPL

The Company's derivative assets and derivative liabilities are measured at fair value through profit or loss on a recurring basis as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017. The derivative instruments are accounted for at trade date and are valued using pricing models that take into account the contract terms as well as currency rates.

Financial assets and liabilities at amortized cost

The Company's financial assets and liabilities not measured at fair value include cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities. Financial assets measured at amortized cost are financial assets which are held for the objective of collecting contractual cash flows and for which the contractual cash flows are fixed and determinable consisting solely of payment of principal and interest outstanding. As of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities approximated their estimated fair values because of the short-term nature of these financial instruments.

4. Recently adopted accounting standards

Accounting pronouncements issued and adopted

Amendments to IFRS 3 – Business Combinations ("IFRS 3")

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 with early adoption permitted. As a first-time IFRS adopter, the Company adopted the standard for annual periods beginning on 1 January 2017. The adoption of the standard did not have a material impact on the Company's combined carve-out financial statements.

IFRS 16 – New Leases Standard ("IFRS 16")

In January 2016, the IASB issued new guidance related to accounting for leases. The guidance requires the recognition of ROU assets and lease liabilities by lessees for all leases. As a first-time IFRS adopter, the Company adopted IFRS 16 for annual periods beginning on 1 January 2017, the date of transition to IFRS. The adoption of the standard resulted in the recognition of €23 million of ROU assets and €23 million of lease liabilities on the Company's combined carve-out balance sheet at adoption on 1 January 2017 related to office space and data centers.

IFRS 9 - Financial instruments ("IFRS 9")

In July 2014, the IASB issued IFRS 9 that provides an update to accounting guidance related to the accounting for financial instruments. IFRS 9 contains three principal measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. A single approach is used to determine the classification and measurement of financial assets which is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

IFRS 9 also provides a new model for the recognition of impairment losses – the expected credit losses ("ECL") model, which requires entities to record a loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. For trade receivables that are short term in nature and do not contain a significant financing component, the simplified approach is required to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

As a first-time IFRS adopter, the Company adopted IFRS 9 for annual periods beginning on 1 January 2017. The adoption of IFRS 9 resulted in the recognition of an additional €33 million of equity investments, an additional €2M of allowance for doubtful receivables, and €31 million in net parent investment on the Company's combined carve-out financial statements at adoption due to the recognition of the investments at fair value through other comprehensive income or loss, subsequent to adoption.

IFRS 15 - New Revenue Recognition Standard ("IFRS 15")

In May 2014, the IASB issued new accounting guidance related to revenue recognition. The revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. As a first-time IFRS adopter, the Company adopted the standard for annual periods beginning on 1 January 2017, the date of transition to IFRS. The adoption of the standard did not have a material impact on the Company's combined carve-out financial statements.

Other standards

As a first-time IFRS adopter, the Company also adopted the following standards and amendments for annual periods beginning on 1 January 2017.

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments

The adoption of these standards and amendments did not have a material impact on the Company's combined carve-out financial statements.

Accounting pronouncements issued not yet adopted

Conceptual Framework for Financial Reporting

In March 2018, the IASB published the revised Conceptual Framework for Financial Reporting, which includes a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also issued guidance to support the transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS applies to a particular transaction. The amendments are effective for annual periods beginning on or after 1 January 2020. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its combined carve-out financial statements.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendment)

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its combined carve-out financial statements.

5. Business combinations

In February 2019, the Company wholly acquired the U.K.-based classifieds site, Motors.co.uk for €82 million in cash. The Company believes the acquisition will increase the Company's international presence and give buyers access to more listings.

The aggregate purchase consideration was allocated as follows (in millions):

		Motors.co.uk
Goodwill	€	57
Customer lists		18
Trademarks and tradenames		5
Developed technologies		4
Net liabilities assumed		(2)
Total	€	82

The goodwill recognized is primarily attributable to expected synergies and the assembled workforce of Motors.co.uk and is not deductible for income tax purposes.

Since the acquisition, revenue recognized from Motors.co.uk's operations for the year ended 31 December 2019 was €18 million. Due to the Company's integrated shared cost structure, it is impracticable to disclose profit or loss from Motors.co.uk's operations since the acquisition date for the year ended 31 December 2019.

6. Goodwill and intangible assets

Goodwill

The following table presents goodwill activity for the years ended 31 December 2019, 2018, and 2017 (in millions):

		Goodwill
Balance at 1 January 2017	€	601
Effect of movements in exchange rates		(2)
Balance at 31 December 2017		599
Effect of movements in exchange rates		(1)
Balance at 31 December 2018		598
Acquisition of Motors.co.uk		57
Effect of movements in exchange rates		4
Balance at 31 December 2019	€	659

Intangible assets

The movements in intangible assets are as follows (in millions):

Intangible Assets	Trademarks and tradenames	Customer lists and user base	Developed technologies	Total
Cost	€ 135	€ 61	€ 18	€ 214
Accumulated amortization	(121)	(60)	(17)	(198)
Balance at 1 January 2017	14	1	1	16
Acquisitions	18	-	-	18
Amortization charges	(15)	(1)	(1)	(17)
Currency translation differences	1	-	-	1
Activities during 2017	4	(1)	(1)	2
Cost	154	61	18	233
Accumulated amortization	(136)	(61)	(18)	(215)
Balance at 31 December 2017	18	-	-	18
Amortization charges	(15)	-	-	(15)
Activities during 2018	(15)	-	-	(15)
Cost	154	61	18	233
Accumulated amortization	(151)	(61)	(18)	(230)
Balance at 31 December 2018	3	-	-	3
Acquisitions	5	18	4	27
Amortization charges	(3)	(6)	(1)	(10)
Activities during 2019	2	12	3	17
Cost	159	79	22	260
Accumulated amortization	(154)	(67)	(19)	(240)
Balance at 31 December 2019	€ 5	€ 12	€ 3	€ 20

Amortization expense for intangible assets is included in Amortization of acquired intangible assets and Cost of net revenues on the combined carve-out statements of profit or loss. The amortization expense allocated from the Parent was immaterial for the years ended 31 December 2019, 2018, and 2017.

7. Leases

The Company has leases for office space and data centers that the Company utilizes under lease arrangements. The Company's leases have remaining lease terms of up to ten years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year.

Right-of-use Assets

Key movements relating to lease balances are presented below (in millions):

Right of use assets	Office space	Data centers	Total
Balance at 1 January 2017	€ 13	€ 10	€ 23
Depreciation expense	(4)	(3)	(7)
Additions	4	-	4
Currency translation differences and other	(1)	-	(1)
Balance at 31 December 2017	12	7	19
Depreciation expense	(5)	(3)	(8)
Additions	6	-	6
Balance at 31 December 2018	13	4	17
Depreciation expense	(5)	(3)	(8)
Additions	8	-	8
Balance at 31 December 2019	€ 16	€ 1	€ 17

Depreciation expense on the ROU assets is included in Cost of net revenues, Sales and marketing, and General and administrative expenses on the combined carve-out statements of profit or loss. Depreciation expense for right-of-use assets allocated from the Parent was immaterial for the years ended 31 December 2019, 2018, and 2017.

Expenses relating to variable lease payments are included in General and administrative expenses on the combined carve-out statements of profit or loss. Expenses recognized relating to variable lease payments were immaterial for the years ended 31 December 2019, 2018, and 2017.

Lease Liabilities

Maturity of lease liabilities under the Company's non-cancelable leases is as follows (in millions):

	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017	As of 1 January 2017
Less than one year	€ 6	€ 8	€ 6	7
One year	4	5	6	6
Two years	3	2	3	5
Three years	3	2	3	3
Four years	2	1	2	1
More than five years	1	1	1	3
Total lease payments	19	19	21	25
Less interest	(2)	(2)	(1)	(2)
Present value of lease liabilities	€ 17	€ 17	€ 20	23

Interest expense on lease liabilities was €1 million, €1 million, and €1 million for the years ended 31 December 2019, 2018, and 2017, respectively. Of these amounts, an immaterial amount was allocated from the Parent.

8. Allocation of corporate expenses

The combined carve-out statements of profit or loss include corporate expense allocations for services provided by the Parent. The corporate expenses that were allocated include expenses incurred for sales and marketing, information technology, finance, accounting, treasury and legal, real estate and facilities, human resources, stock-based compensation, procurement, advertising, product development, restructuring, and other corporate and infrastructure functions. These expenses have been allocated to eBay Classifieds based on direct usage or benefit when specifically identifiable. The remainder were allocated on a pro rata basis. The allocation methods include revenue, headcount or other systematic measures. During the years ended 31 December 2019, 2018 and 2017, the Company was allocated the following costs incurred by the Parent, which are included in the combined carve-out statements of profit or loss (in millions):

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Cost of net revenues	€ 5	€ 4	€ 5
Sales and marketing	21	20	23
Product development	23	18	19
General and administration	54	47	37
Total allocated costs	€ 103	€ 89	€ 84

The allocations may not be indicative of actual costs for services or what the Company would have incurred on a stand-alone basis.

Shared Agreements with Parent

The Company operates under agreements executed by the Parent with third parties, including but not limited to information technology support, information security, human resource management, facility management, tax, corporate legal services, risk management, administration, and finance.

9. Related party transactions

Parent and ultimate controlling party

These combined carve-out financial statements include transactions with eBay and its subsidiaries. Parent is a related party as it controlled the Company during the periods presented.

The Company and the Parent have entered into certain commercial agreements whereby each party has agreed to provide advertising and marketing services to one another. These agreements include referral fees, advertising, and cooperation arrangements within certain markets. In consideration for services rendered under these agreements, the details of net revenues and related costs incurred are given in the below table. There were no amounts due to or from the Parent related to these agreements as of 31 December 2019, 31 December 2018, 31 December 2017, or 1 January 2017 as a result of transactions being considered effectively settled through net parent investment at the time the transactions are recorded. The amounts reflected in the combined carve-out financial statements may not be indicative of revenues and costs that will be incurred by the Company in the future.

	Years ended		
	31 December 2019	31 December 2018	31 December 2017
Net service revenues recorded	€ 18	€ 9	€ 4
Advertising and marketing costs incurred	4	2	2
Total, net	€ 14	€ 7	€ 2

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, even though the Company did not operate as a standalone entity during the historical periods. The Company's leadership team has been identified as key management, which included the following functions: Chief Executive Officer ("CEO") and Chief Finance Officer ("CFO"). Key management personnel compensation comprised the following:

	Years ended		
	31 December 2019	31 December 2018	31 December 2017
Salary and compensation	€ 2	€ 2	€ 2
Shared-based payments	3	2	1
Total key management personnel compensation	€ 5	€ 4	€ 3

10. Net parent investment

Parent's equity in eBay Classifieds is presented as net parent investment on the combined carve-out balance sheets. The combined carve-out statements of changes in invested equity include net transfers to and from Parent. Parent performs cash management and other treasury-related functions on a centralized basis for the Company. All intercompany transactions not cash-settled are considered to be settled at the time the transaction is recorded through net parent investment.

Net parent investment includes the following:

- Certain intercompany receivables and payables between the Company and Parent that are deemed effectively settled;
- Accrued liabilities related to corporate allocations including executive management, accounting, use of facilities, product development, corporate marketing, legal, employee benefits and other services that are deemed effectively settled;
- Other assets, liabilities, revenues, and expenses recorded by Parent that have been pushed down to the Company as such amounts are directly attributable to the Company's operations; and
- Cash sweeps and pooling with Parent related to the settlement of tax liabilities under the separate return method.

Net transfers to and from Parent are included within net parent investment in the combined carve-out statements of changes in invested equity. Except for non-cash transactions, all intercompany transactions effected through net parent investment in the accompanying combined carve-out balance sheets have been considered as cash receipts or payments for purposes of the combined carve-out statements of cash flows and are reflected in financing activities.

11. Commitments and contingencies

Litigation and other legal matters

Overview

The Company is involved in legal and regulatory proceedings. Many of these proceedings are in early stages and may seek an indeterminate amount of damages. If the Company believes that a loss arising from such matters is probable and can be reasonably estimated, the Company accrues the estimated liability in its financial statements. If only a range of estimated losses can be determined, the Company accrues an amount within the range that, in management's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the Company accrues the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, the Company has disclosed an estimate of the reasonably possible loss or range of losses or the Company has concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) is not material. If the Company cannot estimate the probable or reasonably possible loss or range of losses arising from a proceeding, the Company discloses that fact. In assessing the materiality of a proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require the Company to change its business practices in a manner that could have a material adverse impact on its business.

Amounts accrued for legal and regulatory proceedings for which the Company believes a loss is probable were not material as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017. Except as otherwise noted for the proceedings described in this Note 11, the Company has concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of the recorded accruals are also not material. However, legal and regulatory proceedings are inherently unpredictable and subject to significant uncertainties. If one or more matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the impact on its operating results or financial condition for that reporting period could be material. Legal fees are expensed as incurred.

The Company is engaged in various legal proceedings, claims, audits, and investigations that have arisen in the ordinary course of business. These matters include, but are not limited to, commercial matters and intellectual property infringement claims. The outcome of all the matters against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the ultimate resolution of any such matters, individually or in the aggregate, is not expected to have a material adverse effect on the Company's combined carve-out financial statements.

General matters

Third parties have from time to time claimed, and others may claim in the future, that the Company has infringed their intellectual property rights. The Company is subject to patent disputes and expects that it could be subject to additional patent infringement claims as the Company's services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against the Company and/or against the customers (who may be entitled to contractual indemnification under their contracts with the Company), and the Company is subject to increased exposure to such claims. The Company has in the past been forced to litigate such claims. The Company may also become more vulnerable to third-party claims as laws are interpreted by the courts, and as the Company expands the scope of its business (in terms of the services that it offers and its geographical operations) and becomes subject to laws in jurisdictions where the underlying laws with respect to the potential liability of online intermediaries like the Company are either unclear or less favorable. Intellectual property claims, whether meritorious or not, are time consuming and costly to defend and resolve, could require expensive changes in methods of doing business or could require the Company to enter into costly royalty or licensing agreements on unfavorable terms.

From time to time, the Company is involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by users (individually or as class actions) alleging, among other things, improper disclosure of the prices, rules or policies, that the Company's practices, prices, rules, policies or customer/user agreements violate applicable law or that it has acted unfairly and/or not acted in conformity with such practices, prices, rules, policies or agreements. Further, the number and significance of these disputes and inquiries are increasing as the political and regulatory landscape changes and, as the Company is growing larger. Any claims or regulatory actions against the Company, whether meritorious or not, could be time consuming, result in costly litigation, damage awards (including statutory damages for certain causes of action in certain jurisdictions), injunctive relief or increased costs of doing business through adverse judgment or settlement, require the Company to change the business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources or otherwise harm the business.

Other

The Parent is also involved in a number of other judicial and administrative proceedings arising in the ordinary course of business. Through its association with the Parent, the Company may be impacted by these proceedings. Although adverse decisions (or settlements) may occur in one or more of the cases, it is not possible to estimate the possible loss or losses from each of these cases. The final resolution of these lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

12. Fair value measurement of assets and liabilities

The Company's assets and liabilities measured at fair value on a recurring basis include equity investments and derivatives. The Company reviews the carrying amounts of such assets when events indicate that their carrying value may not be recoverable. Any resulting impairment would require that the assets and liabilities be recorded at their fair value. The Company did not have any transfers of financial instruments between valuation levels during 2019, 2018, or 2017.

The following tables present the Company's financial assets and liabilities measured at fair value as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017 (in millions):

	As of 31 December 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 39	€ -	€ -	€ 39
Derivatives	1	-	1	-
Total financial assets	€ 40	€ -	€ 1	€ 39
Financial liabilities:				
Derivatives	€ 2	€ -	€ 2	€ -

	As of 31 December 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 61	€ -	€ -	€ 61
Derivatives	1	-	1	-
Total financial assets	€ 62	€ -	€ 1	€ 61
Financial liabilities:				
Derivatives	€ 1	€ -	€ 1	€ -

	As of 31 December 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 57	€ -	€ -	€ 57
Financial liabilities:				
Derivatives	€ 1	€ -	€ 1	€ -

	As of 1 January 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 56	€ -	€ -	€ 56
Financial liabilities:				
Derivatives	€ 1	€ -	€ 1	€ -

Equity investments

The following table summarizes the Company's equity interest in its equity investments:

	As of			
	31 December 2019	31 December 2018	31 December 2017	1 January 2017
Quikr	5.8%	5.9%	6.1%	6.1%
HelloMarket	18.8%	18.8%	18.8%	10.4%

The following table summarizes the total fair value of equity investments as of 31 December 2019, 2018 and 2017 (in millions):

	As of		
	31 December 2019	31 December 2018	31 December 2017
Fair value, beginning of period	€ 61	€ 57	€ 56
Purchases	-	-	4
Fair value adjustments	(22)	4	(3)
Fair value, end of period	€ 39	€ 61	€ 57

The fair value of equity investments is categorized as Level 3 as the investments have little to no market activity and are not listed on an exchange.

The Company determined the fair value of Quikr as of 31 December 2018, 31 December 2017, and 1 January 2017 primarily based on the premium on the issuance of Quikr's preference and ordinary shares, whereas the Company determined the fair value of Quikr as of 31 December 2019 based on a market approach utilizing a revenue multiple. The Company determined the fair value of HelloMarket primarily using an adjusted cost approach. Because the investments are not actively traded on an exchange, the Company applied discounts for lack of marketability to determine the appropriate fair value of the respective investments.

The following table contains information about the significant unobservable inputs used in Level 3 valuations and valuation techniques used to measure the fair value of equity investments.

Description	Valuation Technique	Unobservable Input	Value
Quikr	FV based on share premium	Discount for lack of marketability	25%
	Market approach	Revenue multiple	27
		Discount for lack of marketability	45%
HelloMarket	Adjusted cost approach	Discount for lack of marketability	10%

A 10% increase to the discount for lack of marketability applied to Quikr, in isolation of other changes, would result in a decrease ranging from 13% to 18% to the fair value of Quikr, and vice versa, whereas a 10% increase to the discount for lack of marketability applied to HelloMarket, in isolation of other changes, would result in a decrease of 10% to the fair value of HelloMarket, and vice versa. A 10% increase to the revenue multiple applied to Quikr as of 31 December 2019, in isolation of other changes, would result in an increase of approximately 10% to the fair value of Quikr, and vice versa.

Derivative instruments

The Company's primary objective in holding derivatives is to reduce the volatility of earnings associated with changes in currency exchange rates against the Company's functional currencies. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign exchange rate movements. The Company does not use any of the derivative instruments for trading purposes.

Non-designated hedges

The Company's derivatives consist of foreign currency forward contracts that were primarily used to hedge monetary assets or liabilities associated with changes in currency exchange rates against the Company's functional currencies The Company does not apply hedge accounting to any of its derivative instruments. The gains and losses on the Company's derivatives not designated as hedging instruments are recorded in interest and other, net, which are offset by the foreign currency gains and losses on the related assets and liabilities that are also recorded in interest and other, net. The Company classifies cash flows related to the non-designated hedging instruments as operating activities in the combined carve-out statements of cash flows.

Fair value of derivative contracts

The location of the outstanding derivative instruments in the combined carve-out balance sheets is shown below:

	Balance Sheet Location	As of 31 December 2019	31 December 2018	31 December 2017	1 January 2017
Derivative Assets:					
Foreign exchange contracts not designated as hedging instruments	Other Current Assets	€ 1	€ 1	€ -	€ -
Total derivative assets		€ 1	€ 1	€ -	€ -
Derivative Liabilities:					
Foreign exchange contracts not designated as hedging instruments	Accrued Expenses and Other Current Liabilities	€ 2	€ 1	€ 1	€ 1
Total derivative liabilities		2	1	1	1
Total fair value of derivative instruments		€ (1)	€ -	€ (1)	€ (1)

The Company net settles transactions of the same type with a single net amount payable by one party to the other. The Company presents the derivative assets and derivative liabilities on a net settlement basis on its combined carve-out balance sheets.

Effect of derivative contracts on combined carve-out statements of profit or loss

The following table provides a summary of the total gain (loss) recognized in the combined carve-out statements of profit or loss from the Company's foreign exchange derivative contracts for the years ended 31 December 2019, 2018 and 2017 (in millions):

	Years ended 31 December 2019	31 December 2018	31 December 2017
Foreign exchange contracts not designated as hedging instruments recognized in interest and other, net	€ (2)	€ 1	€ (3)
Total gain (loss) recognized from foreign exchange derivative contracts in the combined statements of profit or loss	€ (2)	€ 1	€ (3)

Notional amounts of derivative contracts

Derivative transactions are measured in terms of the notional amount, but this amount is not recorded on the combined carve-out balance sheets and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged but is used only as the basis on which the value of foreign exchange payments under these contracts is determined. The following table provides the notional amounts of the Company's outstanding derivatives as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017 (in millions):

	As of			
	31 December 2019	31 December 2018	31 December 2017	1 January 2017
Foreign exchange contracts not designated as hedging instruments	€ 147	€ 200	€ 78	€ 79
Total	€ 147	€ 200	€ 78	€ 79

13. Financial risk management

Overview

The Company maintains a capital structure that enables the Company to achieve its strategic objectives and daily operational needs, and to safeguard the Company's ability to continue as a going concern. The Company's activities result in exposure to a variety of financial risks including foreign exchange risk, liquidity risk, and credit risk. The Company has implemented policies to identify, analyze and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with the Parent's Corporate Treasury Policy. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting the Company's business.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenues or expenses are denominated in a different currency from the Company's functional currencies. The Company's operations are primarily denominated in EUR, GBP, AUD, CAD and USD. The Company manages foreign exchange risk through derivative contracts to cover forecasted exposures.

A 10% strengthening/weakening of the exchange rate of EUR against the currencies listed below would have increased / (decreased) profit or loss by the amount shown below:

	Years ended		
	31 December 2019	31 December 2018	31 December 2017
GBP	0%	1%	1%
AUD	1%	1%	0%
CAD	2%	2%	3%
USD	(2%)	(2%)	(3%)

The Company does not have material exposure to foreign currency changes for other currencies for the years ended 31 December 2019, 31 December 2018, and 31 December 2017.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. To ensure that there is sufficient cash to meet the expected operational expenses, actual and future cash flow requirements are regularly monitored, taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Company's liquidity reserves.

Credit risk

The Company is exposed to credit risk to the extent that the counterparties may be unable to meet the terms of their arrangements. The Company's objective is to mitigate such risks by limiting the counterparties to, and by spreading the risk across, major financial institutions. In addition, the risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis.

The Company's cash and cash equivalents, accounts receivable, and derivative instruments are potentially subject to concentration of credit risk. The Company's accounts receivable are derived from revenue earned from customers. As of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017, no customer accounted for greater than 10% of the Company's accounts receivable. In the years ended 31 December 2019, 2018, and 2017, one customer accounted for 18%, 20%, and 20% of the Company's net revenues, respectively.

The Company's exposure from its customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer. Procedures include aligning credit and trading terms and conditions with an assessment of the individual characteristics and risk profile of each customer. This assessment is made based on past experiences and independent ratings from external rating agencies whenever available. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company actively monitors the credit risk related to these customers and takes proactive action to reduce credit limits if required. The following table summarizes the movement in the expected credit loss allowances for trade receivables:

	As of		
	31 December 2019	**31 December 2018**	**31 December 2017**
Balance at 1 January	€ 12	€ 9	€ 7
Additions to credit loss allowance	13	6	6
Receivables written off as uncollectible	(6)	(3)	(4)
Balance at 31 December	€ 19	€ 12	€ 9

To measure the expected credit losses, trade receivables have been measured based on shared credit risk characteristics, as evidenced by days past due presented below:

	As of			
	31 December 2019	**31 December 2018**	**31 December 2017**	**1 January 2017**
Not overdue	€ 98	€ 87	€ 84	€ 72
Overdue </= 60 days	14	21	11	10
Overdue > 60 days	26	18	12	11
Gross trade receivables	€ 138	€ 126	€ 107	€ 93

As of 31 December 2019, 2018, and 2017, the total expected credit loss allowance represented approximately 2%, 1%, and 1% of the Company's net revenues, respectively.

14. Property and equipment

The movements in property and equipment are as follows (in millions):

Property and equipment		Computer equipment & software		Furniture & fixtures		Leasehold improvements		Total
Cost	€	65	€	3	€	17	€	85
Accumulated depreciation		(49)		(2)		(13)		(64)
Balance at 1 January 2017		16		1		4		21
Additions		13		-		-		13
Depreciation		(12)		(1)		(1)		(14)
Activities during 2017		1		(1)		(1)		(1)
Cost		78		3		17		98
Accumulated depreciation		(61)		(3)		(14)		(78)
Balance at 31 December 2017		17		-		3		20
Additions		12		-		3		15
Depreciation		(11)		-		(2)		(13)
Activities during 2018		1		-		1		2
Cost		90		3		20		113
Accumulated depreciation		(72)		(3)		(16)		(91)
Balance at 31 December 2018		18		-		4		22
Additions		14		-		1		15
Depreciation		(12)		-		(2)		(14)
Activities during 2019		2		-		(1)		1
Cost		104		3		21		128
Accumulated depreciation		(84)		(3)		(18)		(105)
Balance at 31 December 2019	€	20	€	-	€	3	€	23

Depreciation expense on property and equipment is included in Cost of net revenues, Sales and marketing, Product development, and General and administrative expenses in the combined carve-out statements of profit or loss.

15. Balance sheet components

Other current assets (in millions):

	As of							
		31 December 2019		31 December 2018		31 December 2017		1 January 2017
Income tax receivable	€	17	€	-	€	-	€	-
Other receivables		3		6		1		1
Prepaid expenses		5		4		5		7
Value added taxes		6		3		5		4
Other current assets	€	31	€	13	€	11	€	12

Accrued expenses and other current liabilities (in millions):

	As of			
	31 December 2019	31 December 2018	31 December 2017	1 January 2017
Advertising accruals	€ 30	€ 35	€ 36	€ 24
Compensation and related benefits	28	25	27	26
Value added taxes	11	7	10	8
Lease liability – current	5	7	6	6
Accrued professional fees	5	5	6	4
Other	5	3	11	3
Accrued expenses and other current liabilities	€ 84	€ 82	€ 96	€ 71

16. Employee benefit plans

The Company's employees participate in Parent's equity incentive plans. In addition, certain employees participate in Parent's employee stock purchase plan. All awards granted under these plans consisted of Parent's common shares. The Company's combined carve-out statements of profit or loss reflect compensation expense for these stock-based plans associated with the portion of Parent's equity incentive plans in which the Company's employees participate as well as an allocation for Parent's corporate and other shared employee expenses. Employees may also participate in Parent's employee savings plans.

Parent's equity incentive plans

Parent has equity incentive plans under which Parent grants equity awards, including stock options, RSUs, performance based RSUs ("PBRSUs"), stock payment awards and performance share units, to the directors, officers and employees.

Stock options granted under these plans generally vest 12.5% six months from the date of grant (or 25% one year from the date of grant for grants to new employees) with the remainder vesting at a rate of 2.08% per month thereafter, and generally expire seven to ten years from the date of grant. RSU awards granted to eligible employees under the equity incentive plans generally vest in annual or quarterly installments over a period of three to five years, are subject to the employees' continuing service to the Company and do not have an expiration date.

PBRSU awards are subject to performance and time-based vesting requirements. The target number of shares subject to the PBRSU award are adjusted based on the business performance measured against the performance goals approved by the Parent's Compensation Committee at the beginning of the performance period. The PBRSU award targets are based on the Parent's consolidated performance. Generally, if the performance criteria is satisfied, one-half of the award vests in March following the end of the performance period and the other half of the award vests in March of the following year.

Parent's employee stock purchase plan

Parent has an Employee Stock Purchase Plan ("ESPP") for all eligible employees in the Company. Under the plan, shares of Parent's common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the six month purchase period. Employees may purchase shares having a value not exceeding 10% of their eligible compensation during an offering period. During 2019, 2018 and 2017, employees of the Company purchased approximately 271 thousand, 301 thousand, and 272 thousand shares of the Parent's common stock at average prices of €22.94, €21.11 and €19.80 per share, respectively.

Parent's stock option activity

No stock options were granted in 2019, 2018 and 2017. During 2019, 2018 and 2017, the aggregate intrinsic value of options exercised under the Parent's equity incentive plans was €1 million, nil and €1 million, respectively, determined as of the date of option exercise. As of 31 December 2019, there were 10 thousand outstanding and in-the-money options to purchase shares of Parent's common stock related to the Company's employees.

Parent's restricted stock unit activity

The following table presents RSU activity (including PBRSUs that have been earned) under the Parent's equity incentive plans that the Company's employees participated in as of and for the years ended 31 December 2019, 2018 and 2017 (in thousands, except per share amounts):

	Units		Weighted Average Grant-Date Fair Value (per share)
Outstanding at 1 January 2017	2,777	€	22.78
Awarded and assumed	1,265		30.19
Vested	(1,204)		22.33
Forfeited	(303)		23.04
Outstanding at 31 December 2017	2,535		23.57
Awarded and assumed	1,331		32.77
Vested	(1,240)		24.12
Forfeited	(422)		27.38
Outstanding at 31 December 2018	2,204		29.29
Awarded and assumed	1,269		33.69
Vested	(1,138)		28.37
Forfeited	(384)		31.49
Outstanding at 31 December 2019	1,951	€	33.15

During 2019, 2018 and 2017, the aggregate intrinsic value of RSUs vested under the Parent's equity incentive plans that the Company's employees participated in was €38 million, €39 million and €37 million, respectively.

Stock-based compensation expense

The following table presents stock-based compensation expense for the years ended 31 December 2019, 2018 and 2017 (in millions):

	Years Ended					
		31 December 2019		31 December 2018		31 December 2017
Cost of net revenues	€	2	€	2	€	2
Sales and marketing		13		13		14
Product development		12		11		11
General and administrative		14		13		11
Total stock-based compensation expense	€	41	€	39	€	38

Included in total stock-based compensation expense for the years ended 31 December 2019, 2018, and 2017 is €8 million, €5 million and €5 million, respectively, of allocations related to Parent's corporate and shared services employees. As of 31 December 2019, there was approximately €50 million of unearned stock-based compensation related to grants to the Company's employees that will be expensed from 2020 through 2023. If there are any modifications or cancellations of the underlying unvested awards, the Company may be required to accelerate, increase or cancel all or a portion of the remaining unearned stock-based compensation expense. Future unearned stock-based compensation will increase to the extent the Company grants additional equity awards, changes the mix of grants between stock options and restricted stock units, or assumes unvested equity awards in connection with acquisitions.

Parent's employee savings plans

Parent has an Employee Savings Plan (the "Plan") which qualifies as a defined contribution pension plan whereby the Company contributes a fixed percentage of the employees' salaries to the Plan. The participating employees are able to direct the contributions into a variety of investment funds offered by the Plan. Total expense for the Company's employees covered under the Plan was €7 million, €5 million, and €5 million for the years ended 31 December 2019, 2018, and 2017, respectively.

17. Income tax

The components of pre-tax profit for the years ended 31 December 2019, 2018, and 2017 are as follows (in millions):

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
The Netherlands	€ 96	€ 99	€ 97
Outside the Netherlands	205	167	108
	€ 301	€ 266	€ 205

The provision (benefit) for income taxes is comprised of the following (in millions):

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Current:			
Current tax on profits for the year	€ 56	€ 53	€ 38
Adjustments for current tax on prior periods	(2)	6	(4)
	54	59	34
Deferred:			
Origin and reversal of deferred tax expense	194	9	(638)
Change in tax rates	(19)	109	-
	175	118	(638)
	€ 229	€ 177	€ (604)

The following is a reconciliation of the difference between the actual provision for income taxes and the provision computed by applying the Netherlands statutory rate of 25% to profit before income taxes (in millions):

	Year Ended		
	31 December 2019	31 December 2018	31 December 2017
Provision at statutory rate	€ 75	€ 66	€ 51
Foreign income taxed at different rates	3	3	2
Other taxes on foreign operations	(9)	2	(4)
Tax basis step-up resulting from realignment	178	(8)	(659)
Stock-based compensation	3	4	4
U.S. return to provision adjustments	-	1	-
Impact of tax rate change	(19)	109	-
Other	(2)	-	2
	€ 229	€ 177	€ (604)

Income taxes arising in the reporting period and not recognized in net profit or loss or other comprehensive income or loss, but directly included within invested equity are as follows:

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Current tax: stock-based compensation	€ (1)	€ (1)	€ (1)
Deferred tax: stock-based compensation	-	1	-
	€ (1)	€ -	€ (1)

Income taxes recognized directly in other comprehensive income or loss are as follows:

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Deferred tax: equity investments classified as fair value, recognized through other comprehensive income or loss	€ (5)	€ 1	€ (2)
	€ (5)	€ 1	€ (2)

During 2017, the Company recorded a step-up in the tax basis of the intangible assets in the non-U.S. Classifieds platforms as a result of voluntarily domiciling the Classifieds intangible assets into a new jurisdiction and recognized a tax benefit of €659 million. In 2019, there was a negotiated reduction in the tax basis of the intangible assets in the non-U.S. Classifieds platforms resulting in the recognition of tax expense of €178 million.

On 18 December 2018, a tax rate change was substantively enacted in the Netherlands and reduced the tax rate of 2020 from 25% to 22.55% and the tax rate of 2021 from 25% to 20.5%. This resulted in tax expense of €109M being recorded in 2018 to re-measure the deferred tax asset in the Netherlands based on the tax rate that would be in effect when the deferred tax assets reverse. In addition, on 17 December 2019, a further tax rate change was substantively enacted in the Netherlands and changed the tax rate of 2020 from 22.55% to 25% and the tax rate of 2021 from 20.5% to 21.7%. This resulted in a tax benefit of €19M in 2019 to re-measure the deferred tax assets in the Netherlands.

The Company's income tax provision has been prepared following the benefits-for-loss approach, a modification to the separate return method. The impact on the effective tax rate of utilizing the benefits-for-loss approach decreased tax expense by €2 million, €2 million, and €3 million in 2019, 2018, and 2017, respectively.

The parent entity of the Classifieds business is incorporated in the Netherlands; therefore, the income tax provision has been prepared on that basis. As a result, any U.S. international tax provisions (including the effects of U.S. tax reform) applicable to entities with a U.S. parent have not been considered.

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases using enacted or substantively enacted tax rates in effect for the year in which the differences are expected to be reversed. The movements in deferred tax assets and liabilities are as follows (in millions):

		Net balance at 1 January 2017	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in a business combination	Net balance at 31 December 2017
Net operating loss and credits	€	-	-	-	-	-	-
Accruals and allowances		2	(1)	-	-	-	1
Stock-based compensation		4	(1)	-	-	-	3
Amortizable tax basis in intangibles		-	638	-	-	-	638
Lease liability		3	(1)	-	-	-	2
Total deferred tax assets before set off		9	635	-	-	-	644
Set off of tax		(5)	3	-	-	-	(2)
Net deferred tax assets	€	4	638	-	-	-	642
Accruals and allowances		-	-	-	-	-	-
Acquisition-related intangibles		(2)	1	-	-	-	(1)
Unremitted foreign earnings		-	-	-	-	-	-
ROU asset		(3)	1	-	-	-	(2)
Investment at fair value		(8)	-	2	-	-	(6)
Total deferred tax liabilities before set off		(13)	2	2	-	-	(9)
Set off of tax		5	(3)	-	-	-	2
Net deferred tax liabilities	€	(8)	(1)	2	-	-	(7)
Net tax assets (liabilities)	€	(4)	637	2	-	-	635

		Net balance at 1 January 2018	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in a business combination	Net balance at 31 December 2018
Net operating loss and credits	€	-	-	-	-	-	-
Accruals and allowances		1	2	-	-	-	3
Stock-based compensation		3	-	-	(1)	-	2
Amortizable tax basis in intangibles		638	(119)	-	-	-	519
Lease liability		2	-	-	-	-	2
Total deferred tax assets before set off		644	(117)	-	(1)	-	526
Set off of tax		(2)	-	-	-	-	(2)
Net deferred tax assets	€	642	(117)	-	(1)	-	524
Accruals and allowances		-	-	-	-	-	-
Acquisition-related intangibles		(1)	-	-	-	-	(1)
Unremitted foreign earnings		-	-	-	-	-	-
ROU asset		(2)	-	-	-	-	(2)
Investment at fair value		(6)	-	(1)	-	-	(7)
Total deferred tax liabilities before set off		(9)	-	(1)	-	-	(10)
Set off of tax		2	-	-	-	-	2
Net deferred tax liabilities	€	(7)	-	(1)	-	-	(8)
Net tax assets (liabilities)	€	635	(117)	(1)	(1)	-	516

		Net balance at 1 January 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in a business combination	Net balance at 31 December 2019
Net operating loss and credits	€	-	15	-	-	-	15
Accruals and allowances		3	(3)	-	-	-	-
Stock-based compensation		2	-	-	-	-	2
Amortizable tax basis in intangibles		519	(186)	-	-	-	333
Lease liability		2	-	-	-	-	2
Total deferred tax assets before set off		526	(174)	-	-	-	352
Set off of tax		(2)	(1)	-	-	-	(3)
Net deferred tax assets	€	524	(175)	-	-	-	349
Accruals and allowances		-	(3)	-	-	-	(3)
Acquisition-related intangibles		(1)	2	-	-	(5)	(4)
Unremitted foreign earnings		-	(1)	-	-	-	(1)
ROU asset		(2)	-	-	-	-	(2)
Investment at fair value		(7)	-	5	-	-	(2)
Total deferred tax liabilities before set off		(10)	(2)	5	-	(5)	(12)
Set off of tax		2	1	-	-	-	3
Net deferred tax liabilities	€	(8)	(1)	5	-	(5)	(9)
Net tax assets (liabilities)	€	516	(176)	5	-	(5)	340

Of the total deferred tax asset at 31 December 2019, 2018, and 2017, €348 million, €519 million, and €638 million, respectively, are recognized with respect to entities where there have been tax losses in the current or preceding period. Management's projections support the assumption that it is probable that the results of future operations will generate sufficient taxable income to utilize these deferred tax assets. In addition, €28 million of the deferred tax assets as of 31 December 2019 is expected to reverse in the next 12 months.

As of 31 December 2019, 2018, and 2017, the Company's net operating loss carryforwards for income tax purposes were approximately €72 million, €4 million, and €6 million, respectively, and primarily relate to operations in the Netherlands. The Netherlands net operating loss carryforwards will expire from 2025 through 2027.

No deferred tax asset has been recognized on the following unused tax losses as they relate to jurisdictions where the entity had past losses and there is no conclusive evidence to support the view that sufficient taxable profit will be generated by such entity in the future to offset such losses.

	As of			
	31 December 2019	31 December 2018	31 December 2017	1 January 2017
Unused tax losses for which no deferred tax asset has been recognized	€ 1	€ 1	€ 2	€ -
	€ 1	€ 1	€ 2	€ -

The Company has recognized the tax consequences of all foreign unremitted earnings, and management has no specific plans to indefinitely reinvest the unremitted earnings of the Company's foreign subsidiaries as of the balance sheet date.

The Company is subject to tax in the Netherlands and other foreign jurisdictions. The Company is under examination by certain tax authorities for the 2010 to 2017 tax years. Management has made adequate accruals for liabilities likely to arise from periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent on the outcome of agreements with relevant tax authorities or litigation where appropriate. In assessing these income tax uncertainties, management makes judgement about the unit of account, the evaluation of the circumstances, facts and other relevant information in respect of the tax position taken together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities.

18. Subsequent events

On 19 December 2019, the Company entered into a stock purchase agreement to acquire Cox Automotive Media Solutions from Cox Enterprises Inc. Cox Automotive Media Solutions owns CarsGuide.com.au and Autotrader.com.au, automotive platforms that enable consumers to review, buy and sell cars in Australia. The acquisition together with the Company's existing platform will provide a compelling car-buying offering and a more competitive and attractive platform for Australian consumers. The transaction closed on 31 May 2020 for a purchase price of €41 million. The short period of time between the acquisition date and the date of approval of these combined carve-out financial statements makes it impracticable for the Company to provide all disclosures required by IFRS 3 applicable to a business combination that occurred subsequent to year end.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The Company's platforms were adversely impacted by recent auto dealer closures in many international markets, lower traffic to horizontal classifieds sites around the world due to social distancing requirements and lower advertising revenues. As shelter in place guidelines are lifted, auto dealers are returning to the platform and traffic to the classifieds sites is improving. However, it is difficult to predict the impact on the Company's platforms as these guidelines continue to be eased or lifted and how consumer demand and seller inventory may evolve over time.

eBay Classifieds Group

Condensed Combined Carve-out Financial Statements
As of 30 September 2020 and 31 December 2019
For the nine months ended 30 September 2020 and 2019

eBay Classifieds Group
Index to Condensed Combined Carve-out Financial Statements (Unaudited)

eBay Classifieds Group
Condensed Combined Carve-out Statements of Profit or Loss
(in Millions)
(Unaudited)

	Notes		**Nine months ended 30 September 2020**		**Nine months ended 30 September 2019**
Net revenues	3	€	637	€	704
Cost of net revenues	3, 6, 7, 14		80		69
Gross profit			557		635
Operating expenses:					
Sales and marketing	6, 7, 14		200		236
Product development	14		110		103
General and administrative	6, 7, 14		76		71
Provision for bad debts	3, 13		10		7
Amortization of acquired intangible assets	6		7		7
Total operating expenses			403		424
Profit from operations			154		211
Interest and other, net			(2)		(1)
Profit before income taxes			152		210
Income tax provision	17		(48)		(219)
Net profit (loss)		€	104	€	(9)

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Comprehensive Income or Loss
(in Millions)
(Unaudited)

		Nine months ended		
		30 September 2020		**30 September 2019**
Net profit (loss)	€	104	€	(9)
Other comprehensive income or loss, net of reclassification adjustments:				
Items that will not be reclassified to profit or loss:				
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		(12)		(7)
Items that may be reclassified to profit or loss:				
Foreign currency translation adjustments		(33)		-
Comprehensive income or loss	€	59	€	(16)

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Balance Sheets
(in Millions)
(Unaudited)

	Notes		As of 30 September 2020		As of 31 December 2019
ASSETS					
Goodwill	6	€	681	€	659
Intangible assets, net	6		25		20
Right-of-use assets	7		16		17
Property and equipment, net	14		21		23
Long-term investments	12		26		39
Deferred tax assets	17		338		349
Non-current assets			1,107		1,107
Other current assets	15		26		31
Accounts receivable, net	3, 13		100		119
Cash and cash equivalents	3		26		20
Current assets			152		170
Total assets		€	1,259	€	1,277
INVESTED EQUITY AND LIABILITIES					
Net parent investment	10	€	94	€	1,109
Accumulated other comprehensive income	3		(61)		(16)
Total invested equity			33		1,093
Lease liabilities	7		11		12
Deferred tax liabilities	17		8		9
Related party notes payable	9		1,030		-
Other liabilities			2		2
Non-current liabilities			1,051		23
Income taxes payable	17		53		53
Accounts payable	3		20		19
Deferred revenue	3		5		5
Accrued expenses and other current liabilities	15		97		84
Current liabilities			175		161
Total invested equity and liabilities		€	1,259	€	1,277

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Changes in Invested Equity
(in Millions)
(Unaudited)

		Net Parent Investment		Accumulated Other Comprehensive Income		Total
Balance, 1 January 2019	€	1,228	€	(4)	€	1,224
Net loss for the period		(9)		-		(9)
Losses on fair value of equity investments, recognized through other comprehensive income or loss, net of tax		-		(7)		(7)
Net transfers to Parent		(133)		-		(133)
Balance, 30 September 2019	€	1,086	€	(11)	€	1,075
Balance, 1 January 2020	€	1,109	€	(16)	€	1,093
Net profit for the period		104		-		104
Losses on fair value of equity investments, recognized through other comprehensive income or loss, net of tax		-		(12)		(12)
Foreign currency translation adjustments		-		(33)		(33)
Net transfers to Parent		(1,119)		-		(1,119)
Balance, 30 September 2020	€	94	€	(61)	€	33

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Cash Flows
(in Millions)
(Unaudited)

	Nine months ended			
		30 September 2020		**30 September 2019**
Cash flows from operating activities:				
Net profit (loss)	€	104	€	(9)
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
Provision for bad debts		10		7
Depreciation and amortization		17		19
Stock-based compensation		31		32
Amortization of right-of-use assets		7		6
Deferred income taxes		9		190
Changes in assets and liabilities, net of acquisition effects:				
Accounts receivable		7		(6)
Other current assets		5		(14)
Accounts payable		1		12
Accrued expenses and other liabilities		14		12
Deferred revenue		1		1
Income taxes payable and other tax liabilities		-		9
Net cash provided by operating activities		206		259
Cash flows from investing activities:				
Purchases of property and equipment		(7)		(11)
Acquisitions, net of cash acquired		(39)		(82)
Net cash used in investing activities		(46)		(93)
Cash flows from financing activities:				
Payments on the principal portion of lease liabilities		(6)		(6)
Proceeds from issuance of notes payable to related party		1,006		-
Net transfers to Parent		(1,152)		(166)
Net cash used in financing activities		(152)		(172)
Effect of exchange rate changes on cash and cash equivalents		(2)		1
Net decrease in cash and cash equivalents		6		(5)
Cash and cash equivalents at beginning of period		20		42
Cash and cash equivalents at end of period	€	26	€	37

Supplemental cash flow disclosures:				
Cash paid for:				
Income taxes	€	36	€	31

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

1. Organization and Nature of Business

The eBay Classifieds Group ("eBay Classifieds," "Classifieds," "eCG" or the "Company"), a combined group of legal entities, is an online marketing services company, made up of platforms that include a collection of brands such as mobile.de, Kijiji, Gumtree, Marktplaats, eBay Kleinanzeigen and others.

eBay Classifieds is designed to help people list their products and services, find what they are looking for in their local communities, and trade at a local level. eBay Classifieds' brands offer both horizontal and vertical experiences, such as automobiles, real estate and jobs. The Company offers a personalized classifieds experience and focuses on expanding its value proposition by leveraging data and analytics to improve customer relevance and grow the classifieds opportunity on mobile devices.

The Company primarily derives revenue from the sale of advertisements, classifieds fees and marketing service fees. The eBay Classifieds platforms offer classifieds listings in a variety of international markets.

eBay Inc. ("eBay or "Parent"), the ultimate parent of eCG, has a centralized treasury function that maintains cash management and financing activities for its subsidiaries. Accordingly, a substantial portion of the Company's cash balances are transferred to Parent's cash management accounts regularly, are managed by Parent and therefore are not included in the condensed combined carve-out financial statements. Only cash balances legally owned by the Company are reflected in the condensed combined carve-out balance sheets. Transfers of cash between the Company and Parent are included within "Net transfers to Parent" on the condensed combined carve-out statements of cash flows and the condensed combined carve-out statements of invested equity. To date, the Company has generated cash flows from operations, which have been periodically transferred to Parent. To the extent that there are future losses or cash needed at the Company, then Parent would provide that funding through its net investment in the Company or other funding arrangements.

On 20 July 2020, eCG's Parent entered into a definitive agreement ("Purchase Agreement") to transfer the Company to Adevinta ASA ("Adevinta" or "Purchaser") for $2.5 billion in cash, subject to certain adjustments, and 540 million shares in Adevinta. These shares represented approximately 44% of Adevinta's total outstanding shares and approximately 33% of Adevinta's outstanding voting shares as of 30 June 2020. Together, the total consideration payable under the definitive agreement is valued at approximately $9.2 billion, based on the closing trading price of Adevinta shares on the Oslo Stock Exchange on 17 July 2020. The transaction is expected to close by the first quarter of 2021. Completion of the sale is subject to certain conditions, including regulatory approvals and the approval of the transaction by Adevinta's shareholders as set forth in the definitive agreement and other risks and uncertainties.

2. Basis of Preparation

These condensed combined carve-out financial statements for the nine-months ended 30 September 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34"). As permitted by IAS 34, the condensed combined carve-out financial statements do not include all of the information required for full annual combined carve-out financial statements and the notes to these condensed combined carve-out financial statements are presented in a condensed format. Accordingly, the condensed combined carve-out financial statements should be read in conjunction with the annual combined carve-out financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the IFRS Interpretations Committee ("IFRIC")'s interpretations. The same accounting policies, methods of computation and presentation have been followed in their preparation as were applied in the most recent annual combined carve-out financial statements. The condensed combined carve-out financial statements are prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of eBay using the historical results of operations and historical cost basis of the assets and liabilities of the eBay Classifieds business. Throughout the nine months periods ended 30 September 2020 and 2019, eBay Classifieds operated as a part of Parent. These carve-out financial statements have been prepared on a combined and carve-out basis as they represent a portion of eBay's business which does not solely consist of separate legal entities. The accompanying condensed combined carve-out financial statements are prepared on a stand-alone basis as if the operations of eBay Classifieds had been conducted independently from Parent and present only the historical financial information of the economic activities that comprise the eBay Classifieds business.

The condensed combined carve-out financial statements reflect assumptions, estimates and allocations made by Parent to depict the Company on a stand-alone basis. As a result, the condensed combined carve-out financial statements included herein may not necessarily be indicative of the Company's financial position, results of operations, or cash flows had eBay Classifieds operated as a stand-alone entity during the periods presented. The accompanying condensed combined carve-out financial statements only include assets and liabilities that are specifically attributable to eBay Classifieds.

The condensed combined carve-out statements of profit or loss include all revenues and costs directly attributable to the Company as well as an allocation of expenses from Parent for certain support functions provided on a centralized basis related to customer support, system operations, payment processing, sales and marketing, development, and other general and administrative services. Parent allocates costs to the Company using methodologies that management believes are appropriate and reasonable. These expenses have been allocated from Parent based on direct usage or benefit when specifically identifiable, with the remainder allocated primarily on a pro rata basis of revenue, headcount, or other systematic measures. The Company considers these allocations to be a reasonable reflection of the utilization of services or the benefit received. The impact of these allocated costs on the Company's condensed combined carve-out statements of profit or loss is summarized in "Note 8 – Allocation of corporate expenses".

The Company's future results of operations will include costs and expenses for it to operate as an independent company, and these costs and expenses may materially differ from its historical condensed combined carve-out results of operations, financial position and cash flows. Accordingly, the condensed combined carve-out financial statements presented as of 30 September 2020 and 31 December 2019 and for the nine months ended 30 September 2020 and 2019 are not necessarily indicative of the Company's future results of operations, financial position, and cash flows. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Principles of combination

The condensed combined carve-out financial statements of the Company include assets and liabilities that have been determined to be specifically identifiable to the eBay Classifieds business. The condensed combined carve-out financial statements reflect all of the costs of doing business, including certain expenses incurred by Parent on the Company's behalf. All significant intra-company transactions within the Company have been eliminated within the condensed combined carve-out financial statements. Transactions between the Company and Parent, which consist principally of advertising and marketing services, are reflected in these condensed combined carve-out financial statements.

See "Note 9 — Related party transactions" for the Company's related party activities.

Invested equity

Net parent investment represents Parent's interest in the recorded net assets of the Company, the cumulative net investment by Parent in the Company through the periods presented and includes the Company's cumulative operating results. All transactions between the Company and Parent are considered to be effectively settled through net parent investment at the time the transactions are recorded.

Income taxes

The parent entity of the Classifieds business is incorporated in the Netherlands; accordingly, the Company's income tax provision on a carve-out basis excludes the impact of any U.S. international tax provisions (including the effects of U.S. tax reform) that arise when a U.S. parent owns non-U.S. subsidiaries.

3. Summary of Significant Accounting Policies

(a) Use of estimates

The preparation of the condensed combined carve-out financial statements in conformity with IFRS requires management to exercise judgement and to make estimates and assumptions that affect the amounts reported in the Company's condensed combined carve-out financial statements and accompanying notes. The Company bases these estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

The table below presents the areas that involve a higher degree of judgement or areas where assumptions and estimates are significant to the Company's condensed combined carve-out financial statements.

	Note
Revenue recognition	3(b)
Goodwill and the recoverability of intangible assets	3(i)
Fair value measurement of assets and liabilities	12
Provision for bad debts	13
Income taxes	17

(b) Revenue recognition

The Company recognizes revenue when it transfers control of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. Revenue is recognized net of any taxes collected, which are subsequently remitted to governmental authorities. IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") introduces a single model for recognizing revenue that applies to all contracts with customers, except for contracts that are within the scope of standards on leases, insurance and financial instruments.

The Company's net revenues consist entirely of marketing services and other net revenues, which are derived principally from the sellers' listing fees and feature fees. The Company identified two distinct performance obligations: (1) listing an item on the platform for which revenue is recognized over the listing period, and (2) featured listings mainly to promote the item which can be provided over time or at a point in time and recognized in accordance with service delivery. Discounts offered through the purchase of packages of multiple services are allocated based on the stand-alone selling price of each respective feature. Both fees are typically billed on a monthly basis.

The Company also derives advertising revenue from the sale of online advertisements which are based on "impressions" (i.e., the number of times that an advertisement appears in pages viewed by users of the Classifieds platforms) or "clicks" (which are generated each time users on the Classifieds platforms click through the advertisements to an advertiser's designated website) delivered to advertisers. The Company uses the output method and applies the practical expedient to recognize advertising revenue in the amount to which the Company has a right to invoice. For contracts with targeted advertising commitments with rebates, significant revenue estimates include estimated payout that is accounted for as variable consideration to the extent it is probable that a significant reversal of revenue will not occur.

In light of the current economic environment driven by COVID-19, the Company offered additional incentives to customers, such as fee waivers and discounts, to ease the financial impact of the pandemic to the Company's customers.

Cost of net revenues

The Company's cost of net revenues comprises of costs incurred for services provided to customers. The most significant element is labor related to customer support and systems operations. In addition, cost of net revenues includes certain expenses that are attributable to the Company's revenues, including the amortization of certain intangibles, the depreciation of certain property, plant, and equipment, and the depreciation of certain right-of-use assets.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents both amounts invoiced, as well as revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The allowance for doubtful receivables is estimated based upon the simplified expected credit losses approach, which uses a lifetime expected loss allowance for all trade receivables. The allowance for doubtful receivables was €21 million and €19 million as of 30 September 2020 and 31 December 2019, respectively.

Deferred revenue consists of fees received related to unsatisfied performance obligations at the end of the period. Due to the generally short-term duration of contracts, the majority of the performance obligations are satisfied in the following reporting period. The amount of revenue recognized in the nine months ended 30 September 2020 and 2019 that was included in the deferred revenue balance at the beginning of each of the nine month periods was €4 million and €6 million, respectively.

Disaggregation of revenue

The Company's net revenues consist entirely of marketing services and other revenues. The following table presents the Company's revenues disaggregated based on geography (in millions) for the nine months ended 30 September 2020 and 2019:

	Nine Months ended			
		30 September 2020		30 September 2019
Net revenues:				
Germany	€	322	€	315
Netherlands		95		98
Canada		77		106
United Kingdom		45		67
Denmark		37		36
Australia		34		40
Other		27		42
Total net revenues	€	637	€	704

(c) Leases

Under IFRS 16 – New Leases Standard ("IFRS 16"), the Company determines if an arrangement is a lease or contains a lease at inception. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the Company's leases, the Company generally uses an incremental borrowing rate consistent with Parent's, which is based on information available at the commencement date to determine the present value of future lease payments. Right-of-use ("ROU") assets are generally recognized based on the amount of the initial measurement of the lease liability, adjusted for accrued lease payments (i.e. deferred rent) and the remaining balance of lease incentives received. Subsequent to lease commencement, lease liabilities are re-measured upon a modification in the lease term or changes in an index or rate used to determine the lease payments. The corresponding adjustments are recorded to the related ROU assets.

The Company will recognize a depreciation charge for right-of-use assets and interest expense related to lease liabilities. Leases are included in right-of-use assets, accrued expenses and other current liabilities, and lease liabilities on the condensed combined carve-out balance sheets.

(d) Advertising expense

The Company expenses the costs of producing advertisements at the time production occurs and expenses the cost of communicating advertisements in the period during which the advertising space or airtime is used. The Company recognizes advertising as an element of sales and marketing expense. Internet advertising expenses are recognized based on the terms of the individual agreements, which are generally over the greater of the ratio of the number of impressions delivered over the total number of contracted impressions, on a pay-per-click basis, or on a straight-line basis over the term of the contract. Advertising expense totaled €82 million and €127 million for the nine months ended 30 September 2020 and 2019, respectively. Of these amounts, an immaterial amount is allocated from Parent.

(e) Stock-based compensation

The Company determines compensation expense associated with restricted stock units ("RSUs") based on the fair value of Parent's common stock on the grant date. The Company determines compensation expense associated with stock options based on the estimated grant date fair value method using the Black-Scholes valuation model. The Company generally recognizes compensation expense using a straight-line amortization method over the respective vesting period for each vesting tranche for awards that are ultimately expected to vest. Accordingly, stock-based compensation expense for the nine months ended 30 September 2020 and 2019 has been reduced for estimated forfeitures. The Company recognizes a benefit or provision from stock-based compensation in earnings as a component of income tax expense to the extent that an incremental tax benefit or deficiency is realized by following the ordering provision of the tax law. A corresponding credit to equity is raised for equity-settled plans.

The Company records a deferred tax asset related to stock-based compensation based on the future tax deduction determined by the stock price as of the reporting date. If the amount of future tax deduction exceeds the cumulative amount of stock-based compensation expenses, the excess deferred tax is recognized directly in invested equity.

(f) Income taxes

Income taxes as presented herein attribute current and deferred income taxes of eBay to the Company's stand-alone financial statements in a manner that is systematic and consistent with IAS 12. Under IAS 12, the total income tax expense (income) recognized in a period is the sum of current tax plus the change in deferred tax assets and liabilities during the period, excluding tax recognized outside of profit or loss – i.e. either in other comprehensive income ("OCI") or directly in equity, or arising from a business combination. For investment property measured using the fair value model, management has elected to run the re-measurement related changes through OCI instead of through profit or loss. Therefore, the related tax effects are also recorded in OCI.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period. A current tax liability or asset is recognized for income tax payable or paid but recoverable in respect of all periods to date.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Further, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company's income tax provision was prepared following the separate return method, as modified by the benefits-for-loss approach. Accordingly, the operating losses and other tax attributes are characterized as utilized when those attributes have been utilized by other members of the eBay consolidated group. In addition, the separate return method applies to the stand-alone financial statements of each member of the combined group as if the group member were a separate taxpayer and a stand-alone enterprise. As a result, actual tax transactions included in the consolidated financial statements of eBay may not be included in the separate condensed combined carve-out financial statements of the Company. Similarly, the tax treatment of certain items reflected in the separate condensed combined carve-out financial statements of the Company may not be reflected in the consolidated financial statements and tax returns of eBay; therefore, items such as net operating losses and credit carry forwards may exist in the stand-alone financial statements that may or may not exist in eBay's consolidated financial statements.

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the estimates in relation to the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The provisions are based on management's best judgement of the application of tax legislation and best estimates of future settlement amounts based on a separate return filing methodology.

(g) Cash, cash equivalents

Cash and cash equivalents are stated at face value and are comprised of cash on hand, bank deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within accrued expenses and other current liabilities in the condensed combined carve-out balance sheets.

(h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation for equipment and leasehold improvements commences once the assets are ready for their intended use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally, one to three years for computer equipment and software, the shorter of five years or the term of the lease for leasehold improvements, and three years for furniture and fixtures).

(i) Goodwill and intangible assets

Goodwill is tested for impairment at a minimum on an annual basis at a cash-generating unit ("CGU") level. As the Company monitors goodwill at a Company-wide level, goodwill is tested for impairment at an aggregated entity-wide CGU level. Goodwill is considered impaired if the carrying value of the entity-wide CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The fair value of the entity-wide CGU is estimated using income and market approaches. In estimating the recoverable amount, management is required to make an estimate of the expected future cash flows from the entity-wide CGU in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Such estimates are subject to a certain degree of judgment and uncertainty.

A qualitative impairment test of goodwill was last conducted as of 31 August 2020. Based on this assessment, there was no impairment of goodwill as of 31 August 2020. As of 30 September 2020, the Company determined that no events or circumstances through 30 September 2020 indicated that a further assessment was necessary.

A quantitative impairment test of goodwill was conducted as of 31 August 2019. As a result of this assessment, the Company determined that no adjustment to the carrying value of goodwill was required. This calculation uses pre-tax cash flow projections for two years based on financial budgets approved by management, including annual revenue growth rates ranging from 3% to 15% and a discount rate of 10.5%. Management determined the expected growth rate and operating results based on past performance and its expectations in relation to market developments. The discount rate used reflects specific risks relating to the entity-wide CGU. Material changes in the assumptions used in the impairment test calculation of recoverable amount may result in impairment losses.

Intangible assets consist of trademarks and tradenames, customer lists and user base, and developed technologies. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one to five years. No significant residual value is estimated for intangible assets.

(j) Impairment of non-financial assets

The Company evaluates non-financial assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a non-financial asset or asset group may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets, i.e. CGU. The CGU is considered impaired if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use. The Company determined that no events or circumstances through 30 September 2020 indicated that an impairment assessment was necessary, and did not record any impairment charges for the nine months ended 30 September 2020 and 2019.

(k) Business combinations

The Company applies the acquisition method, which measures identifiable assets acquired and liabilities assumed in a business combination at their fair values at the acquisition date. The consideration transferred for the acquisition is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Company (if any). Acquisition-related costs are generally expensed as incurred.

See "Note 5 – Business combinations" for full descriptions of the Company's acquisition of Australia-based automotive platform Cox Automotive Media Solutions in May 2020 and the Company's acquisition of U.K.-based classifieds site, Motors.co.uk, in February 2019.

(l) Foreign currency

The Company's business operations are primarily denominated in functional currencies which include Euros ("EUR", "€"), Great Britain Pounds ("GBP"), Australian Dollars ("AUD"), Canadian Dollars ("CAD"), Danish Krone ("DKK"), and United States Dollars ("USD"). The Company's presentation currency is EUR.

Assets and liabilities are translated into EUR using exchange rates prevailing at the balance sheet date, while revenues and expenses are translated at average exchange rates during the nine months. Gains and losses resulting from the translation of the condensed combined carve-out balance sheets and the condensed combined carve-out statements of profit or loss are recorded as a component of other comprehensive income or loss.

Gains and losses from foreign currency transactions are recognized as interest and other, net.

(m) Derivative instruments

The Company uses derivative financial instruments not designated as hedges, such as forwards, to hedge foreign currency balance sheet exposures associated with changes in currency exchange rates against the Company's functional currencies. The Company does not use derivative financial instruments for trading purposes.

See "Note 12 — Fair value measurement of assets and liabilities" for a full description of the Company's derivative instrument activities and related accounting policies.

(n) Accounts receivable, allowance for doubtful receivables and provision for bad debts

Accounts receivable are carried at the receivable amount less an allowance for expected credit losses. Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The Company estimates its allowance for doubtful receivables based on an expected credit losses approach. In determining the expected credit losses, the Company applies the simplified approach to measuring expected credit losses, which references lifetime expected credit losses for all trade receivables. The expected credit loss rates are measured based on historical collection trends adjusted for asset specific attributes, current conditions and reasonable and supportable forecasts of the economic conditions that will exist through the contractual life of the financial asset. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances, and the allowance is adjusted accordingly. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful.

Provision for bad debts consists primarily of losses resulting from bad debts associated with the Company's accounts receivable. Provisions for these items represent the estimate of expected losses based on historical experience and other factors including the impact of regulatory changes and economic conditions.

(o) Fair value measurements

Upon initial recognition, the Company classifies its financial assets and liabilities as subsequently measured at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI"), or at amortized cost. The classification depends on the purpose for which the financial assets are bought and held.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured by reference to the principal market for the asset or liability assuming that market participants act in their economic best interests. The Company's financial assets and liabilities are valued using market prices on both active markets (Level 1), less active markets (Level 2) and little or no market activity (Level 3). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from readily available pricing sources for comparable instruments, identical instruments in less active markets, or models using market observable inputs. Level 3 instrument valuations typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Financial assets at FVOCI

The Company has elected to irrevocably designate its equity investments as measured at fair value through other comprehensive income when they meet the definition of equity and are not held for trading. These investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss in other comprehensive income is not reclassified to profit or loss on disposal.

Financial assets and liabilities at FVTPL

The Company's derivative assets and derivative liabilities are measured at fair value through profit or loss on a recurring basis as of 30 September 2020 and 31 December 2019. The derivative instruments are accounted for at trade date and are valued using pricing models that take into account the contract terms as well as currency rates.

Financial assets and liabilities at amortized cost

The Company's financial assets and liabilities not measured at fair value include cash and cash equivalents, accounts receivable, accounts payable, other current liabilities, and related party notes payables. Financial assets measured at amortized cost are financial assets which are held for the objective of collecting contractual cash flows and for which the contractual cash flows are fixed and determinable consisting solely of payment of principal and interest outstanding. As of 30 September 2020 and 31 December 2019, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities approximated their estimated fair values because of the short-term nature of these financial instruments.

4. Recently adopted accounting standards

Accounting pronouncements issued and adopted

Conceptual Framework for Financial Reporting

In March 2018, the IASB published the revised Conceptual Framework for Financial Reporting, which includes a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also issued guidance to support the transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS applies to a particular transaction. The amendments are effective for annual periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendment)

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of ‘material’ and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

Definition of a Business, Amendments to IFRS 3 – Business Combinations (“IFRS 3”)

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

Interest Rate Benchmark Reform (“IBOR”) Phase 1 Amendments

In September 2019, the IASB issued “Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)” as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

COVID-19 Related Rent Concessions (Amendment to IFRS 16)

In May 2020, the IASB published “COVID-19 Related Rent Concessions (Amendment to IFRS 16)” amending the standard to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Early adoption is permitted, including in financial statements not yet authorized for issuance on 28 May 2020. The amendment is also available for interim reporting. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

Accounting pronouncements issued not yet adopted

IBOR Reform Phase 2 Amendments

In August 2020, the IASB issued “Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)” with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its condensed combined carve-out financial statements.

5. Business combinations

Cox Automotive Media Solutions

In May 2020, the Company wholly acquired the Australia-based automotive platform, Cox Automotive Media Solutions, for approximately €41 million in cash. The Company believes the acquisition will increase the Company’s international presence and give buyers access to more listings.

The aggregate purchase consideration was preliminarily allocated as follows (in millions):

		Cox Automotive Media Solutions
Goodwill	€	27
Customer lists		8
Trademarks, tradenames, and patents		5
Cash		2
Developed technologies		1
Net liabilities assumed		(2)
Total	€	41

The Company anticipates completing certain working capital adjustments impacting the net liabilities assumed within the year ended 31 December 2020. The Company does not expect the preliminary allocation to change significantly. The goodwill recognized is primarily attributable to expected synergies and the assembled workforce of Cox Automotive Media Solutions and is not deductible for income tax purposes.

Since the acquisition, revenue recognized from Cox Automotive Media Solutions' operations through 30 September 2020 was €6 million. Due to the Company's integrated shared cost structure, it is impracticable to disclose profit or loss from Cox Automotive Media Solutions' operations from the acquisition date through 30 September 2020.

Motors.co.uk

In February 2019, the Company wholly acquired the U.K.-based classifieds site, Motors.co.uk for €82 million in cash. The Company believes the acquisition will increase the Company's international presence and give buyers access to more listings.

The aggregate purchase consideration was allocated as follows (in millions):

		Motors.co.uk
Goodwill	€	57
Customer lists		18
Trademarks and tradenames		5
Developed technologies		4
Net liabilities assumed		(2)
Total	€	82

The goodwill recognized is primarily attributable to expected synergies and the assembled workforce of Motors.co.uk and is not deductible for income tax purposes.

Since the acquisition, revenue recognized from Motors.co.uk's operations through30 September 2019 was €13 million. Due to the Company's integrated shared cost structure, it is impracticable to disclose profit or loss from Motors.co.uk's operations from the acquisition date through 30 September 2019.

6. Goodwill and intangible assets

Goodwill

The following table presents goodwill activity for the nine months ended 30 September 2020 (in millions):

		Goodwill
Balance at 1 January 2020	€	659
Acquisition of Cox Automotive Media Solutions		27
Effect of movements in exchange rates		(5)
Balance at 30 September 2020	€	681

Intangible assets

The movements in intangible assets are as follows (in millions):

Intangible Assets		Trademarks, tradenames, and patents		Customer lists and user base		Developed technologies		Total
Cost		159		79		22		260
Accumulated amortization		(154)		(67)		(19)		(240)
Balance at 1 January 2020	€	5	€	12	€	3	€	20
Acquisition/additions		5		8		1		14
Amortization charges		(2)		(5)		(1)		(8)
Currency translation differences		-		(1)		-		(1)
Activity during nine months ended 30 September 2020		3		2		-		5
Cost		164		86		23		273
Accumulated amortization		(156)		(72)		(20)		(248)
Balance at 30 September 2020	€	8	€	14	€	3	€	25

Amortization expense for intangible assets is included in Amortization of acquired intangible assets and Cost of net revenues on the condensed combined carve-out statements of profit or loss. The amortization expense allocated from Parent was immaterial for the nine months ended 30 September 2020 and 2019.

7. Leases

The Company has leases for office space and data centers that the Company utilizes under lease arrangements. The Company's leases have remaining lease terms of up to ten years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year.

Right-of-use Assets

Key movements relating to lease balances are presented below (in millions):

Right of use assets		Office space		Data centers		Total
Balance at 1 January 2020	€	16	€	1	€	17
Depreciation expense		(5)		(2)		(7)
Additions		5		2		7
Currency translation differences		(1)		-		(1)
Balance at 30 September 2020	€	15	€	1	€	16

Depreciation expense on the ROU assets is included in Cost of net revenues, Sales and marketing, and General and administrative expenses on the condensed combined carve-out statements of profit or loss. Depreciation expense for right-of-use assets allocated from Parent was immaterial for the nine months ended 30 September 2020 and 2019.

Expenses relating to variable lease payments are included in General and administrative expenses on the condensed combined carve-out statements of profit or loss. Expenses recognized relating to variable lease payments were immaterial for the nine months ended 30 September 2020 and 2019.

Lease Liabilities

Maturity of lease liabilities under the Company's non-cancelable leases is as follows (in millions):

	As of	
	30 September 2020	**31 December 2019**
Remaining 2020	€ 2	€ 6
2021	6	4
2022	4	3
2023	3	3
2024	2	2
Thereafter	1	1
Total lease payments	18	19
Less interest	(1)	(2)
Present value of lease liabilities	€ 17	€ 17

Interest expense on lease liabilities was immaterial for both the nine months ended 30 September 2020 and 2019.

8. Allocation of corporate expenses

The condensed combined carve-out statements of profit or loss include corporate expense allocations for services provided by Parent. The corporate expenses that were allocated include expenses incurred for sales and marketing, information technology, finance, accounting, treasury and legal, real estate and facilities, human resources, stock-based compensation, procurement, advertising, product development, restructuring, and other corporate and infrastructure functions. These expenses have been allocated to eBay Classifieds based on direct usage or benefit when specifically identifiable. The remainder were allocated on a pro rata basis. The allocation methods include revenue, headcount or other systematic measures. During the nine months ended 30 September 2020 and 2019, the Company allocated the following costs incurred by Parent, which are included in the condensed combined carve-out statements of profit or loss (in millions):

	Nine months ended	
	30 September 2020	**30 September 2019**
Cost of net revenues	€ 4	€ 4
Sales and marketing	17	16
Product development	19	18
General and administration	46	42
Total allocated costs	€ 86	€ 80

The allocations may not be indicative of actual costs for services or what the Company would have incurred on a stand-alone basis.

Shared Agreements with Parent

The Company operates under agreements executed by Parent with third parties, including but not limited to information technology support, information security, human resource management, facility management, tax, corporate legal services, risk management, administration, and finance.

9. Related party transactions

Parent and ultimate controlling party

These condensed combined carve-out financial statements include transactions with eBay and its subsidiaries. Parent is a related party as it controlled the Company during the periods presented.

The Company and Parent have entered into certain commercial agreements whereby each party has agreed to provide advertising and marketing services to one another. These agreements include referral fees, advertising, and cooperation arrangements within certain markets. In consideration for services rendered under these agreements, the details of net revenues and related costs incurred are given in the below table. There were no amounts due to or from Parent related to these agreements as of 30 September 2020 or 31 December 2019 as a result of transactions being considered effectively settled through net parent investment at the time the transactions are recorded. The amounts reflected in the condensed combined carve-out financial statements may not be indicative of revenues and costs that will be incurred by the Company in the future.

		Nine months ended		
		30 September 2020		30 September 2019
Net service revenues recorded	€	8	€	12
Advertising and marketing costs incurred		(1)		(1)
Total, net	€	7	€	11

Related party notes payable

On 18 August 2020, the Company entered into a senior note with Parent of approximately €600 million due in 2025 with an interest rate of 5% per annum, and a senior subordinated note with Parent of approximately €430 million due in 2027 with an interest rate of 6.5% per annum. Interest on both notes shall be paid semiannually on each of 1 March and 1 September after issuance of this note, beginning on 1 March 2021. Interest expense on the related party notes payable was €2 million for the nine months ended 30 September 2020.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, even though the Company did not operate as a standalone entity during the historical periods. The Company's leadership team has been identified as key management, which included the following functions: Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Key management personnel compensation comprised the following:

		Nine months ended		
		30 September 2020		30 September 2019
Salary and compensation	€	1	€	1
Stock-based payments		3		2
Total key management personnel compensation	€	4	€	3

10. Net parent investment

Parent's equity in eBay Classifieds is presented as net parent investment on the condensed combined carve-out balance sheets. The condensed combined carve-out statements of changes in invested equity include net transfers to and from Parent. Parent performs cash management and other treasury-related functions on a centralized basis for the Company. All intercompany transactions not cash-settled are considered to be settled at the time the transaction is recorded through net parent investment.

Net parent investment includes the following:

- Certain intercompany receivables and payables between the Company and Parent that are deemed effectively settled;
- Accrued liabilities related to corporate allocations including executive management, accounting, use of facilities, product development, corporate marketing, legal, employee benefits and other services that are deemed effectively settled;
- Other assets, liabilities, revenues, and expenses recorded by Parent that have been pushed down to the Company as such amounts are directly attributable to the Company's operations; and
- Cash sweeps and pooling with Parent related to the settlement of tax liabilities under the separate return method.

Net transfers to and from Parent are included within net parent investment in the condensed combined carve-out statements of changes in invested equity. Except for non-cash transactions, all intercompany transactions effected through net parent investment in the accompanying condensed combined carve-out balance sheets have been considered as cash receipts or payments for purposes of the condensed combined carve-out statements of cash flows and are reflected in financing activities.

11. Commitments and contingencies

Litigation and other legal matters

Overview

The Company is involved in legal and regulatory proceedings. Many of these proceedings are in early stages and may seek an indeterminate amount of damages. If the Company believes that a loss arising from such matters is probable and can be reasonably estimated, the Company accrues the estimated liability in its financial statements. If only a range of estimated losses can be determined, the Company accrues an amount within the range that, in management's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the Company accrues the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, the Company has disclosed an estimate of the reasonably possible loss or range of losses or the Company has concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) is not material. If the Company cannot estimate the probable or reasonably possible loss or range of losses arising from a proceeding, the Company discloses that fact. In assessing the materiality of a proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require the Company to change its business practices in a manner that could have a material adverse impact on its business.

Amounts accrued for legal and regulatory proceedings for which the Company believes a loss is probable, were not material as of 30 September 2020 and 31 December 2019. Except as otherwise noted for the proceedings described in this Note 11, the Company has concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of the recorded accruals are also not material. However, legal and regulatory proceedings are inherently unpredictable and subject to significant uncertainties. If one or more matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the impact on its operating results or financial condition for that reporting period could be material. Legal fees are expensed as incurred.

The Company is engaged in various legal proceedings, claims, audits, and investigations that have arisen in the ordinary course of business. These matters include, but are not limited to, commercial matters and intellectual property infringement claims. The outcome of all the matters against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the ultimate resolution of any such matters, individually or in the aggregate, is not expected to have a material adverse effect on the Company's condensed combined carve-out financial statements.

General matters

Third parties have from time to time claimed, and others may claim in the future, that the Company has infringed their intellectual property rights. The Company is subject to patent disputes and expects that it could be subject to additional patent infringement claims as the Company's services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against the Company and/or against the customers (who may be entitled to contractual indemnification under their contracts with the Company), and the Company is subject to increased exposure to such claims. The Company has in the past been forced to litigate such claims. The Company may also become more vulnerable to third-party claims as laws are interpreted by the courts, and as the Company expands the scope of its business (in terms of the services that it offers and its geographical operations) and becomes subject to laws in jurisdictions where the underlying laws with respect to the potential liability of online intermediaries like the Company are either unclear or less favorable. Intellectual property claims, whether meritorious or not, are time consuming and costly to defend and resolve, could require expensive changes in methods of doing business or could require the Company to enter into costly royalty or licensing agreements on unfavorable terms.

From time to time, the Company is involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by users (individually or as class actions) alleging, among other things, improper disclosure of the prices, rules or policies, that the Company's practices, prices, rules, policies or customer/user agreements violate applicable law or that it has acted unfairly and/or not acted in conformity with such practices, prices, rules, policies or agreements. Further, the number and significance of these disputes and inquiries are increasing as the political and regulatory landscape changes and, as the Company is growing larger. Any claims or regulatory actions against the Company, whether meritorious or not, could be time consuming, result in costly litigation, damage awards (including statutory damages for certain causes of action in certain jurisdictions), injunctive relief or increased costs of doing business through adverse judgment or settlement, require the Company to change the business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources or otherwise harm the business.

Other

Parent is also involved in a number of other judicial and administrative proceedings arising in the ordinary course of business. Through its association with Parent, the Company may be impacted by these proceedings. Although adverse decisions (or settlements) may occur in one or more of the cases, it is not possible to estimate the possible loss or losses from each of these cases. The final resolution of these lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

12. Fair value measurement of assets and liabilities

The Company's assets and liabilities measured at fair value on a recurring basis include equity investments and derivatives. The Company reviews the carrying amounts of such assets when events indicate that their carrying value may not be recoverable. Any resulting impairment would require that the assets and liabilities be recorded at their fair value. The Company did not have any transfers of financial instruments between valuation levels during nine months ended 30 September 2020 and 2019.

The following table presents the Company's financial assets measured at fair value as of 30 September 2020 (in millions):

	As of 30 September 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 26	€ -	€ -	€ 26
Total financial assets	€ 26	€ -	€ -	€ 26

The Company did not have material financial liabilities measured at fair value on a recurring basis as of 30 September 2020.

The following table presents the Company's financial assets and liabilities measured at fair value as of 31 December 2019 (in millions):

	As of 31 December 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 39	€ -	€ -	€ 39
Derivatives	1	-	1	-
Total financial assets	€ 40	€ -	€ 1	€ 39
Financial liabilities:				
Derivatives	€ 2	€ -	€ 2	€ -

Equity investments

The following table summarizes the Company's equity interest in its equity investments:

	As of	
	30 September 2020	**31 December 2019**
Quikr	5.8%	5.8%
HelloMarket	18.8%	18.8%

The following table summarizes the total fair value of equity investments as of 30 September 2020 and 31 December 2019 (in millions):

		As of		
		30 September 2020		**31 December 2019**
Fair value, beginning of period	€	39	€	61
Fair value adjustments		(13)		(22)
Fair value, end of period	€	26	€	39

The fair value of equity investments is categorized as Level 3 as the investments have little to no market activity and are not listed on an exchange.

The Company determined the fair value of Quikr as of 30 September 2020 and 31 December 2019 based on a market approach utilizing a revenue multiple. The Company determined the fair value of HelloMarket primarily using an adjusted cost approach. Because the investments are not actively traded on an exchange, the Company applied discounts for lack of marketability to determine the appropriate fair value of the respective investments.

The following table contains information about the significant unobservable inputs used in Level 3 valuations and valuation techniques used to measure the fair value of equity investments.

			As of	
Description	**Valuation Technique**	**Unobservable Input**	**30 September 2020**	**31 December 2019**
Quikr	Market approach	Revenue multiple	1.28	1.57
		Discount for lack of marketability	50%	45%
HelloMarket	Adjusted cost approach	Discount for lack of marketability	10%	10%

A 10% incremental increase/(decrease) to the revenue multiple applied to Quikr as of 30 September 2020, in isolation of other changes, would result in an increase/(decrease) of approximately 10% to the fair value of Quikr. A 10% incremental increase/(decrease) to the discount for lack of marketability applied to Quikr, in isolation of other changes, would result in a (decrease)/increase of 20% to the fair value of Quikr, whereas an incremental 10% increase/(decrease) to the discount for lack of marketability applied to HelloMarket, in isolation of other changes, would result in a (decrease)/increase of 11% to the fair value of HelloMarket.

Derivative instruments

The Company's primary objective in holding derivatives is to reduce the volatility of earnings associated with changes in currency exchange rates against the Company's functional currencies. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign exchange rate movements. The Company does not use any of the derivative instruments for trading purposes.

Non-designated hedges

The Company's derivatives consist of foreign currency forward contracts that were primarily used to hedge monetary assets or liabilities associated with changes in currency exchange rates against the Company's functional currencies The Company does not apply hedge accounting to any of its derivative instruments. The gains and losses on the Company's derivatives not designated as hedging instruments are recorded in interest and other, net, which are offset by the foreign currency gains and losses on the related assets and liabilities that are also recorded in interest and other, net. The Company classifies cash flows related to the non-designated hedging instruments as operating activities in the condensed combined carve-out statements of cash flows.

Fair value of derivative contracts

The location of the outstanding derivative instruments in the condensed combined carve-out balance sheets is shown below:

	Balance Sheet Location	As of 30 September 2020		As of 31 December 2019
Derivative Assets:				
Foreign exchange contracts not designated as hedging instruments	Other Current Assets	€ -		€ 1
Total derivative assets		€ -		€ 1
Derivative Liabilities:				
Foreign exchange contracts not designated as hedging instruments	Accrued Expenses and Other Current Liabilities	€ -		€ 2
Total derivative liabilities		-		2
Total fair value of derivative instruments		€ -		€ (1)

The Company net settles transactions of the same type with a single net amount payable by one party to the other. The Company presents the derivative assets and derivative liabilities on a net settlement basis on its condensed combined carve-out balance sheets.

Effect of derivative contracts on condensed combined carve-out statements of profit or loss

The following table provides a summary of the total gain (loss) recognized in the condensed combined carve-out statements of profit or loss from the Company's foreign exchange derivative contracts for the nine months ended 30 September 2020 and 2019 (in millions):

	Nine months ended 30 September 2020	Nine months ended 30 September 2019
Foreign exchange contracts not designated as hedging instruments recognized in interest and other, net	€ 1	€ (1)
Total gain (loss) recognized from foreign exchange derivative contracts in the condensed combined statements of profit or loss	€ 1	€ (1)

Notional amounts of derivative contracts

Derivative transactions are measured in terms of the notional amount, but this amount is not recorded on the condensed combined carve-out balance sheets and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged but is used only as the basis on which the value of foreign exchange payments under these contracts is determined. The following table provides the notional amounts of the Company's outstanding derivatives as of 30 September 2020 and 31 December 2019 (in millions):

	As of 30 September 2020	As of 31 December 2019
Foreign exchange contracts not designated as hedging instruments	€ 166	€ 147
Total	€ 166	€ 147

13. Financial risk management

Overview

The Company maintains a capital structure that enables the Company to achieve its strategic objectives and daily operational needs, and to safeguard the Company's ability to continue as a going concern. The Company's activities result in exposure to a variety of financial risks including foreign exchange risk, liquidity risk, and credit risk. The Company has implemented policies to identify, analyze and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with Parent's Corporate Treasury Policy. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting the Company's business.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenues or expenses are denominated in a different currency from the Company's functional currencies. The Company's operations are primarily denominated in EUR, USD, CAD, DKK, AUD, and GBP. The Company manages foreign exchange risk through derivative contracts to cover forecasted exposures.

A 10% strengthening/weakening of the exchange rate of EUR against the currencies listed below would have increased / (decreased) profit or loss by the amount shown below:

	Nine months ended	
	30 September 2020	30 September 2019
USD	(5%)	(2%)
CAD	2%	2%
DKK	1%	0%
AUD	0%	1%
GBP	0%	0%

The Company does not have material exposure to foreign currency changes for other currencies for the nine months ended 30 September 2020 and 2019.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. To ensure that there is sufficient cash to meet the expected operational expenses, actual and future cash flow requirements are regularly monitored, taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Company's liquidity reserves.

On 18 August 2020, the Company entered into related party notes of approximately €1,030 million with Parent. See "Note 9 — Related party transactions" for details of the related party notes.

Credit risk

The Company is exposed to credit risk to the extent that the counterparties may be unable to meet the terms of their arrangements. The Company's objective is to mitigate such risks by limiting the counterparties to, and by spreading the risk across, major financial institutions. In addition, the risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis.

The Company's cash and cash equivalents, accounts receivable, and derivative instruments are potentially subject to concentration of credit risk. The Company's accounts receivable are derived from revenue earned from customers. As of 30 September 2020 and 31 December 2019, no customer accounted for greater than 10% of the Company's accounts receivable. In the nine months ended 30 September 2020 and 2019, one customer accounted for 17.1% and 18.1% of the Company's net revenues, respectively.

The Company's exposure from its customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer. Procedures include aligning credit and trading terms and conditions with an assessment of the individual characteristics and risk profile of each customer. This assessment is made based on past experiences and independent ratings from external rating agencies whenever available. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company actively monitors the credit risk related to these customers and takes proactive action to reduce credit limits if required. The following table summarizes the movement in the expected credit loss allowances for trade receivables:

		As of 30 September 2020
Balance at 1 January 2020	€	19
Additions to credit loss allowance		(10)
Receivables written off as uncollectible		11
Effect of movements in exchange rates		1
Balance at 30 September 2020	€	21

To measure the expected credit losses, trade receivables have been measured based on shared credit risk characteristics, as evidenced by days past due presented below:

	As of			
		30 September 2020		31 December 2019
Not overdue	€	88	€	98
Overdue </= 60 days		12		14
Overdue > 60 days		21		26
Gross trade receivables	€	121	€	138

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the resulting economic disruption is currently expected to be temporary, there is uncertainty around its duration. The Company's exposure to credit risk has increased as economic activity continues to deteriorate and unemployment or underemployment rises. Due to the pandemic, the Company reassessed the expected credit losses, and as a result, increased its provision rates for credit losses. This influenced receivables and contract assets, as well the timing and amount of revenue to be recognized in the future. To ease the financial impact of the pandemic to the Company's customers, the Company offered extended payment terms to customers by a range of 30-90 days. In addition, the Company offered additional incentives to customers, such as fee waivers and discounts. In aggregate, the amount of the coronavirus incentives offered was approximately €40M for the nine months ended 30 September 2020.

14. Property and equipment

The movements in property and equipment are as follows (in millions):

Property and equipment		Computer equipment & software		Furniture & fixtures		Leasehold improvements		Total
Cost		104		3		21		128
Accumulated depreciation		(84)		(3)		(18)		(105)
Balance at 1 January 2020	€	20	€	-	€	3	€	23
Additions		7		-		-		7
Depreciation		(8)		-		(1)		(9)
Activities during the nine months ended 30 September 2020		(1)		-		(1)		(2)
Cost		110		3		20		133
Accumulated depreciation		(91)		(3)		(18)		(112)
Balance at 30 September 2020	€	19	€	-	€	2	€	21

Depreciation expense on property and equipment is included in Cost of net revenues, Sales and marketing, Product development, and General and administrative expenses in the condensed combined carve-out statements of profit or loss. Disposals during the nine months ended 30 September 2020 were €1 million in computer equipment and software and €1 million in leasehold improvements. There was no gain or loss recognized related to the dispositions.

15. Balance sheet components

Other current assets (in millions):

	As of			
		30 September 2020		31 December 2019
Income tax receivable	€	11	€	17
Prepaid expenses		8		5
Value added taxes		5		6
Other receivables		2		3
Other current assets	€	26	€	31

Accrued expenses and other current liabilities (in millions):

	As of			
		30 September 2020		31 December 2019
Compensation and related benefits	€	35	€	28
Advertising accruals		33		30
Value added taxes		12		11
Lease liability – current		6		5
Accrued professional fees		5		5
Other		6		5
Accrued expenses and other current liabilities	€	97	€	84

16. Employee benefit plans

The Company's employees participate in Parent's equity incentive plans. In addition, certain employees participate in Parent's employee stock purchase plan. All awards granted under these plans consisted of Parent's common shares. The Company's condensed combined carve-out statements of profit or loss reflect compensation expense for these stock-based plans associated with the portion of Parent's equity incentive plans in which the Company's employees participate as well as an allocation for Parent's corporate and other shared employee expenses. Employees may also participate in Parent's employee savings plans.

Parent's equity incentive plans

Parent has equity incentive plans under which Parent grants equity awards, including stock options, RSUs, performance based RSUs ("PBRSUs"), stock payment awards and performance share units, to the directors, officers and employees.

Stock options granted under these plans generally vest 12.5% six months from the date of grant (or 25% one year from the date of grant for grants to new employees) with the remainder vesting at a rate of 2.08% per month thereafter, and generally expire seven to ten years from the date of grant. RSU awards granted to eligible employees under the equity incentive plans generally vest in annual or quarterly installments over a period of three to five years, are subject to the employees' continuing service to the Company and do not have an expiration date.

PBRSU awards are subject to performance and time-based vesting requirements. The target number of shares subject to the PBRSU award are adjusted based on the business performance measured against the performance goals approved by Parent's Compensation Committee at the beginning of the performance period. The PBRSU award targets are based on Parent's consolidated performance. Generally, if the performance criteria is satisfied, one-half of the award vests in March following the end of the performance period and the other half of the award vests in March of the following year.

Parent's employee stock purchase plan

Parent has an Employee Stock Purchase Plan ("ESPP") for all eligible employees in the Company. Under the plan, shares of Parent's common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the nine months purchase period. Employees may purchase shares having a value not exceeding 10% of their eligible compensation during an offering period. During the nine months ended 30 September 2020 and 2019, employees of the Company purchased approximately 159 thousand and 151 thousand shares of Parent's common stock at average prices of €23.44 and €22.39 per share, respectively.

Parent's stock option activity

No stock options were granted in the nine months ended 30 September 2020 and 2019. During these periods, the aggregate intrinsic value of options exercised under Parent's equity incentive plans was insignificant and €1 million, respectively, determined as of the date of option exercise. As of 30 September 2020, there were 5 thousand outstanding and in-the-money options to purchase shares of Parent's common stock related to the Company's employees.

Parent's restricted stock unit activity

The following table presents RSU activity (including PBRSUs that have been earned) under Parent's equity incentive plans that the Company's employees participated in as of and for the nine months ended 30 September 2020 (in thousands, except per share amounts):

		Units		Weighted Average Grant-Date Fair Value (per share)
Outstanding at 1 January 2020	€	1,951	€	33.15
Awarded and assumed		1,064		26.59
Vested		(730)		31.80
Forfeited		(191)		30.57
Outstanding at 30 September 2020	€	2,094	€	29.39

During the nine months ended 30 September 2020 and 2019, the aggregate intrinsic value of RSUs vested under Parent's equity incentive plans that the Company's employees participated in was €29 million and €30 million, respectively.

Stock-based compensation expense

The following table presents stock-based compensation expense for the nine months ended 30 September 2020 and 2019 (in millions):

		Nine months ended		
		30 September 2020		30 September 2019
Cost of net revenues	€	1	€	2
Sales and marketing		11		10
Product development		9		9
General and administrative		10		11
Total stock-based compensation expense	€	31	€	32

Included in total stock-based compensation expense for the nine months ended 30 September 2020 and 2019 is €6 million and €6 million, respectively, of allocations related to Parent's corporate and shared services employees. As of 30 September 2020, there was approximately €39 million of unearned stock-based compensation related to grants to the Company's employees that will be expensed from 2021 through 2024. If there are any modifications or cancellations of the underlying unvested awards, the Company may be required to accelerate, increase or cancel all or a portion of the remaining unearned stock-based compensation expense. Future unearned stock-based compensation will increase to the extent the Company grants additional equity awards, changes the mix of grants between stock options and restricted stock units, or assumes unvested equity awards in connection with acquisitions.

Parent's employee savings plans

Parent has an Employee Savings Plan (the "Plan") which qualifies as a defined contribution pension plan whereby the Company contributes a fixed percentage of the employees' salaries to the Plan. The participating employees are able to direct the contributions into a variety of investment funds offered by the Plan. Total expense for the Company's employees covered under the Plan was €7 million and €6 million for the nine months ended 30 September 2020 and 2019, respectively.

17. Income tax

The following table presents both the weighted average annual tax rate and effective tax rate after one-off items (in percentages):

	Nine months ended	
	30 September 2020	30 September 2019
Weighted average annual tax rate	28.5%	26.3%
Effective tax rate after one-off items	31.6%	104.3%

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effects of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The estimated weighted average annual tax rate for the nine months ended September 30, 2020 is higher compared to the nine months ended September 30, 2019 primarily due to the change in jurisdictional mix of earnings.

The effective tax rate after one-off items for the nine months ended September 30, 2020 is lower compared to the same period in 2019 primarily due to a negotiated reduction in the tax basis of the intangible assets in the non-US Classifieds platforms resulting in the recognition of tax expense of €178 million during the nine months ended September 30, 2019. The negotiated settlement also resulted in the recognition of a benefit of €23 million during the nine months ended September 30, 2019 for an adjustment to the prior year intangible asset tax amortization.

The Company's income tax provision has been prepared following the benefits-for-loss approach, a modification to the separate return method. The impact on the effective tax rate of utilizing the benefits-for-loss approach decreased tax expense by €1 million and €1 million in the nine months ended 30 September 2020 and 2019, respectively.

The parent entity of the Classifieds business is incorporated in the Netherlands; therefore, the income tax provision has been prepared on that basis. As a result, any U.S. international tax provisions (including the effects of U.S. tax reform) applicable to entities with a U.S. parent have not been considered.

The Company is subject to tax in the Netherlands and other foreign jurisdictions. The Company is under examination by certain tax authorities for the 2010 to 2018 tax years. Management has made adequate accruals for liabilities likely to arise from periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent on the outcome of agreements with relevant tax authorities or litigation where appropriate. In assessing these income tax uncertainties, management makes judgements about the unit of account, the evaluation of the circumstances, facts and other relevant information in respect of the tax position taken together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities.

18. Subsequent events

The Company has evaluated subsequent events through the period from the balance sheet date through the date that the condensed combined financial statements were prepared, November 25, 2020, and determined that there have been no additional events that have occurred that would require adjustments to disclosures in the condensed combined financial statements.

APPENDIX B—ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION
Adevinta ASA
(Updated as per 5 May 2020)

Article 1
Name
The company is a public limited liability company under the name Adevinta ASA.

Article 2
Registered office
The registered office of the company is in Oslo.

Article 3
Business
The business of the company is the operation of digital marketplaces and other types of business relating to this. The business of the company may be operated through participation in other companies.

Article 4
Share capital
The share capital of the company is NOK 136,989,700.40 divided into 684,948,502 shares, each with a nominal value of NOK 0.20. The shares of the company shall be registered in a securities depository.

Article 5
Transferability
The shares of the company are freely transferable.

Article 6
Board of directors
The board of directors of the company shall consist of 5 to 11 members, as determined by the general meeting.

Article 7
Signatory powers
The authority to sign on behalf of the company is held by the Chairman of the board of directors and one board member jointly. The board may grant procuration rights.

Article 8
General meeting
The annual general meeting shall consider and decide on the following matters:

1. Adoption of the profit and loss account and balance sheet, including the allocation of annual profit or the coverage of the annual loss.

2. Adoption of the group profit and loss account and group balance sheet.

3. Election of an election committee at the end of the service period. A total of 2-3 members are to be elected for the election committee. The general meeting elects the leader of the election committee. The election committee is elected for 2 years at a time, and shall, among other things, nominate candidates to be shareholder-appointed board members to the general meeting at the end of the service period or when there is a need for a

supplementary election. The election committee shall, to the extent possible, announce the proposed candidates in the notice of the general meeting.

The election committee makes proposals to the general meeting of remuneration to the board members. Proposals for directors' remuneration shall be made in advance for one year at a time calculated from the date of the general meeting.

The election committee may otherwise make statements regarding, and also make proposals towards the general meeting relating to, the size, composition and working procedures of the board of directors and may make statements regarding matters relating to the company's relationship with its auditor, and make proposals regarding the appointment of auditor and auditor's fees.

4. Election of shareholder-appointed board members when such posts are up for election.

5. The company may in the notice of the general meeting give a deadline for the announcement of attendance, which cannot expire earlier than 5 days prior to the general meeting.

6. Any other matters which pursuant to law or the articles of association fall under the general meeting.

7. The shareholders may cast their votes in writing, including through electronic communication, in a period prior to the general meeting insofar as the board of directors finds that this can be done using adequately secure methods to authenticate the voter. The board of directors may establish further guidelines for such advance voting which shall be outlined in the notice of the general meeting.

Article 9
Electronic communication with shareholders
In cases where documents relating to matters to be considered and decided on at the general meeting are made available to the shareholders through the company's website, the statutory requirement stipulating that the documents are to be sent to the shareholders shall not apply. This also applies to documents which pursuant to law are to be included in or enclosed to the notice of the general meeting. However, shareholders may request to have sent to them documents that relate to matters to be considered and decided at the general meeting.

APPENDIX C— AMENDED ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION
Adevinta ASA
(Updated as per [●])

Article 1
Name
The Company is a public limited liability company under the name Adevinta ASA.

Article 2
Registered office
The registered office of the Company is in Oslo.

Article 3
Business
The business of the Company is the operation of digital marketplaces and other types of business relating to this. The business of the Company may be operated through participation in other companies.

Article 4
Share capital and share classes

1. The total share capital of the Company is NOK 244,988,596.20 divided into 1,027,422,753 class A shares (ordinary shares) and 197,520,228 class B shares (non-voting shares), in total 1,224,942,981 shares, each with a nominal value of NOK 0.20. The class A shares represent NOK 205,484,550.60 and the class B shares represent NOK 39,504,045.60 of the total share capital. The class A shares and class B shares of the Company shall be registered in Verdipapirsentralen (VPS).

2. The class A shares shall each carry one vote, while the class B shares shall have no voting rights. Save for the above and the provisions in Article 5, the class A shares and the class B shares shall otherwise rank pari passu and give equal rights to dividends and other distributions and all other rights.

3. Any holder of class B shares can at any time request the exchange of, and exchange, any or all of its class B shares into class A shares (ref. section 4-1 (2) of the Norwegian Public Limited Liability Companies Act (the "**Companies Act**")) by notifying the Company, provided that such exchange does not result in the holder, taken together with close associates of the holder (as defined in section 2-5 of the Norwegian Securities Trading Act), including for any avoidance of doubt any Affiliate (as defined below) (a "**Close Associate**"), exceeding a shareholding of one-third of the total number of outstanding class A shares.

   Notwithstanding the above, a holder of class B shares may request the exchange of, and exchange, class B shares into class A shares if the holder has already triggered a mandatory offer obligation under the Norwegian Securities Trading Act and publicly announced that it intends to put forward a mandatory offer, provided that such mandatory offer has not been completed at the time of the request for exchange.

4. Shareholders are required to adhere to the above exchange regulations at their own risk, and the Company has no obligation to monitor, consider or express any opinion in this respect, including if the terms and conditions for exchange pursuant to the foregoing in this Article 4 are met.

5. The exchange ratio shall be 1:1, so that each class B share shall be exchangeable into one class A share.

6. In the event the Company resolves to carry out a rights offering of class A shares or other issuance of class A shares or other equity instruments with preferential rights for holders of class A shares, the Company shall also carry out a corresponding rights offering of class B shares or other issuance of class B shares or other equity instruments with preferential rights for the holders of class B shares at the same offer price, allowing each holder of class B shares to subscribe for class B shares and such other equity instruments in order to maintain its pro rata shareholding in the Company and preserve the value of the exchange right under this Article 4.

7. The Company shall as soon as practicably possible following receipt of a request for an exchange of class B shares into class A shares implement such exchange by procuring registration of the relevant amendments to the first paragraph of this Article 4 with the Norwegian Register of Business Enterprises and the issuance of the new class A shares in the securities depository. Further, the Company shall ensure that the new class A shares as soon as practicably possible become listed and tradeable at the stock exchange(s) and other regulated market place(s) on which the other class A shares are listed.

Article 5
Transferability
The shares in both classes of shares are freely transferable. Upon a transfer of class B shares to a transferee who is not a Close Associate of eBay Inc. ("**eBay**"), the relevant class B shares shall be exchanged for class A shares, except (at the election of the transferor) for a transfer to a third party acquirer in a mandatory tender offer. Article 4 no. 7 shall apply correspondingly to any such exchange.

Article 6
Board of directors and committees
1. The board of directors of the Company shall consist of a minimum of 5 and a maximum of 13 members. Within this range, and subject to Article 6 no. 2, the number of directors shall be determined by the general meeting, provided that the general meeting shall elect a sufficient number of directors to ensure that the majority of the directors at any time are elected by the general meeting (taking into account any directors appointed by shareholders pursuant to Article 6 no. 2). The chairperson of the board of directors is elected by the shareholders at a general meeting.

2. Each shareholder who has a holding of class A shares equal to or in excess of the below thresholds has an individual right by notice to the Company to directly appoint directors as follows:

   - any shareholder holding class A shares representing at least 25% of the total number of class A shares in the Company shall have the right to appoint two directors; and

   - any shareholder holding class A shares representing at least 10% of the total number of class A shares in the Company shall have the right to appoint one director.

   The appointment right pursuant to this Article 6 no. 2 cannot be exercised during the last six calendar weeks prior to the Company's annual general meeting.

3. The total number of directors appointed directly to the board of directors by shareholders pursuant to Article 6 no. 2 shall not exceed a total of six directors. If such shareholders are entitled to appoint more than six directors in total, the shareholders with the largest shareholdings shall be entitled to appoint the directors in accordance with the provisions above up to the maximum limit of six directors. If there are two or more shareholders with equal holdings, the appointment right shall defer to the shareholder(s) that reached the applicable ownership threshold first.

4. If the appointment of one or more directors by a shareholder pursuant to Article 6 no. 2 would result in a composition of the Board with less than half of the directors elected by the general meeting, the Board shall as soon as practically possible, and at the latest within nine weeks from the date on which the Company is notified of the appointment, hold an extraordinary general meeting to elect additional member(s) to the Board to ensure that the majority of the directors are elected by the general meeting in accordance with Article 6 no. 1. In such case, the appointment of director(s) by the shareholder pursuant to Article 6 no. 2 shall first become effective as of the time of such extraordinary general meeting. The shareholder may appoint the same number of observer(s) (without voting rights) to the Board for the period until the appointment of director(s) becomes effective.

5. Each shareholder, for so long as it holds class A shares representing at least 25% of the total number of class A shares, has the right to designate at least one representative to each committee of the board of directors. The designee for each committee shall be one of the directors appointed by such shareholder pursuant to Article 6 no. 2. The majority of the directors on each committee shall at any time be directors elected by the general meeting, and if required the total number of directors on such committee shall be increased to such higher number required to achieve this.

6. A shareholder having appointed director(s) pursuant to Article 6 no. 2 may at any time by notice to the Company withdraw the appointment and appoint substitute director(s) provided that (i) the shareholder at such time holds class A shares in excess of the relevant threshold and (ii) the total number of directors in the company remains in compliance with Article 6 no. 1. During the last six calendar weeks prior to the Company's annual general meeting, any substitution of a director must be for a director (a) with the same gender, and (b) if the director being substituted is a Norwegian resident or a citizen of the European Economic Area (the "**EEA**") residing in an EEA member state, who is either a Norwegian resident or an EEA citizen residing in an EEA member state.

7. If a shareholder who has appointed one or two directors pursuant to Article 6 no. 2 falls below the relevant ownership threshold(s) for such number of appointments, such that the number of directors who were appointed by such shareholder and sit on the board of directors exceeds the number of directors that the shareholder has the right to appoint pursuant to Article 6 no. 2 as of such time (such excess directors, the "**Excess Directors**"), the service period for the Excess Director(s) shall immediately expire (without limiting the ability of such Excess Director to be re-elected as a director elected by a general meeting), provided that if the shareholder has appointed two directors pursuant to Article 6 no. 2 and only one director's service period shall expire pursuant to the foregoing, then the shareholder shall have a period of two weeks from the date of which the ownership threshold was passed to determine and notify the Company which director shall be an Excess Director. If such shareholder does not notify the Company the

two-week period, then the Board shall have the right to determine which director is the Excess Director, with both directors of such shareholder recusing themselves from such vote.

8. Directors appointed directly by shareholders pursuant to this Article 6 shall receive the same remuneration, expense reimbursement, insurance and indemnification (if any) as directors elected by the general meeting. When selecting directors for appointment, each shareholder shall consider the corporate governance requirements of the Oslo Stock Exchange and the gender and residency requirements of the Companies Act. Any purported appointment of directors pursuant to Article 6 no. 2 which would result in the board of directors not being in compliance with the requirements of the Companies Act as to gender, nationality or residency, or any exemptions therefrom granted pursuant to the Companies Act, shall be invalid (and the appointing shareholder shall be entitled to select another director for appointment). The Company shall upon request from an appointing shareholder apply for an exemption from the nationality and residence requirements of the Companies Act. Unless the predecessor of such director will continue to serve on the board until the application for an exemption has been granted or denied, the newly appointed director shall be entitled to participate in board meetings up until such time as an observer.
9. Shares held by an affiliate of a shareholder shall be deemed to be held by the shareholder itself for the purposes of this Article 6. For the purposes of these articles of association, an affiliate shall mean, with respect to any shareholder, any other entity that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such shareholder (an "**Affiliate**").

Article 7
Signatory powers
The authority to sign on behalf of the Company is held by the Chairperson of the board of directors and one board member jointly. The board may grant procuration rights.

Article 8
Nomination committee
1. The nomination committee shall consist of between 3 and 5 members. Within this range, the number of nomination committee members shall be determined by the general meeting, provided that the general meeting shall elect a sufficient number of nomination committee members to ensure that the majority of the nomination committee members at any time are elected by the general meeting (taking into account any nomination committee members appointed by shareholders pursuant to Article 8 no. 3, and if required the total number of members shall be increased to such higher number than 5 required to achieve this.

2. The members of the nomination committee shall be elected by the general meeting or appointed by shareholders pursuant to Article 8 no. 3. Those members who are elected by the general meeting shall be elected for a period of two years at a time, unless otherwise resolved by the general meeting. The general meeting elects the chairperson of the nomination committee.

3. Any shareholder holding class A shares representing at least 25% of the total number of class A shares in the Company shall have the right to appoint and be represented on the nomination committee by one representative. Nomination committee members appointed directly by shareholders pursuant to this paragraph shall receive the same remuneration, expense reimbursement, insurance and indemnification (if any) as nomination committee members

elected by the general meeting. Article 6 no. 6 and no. 7 shall apply *mutatis mutandis* to the nomination committee members appointed directly by shareholders pursuant to this paragraph.

4. The nomination committee shall nominate candidates to the board of directors and nomination committee to be elected by the general meeting at the end of the service period or when there is a need for a supplementary election. The nomination committee shall, to the extent possible, announce the proposed candidates in the notice of the general meeting.

5. The nomination committee makes proposals to the general meeting for remuneration of the board members and the members of the nomination committee. Proposals for directors' and nomination committee members' remuneration shall be made in advance of the period for which the proposed remuneration relates to. The proposed remuneration shall be for one year calculated from the date of the annual general meeting.

6. The nomination committee may also make statements regarding, and also make proposals towards the general meeting relating to, the size, composition and working procedures of the board of directors and may make statements regarding matters relating to the Company's relationship with its auditor, and make proposals regarding the appointment of auditor and auditor's fees.

7. Shares held by an Affiliate of a shareholder shall be deemed to be held by the shareholder itself for the purposes of this Article 8.

Article 9
General meeting

1. The annual general meeting shall consider and decide on the following matters:

    a. Adoption of the annual report and accounts, including the declaration of dividends.

    b. Election of members to the nomination committee to be elected by the general meeting when such positions are up for election.

    c. Election of board members to be elected by the general meeting when such positions are up for election.

    d. Any other matters which are referred to the general meeting by law or the articles of association.

2. The Company may in the notice of the general meeting give a deadline for the announcement of attendance, which cannot expire earlier than 5 days prior to the general meeting.

3. The shareholders may cast their votes in writing, including through electronic communication, in a period prior to the general meeting insofar as the board of directors finds that this can be done using adequately secure methods to authenticate the voter. The board of directors may establish further guidelines for such advance voting which shall be outlined in the notice of the general meeting.

Article 10
Electronic communication with shareholders

In cases where documents relating to matters to be considered and decided on at the general meeting are made available to the shareholders through the Company's website, the statutory requirement stipulating that the documents are to be sent to the shareholders shall not apply. This also applies to documents which pursuant to law are to be included in or enclosed to the notice of the general meeting. However, shareholders may request to have sent to them documents that relate to matters to be considered and decided at the general meeting.

APPENDIX D — ASSURANCE REPORT ON PRO FORMA FINANCIAL INFORMATION

Building a better
working world

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To the Board of Directors of Adevinta ASA

Independent Practitioners' Assurance Report on the compilation of pro forma financial information included in a prospectus

We have completed our assurance engagement to report on the compilation of pro forma financial information of Adevinta ASA (the "Company") by the Board of Directors and Management of the Company. The pro forma financial information consists of the unaudited pro forma statement of financial position as at 31 December 2019 and unaudited pro forma income statement for the year ended 31 December 2019 and related notes as set out in section 10.9 of the prospectus issued by the Company (the "Prospectus"). The applicable criteria on the basis of which the Board of Directors and Management of the Company has compiled the pro forma financial information are specified in Regulation (EU) no. 2017/1129 as incorporated in the Securities Trading Act section 7-1 and described in section 10.9 of the Prospectus (the "applicable criteria").

The pro forma financial information has been compiled by the Board of Directors and Management of the Company to illustrate the impact of the acquisition of eBay Classifieds Group (eCG), the offering of Notes, the entry into a Senior Credit Facilities Agreement, the entry into a Bridge Facility Agreement and the settlement of certain existing debt (collectively the ''Transactions'') set out in section 10.9 of the Prospectus on the Company's consolidated financial position and its consolidated financial performance for the year ended 31 December 2019 as if the Transactions had taken place at 31 December 2019 and 1 January 2019. As part of this process, information about the Company's and the acquired entity's financial position and financial performance has been extracted by the Board of Directors and Management from the Company's and the acquired entity's financial statements for the year ended 31 December 2019. The auditor's report on the Company's financial statements and the acquired entity's financial statements for the year ended 31 December 2019 has been incorporated by reference as set out in Section10.9 of the Prospectus.

The Board of Directors and Management's responsibility for the Pro Forma Financial Information

The Board of Directors and Management of the Company is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express an opinion, as required by Regulation (EU) no. 2017/1129 about whether the pro forma financial information has been compiled by the Board of Directors and Management of the Company on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the Board of Directors and Management of the Company have compiled the pro forma financial information on the basis of the applicable criteria and whether this basis is consistent with the accounting policies of the Company. Our work primarily consisted of comparing the unadjusted financial information with the source documents as described in section 10.9 of the Prospectus, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with Management of the Company.

The aforementioned opinion does not require an audit of historical unadjusted financial information, the adjustments to conform the accounting policies of the acquired entity to the accounting policies of the Company, or the assumptions summarized in section 10.9 of the Prospectus. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of the Transactions on unadjusted financial information of the Company as if the Transactions occurred or had been undertaken at an earlier date selected for purposes of the illustration. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or performance. Accordingly, we do not provide any assurance that the actual outcome of the Transactions for the year ended 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled on the basis stated involves performing procedures to assess whether the applicable criteria used by the Board of Directors and Management of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria;
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information; and
- The pro forma financial information has been compiled on a basis consistent with the accounting policies of the Company.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion:
a) the pro forma financial information has been properly compiled on the basis stated in section 10.9 of the Prospectus; and
b) that basis is consistent with the accounting policies of the Company

This report is issued for the sole purpose of offering of shares in Norway and the admission of shares on Oslo Stock Exchange, and other regulated markets in the European Union or European Economic Area as set out in the Prospectus approved by the Financial Supervisory Authority of Norway. Our work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the listing of shares of the Company on the Oslo Stock Exchange described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the listing of the shares on Oslo Stock Exchange and other regulated markets in the European Union or European Economic Area, as set out in the Prospectus approved by the Financial Supervisory Authority of Norway.

Oslo, 23 December 2020
ERNST & YOUNG AS

Kjetil Rimstad
State Authorized Public Accountant (Norway)

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