Q3 2019

Interim Report

January – September 2019

Adevinta

Creating perfect matches on the world's most trusted marketplaces

Adevinta Highlights

Highlights of Q3 2019

- **Total revenues[1] up 15% to €180 million**
- **Revenue[1] from verticals grew 16%**
  - France up 15%
  - Spain up 18%
- **Brazil total revenues up 29%**
- **Display advertising revenue up 2.5% yoy**
- **EBITDA[1] increased 38% to €54.1 million**
  - EBITDA[1] margin rose 5%-points to 30%
  - France and Spain slightly improved their EBITDA margin while still investing in product and marketing
- **Global Markets continues on path to profitability**
  - Margin expanded by 38%-points
  - Investment phase losses declined again in Q3 to € (0.5) million (vs €(10.5) million in Q3 2018)
- **Leboncoin strengthened its core car vertical through the key acquisition of Argus Group**

Rolv Erik Ryssdal, CEO

I am pleased to report that Adevinta achieved another solid quarter in Q3 2019. Our strategy to focus on core verticals and press ahead with organic and inorganic growth opportunities continues to deliver above average growth for the business relative to our peers.

Softer market conditions have impacted our growth expectations with weaker than hoped for performance in advertising revenues. Continuing initiatives to improve advertising revenues have delivered improved growth in this area compared to previous quarters.

We have continued to invest and improve our best-in-class platforms to support our core verticals growth. New product features coupled with infrastructure investment, that contributes to better technical performance, have been rolled out across all our marketplaces this quarter.

The acquisition of Argus presents exciting opportunities to grow and benefit from synergies for Leboncoin in the car vertical. Argus is a first-class business, with a great team, and we are rapidly integrating the business.

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.

	Third quarter		(€ million)	First three quarters		Full Year
yoy%	2018	2019	Proportional ownership view	2019	2018	2018
15%	**156.6**	**180.3**	**Operating revenues incl. JVs**	**539.3**	**471.4**	**644.0**
38%	**39.1**	**54.1**	**EBITDA incl. JVs**	**153.7**	**111.2**	**156.2**
	25%	30%	EBITDA margin incl. JVs	28%	24%	24%
			Operating revenues - segments			
17%	73.6	85.7	France	255.9	225.1	306.6
13%	40.2	45.3	Spain	135.1	118.5	160.0
29%	17.0	22.0	Brazil	62.8	49.1	68.9
7%	28.9	30.8	Global Markets	92.5	86.8	118.3
			EBITDA - segments			
21%	39.9	48.3	France	141.6	122.8	169.3
25%	12.8	16.0	Spain	44.2	35.3	47.1
(6%)	3.6	3.4	Brazil	1.2	7.7	2.6
>100 %	(6.4)	4.9	Global Markets	9.4	(25.6)	(30.4)
			Cash flow			
71%	21.5	36.8	Net cash flow from operating activities	107.7	64.3	73.9

[1]Proportionate basis incl JVs
For definition of EBITDA please see section Definitions and reconciliations. Adevinta implemented IFRS 16 from 1 January 2019. The effect of IFRS 16 implementation on Operating expenses and EBITDA €3.5 million in Q3 2019 and €10.5 million for the first three quarters of 2019.

Key consolidated financial figures

	Third quarter		(€ million)	First three quarters		Full year
yoy%	**2018**	**2019**	**Consolidated financial figures**	**2019**	**2018**	**2018**
15%	**144.4**	**165.4**	**Operating revenues - segments**	**496.0**	**436.1**	**594.6**
17%	73.6	85.7	France	255.9	225.1	306.6
13%	40.2	45.3	Spain	135.1	118.5	160.0
29%	17.0	22.0	Brazil	62.8	49.1	68.9
7%	28.9	30.8	Global Markets	92.5	86.8	118.3
>100 %	0.4	2.8	Other and Headquarters	10.0	3.4	7.1
(35%)	(15.7)	(21.2)	Eliminations	(60.4)	(46.8)	(66.2)
42%	**36.3**	**51.7**	**Gross operating profit (EBITDA) - segments**	**150.0**	**104.4**	**151.0**
21%	39.9	48.3	France	141.6	122.8	169.3
25%	12.8	16.0	Spain	44.2	35.3	47.1
(6%)	3.6	3.4	Brazil	1.2	7.7	2.6
>100 %	(6.4)	4.9	Global Markets	9.4	(25.6)	(30.4)
(76%)	(10.2)	(17.9)	Other and Headquarters	(45.6)	(27.5)	(34.8)
12%	(3.5)	(3.1)	Eliminations	(0.8)	(8.2)	(2.7)
			Proportional ownership view			
15%	**156.6**	**180.3**	**Operating revenues incl. JVs**	**539.3**	**471.4**	**644.0**
38%	**39.1**	**54.1**	**EBITDA incl. JVs**	**153.7**	**111.2**	**156.2**
	25%	30%	EBITDA margin incl. JVs	28%	24%	24%

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)	First three quarters		Full year
yoy %	**2018**	**2019**	**ADEVINTA**	**2019**	**2018**	**2018**
15%	**144.4**	**165.4**	**Operating revenues**	**496.0**	**436.1**	**594.6**
23%	12.1	14.9	Proportional revenues from JVs	43.3	35.3	49.4
15%	**156.6**	**180.3**	**Operating revenues incl. JVs**	**539.3**	**471.4**	**644.0**
42%	**36.3**	**51.7**	**EBITDA**	**150.0**	**104.4**	**151.0**
11%	46.8	52.2	- of which Developed phase	155.7	139.7	194.1
95%	(10.5)	(0.5)	- of which Investment phase	(5.7)	(35.2)	(43.1)
	25%	31%	EBITDA margin	30%	24%	25%
-12%	2.7	2.4	Proportional EBITDA from JVs	3.7	6.7	5.1
38%	**39.1**	**54.1**	**EBITDA incl. JVs**	**153.7**	**111.2**	**156.2**
	25%	30%	EBITDA margin incl. JVs	28%	24%	24%

The effect of IFRS 16 implementation on Operating expenses and EBITDA for Adevinta is €3.5 million in Q3 2019. Excluding the IFRS 16 effect EBITDA margin for proportional ownership view is 28% in Q3 2019 and the yoy increase in EBITDA is 29%.

Revenues, including JVs, grew 15% in Q3 compared to Q3 2018. The revenue growth rate was driven by sustained performance in core markets in France, Spain and Brazil. Healthy growth in core classified revenue in most markets, leading to overall growth of 16% while advertising revenue has been on a positive trend (up 1% in Q2 and up 2.5% in Q3).

Gross operating profit (EBITDA) increased by 38% yoy - increasing 29% yoy when excluding IFRS16 effect.

France

	Third quarter		(€ million)	First three quarters		Full year
yoy %	**2018**	**2019**	**France**	**2019**	**2018**	**2018**
17%	73.6	85.7	Operating revenues	255.9	225.1	306.6
11%	33.6	37.4	Operating expenses	114.3	102.3	137.3
21%	39.9	48.3	EBITDA	141.6	122.8	169.3
	54%	56%	EBITDA margin	55%	55%	55%

The effect of IFRS 16 implementation on Operating expenses and EBITDA for France is €1.0 million in Q3 2019. Excluding the IFRS 16 effect EBITDA margin for France is 55% in Q3 2019 and the YoY increase in EBITDA is 19%.

Revenues in France grew by 17% in Q3. Total revenues from verticals (cars, real estate and jobs) grew 15% compared to last year. Good development in display advertising revenue turned to positive yoy growth of 7%.

Traffic continues to develop positively, having achieved 9% growth in visits, year to date.

Our strategy is to continue to deepen our vertical roots in the French market, both organically and through acquisitions. The acquired companies contribute to strengthen our market positions, however some of the acquired companies will naturally have lower topline growth and margins than Leboncoin, affecting Adevinta France overall. The recent acquisitions of Locasun and PayCar supported top line revenue growth in this quarter.

We will also continue to pursue adjacent growth opportunities in France based on our strong market positions. Leboncoin strengthened its core car vertical through the key acquisition of Argus Group. This acquisition presents an exciting opportunity for Leboncoin to grow and benefit from synergies in the used car market. With this acquisition, Leboncoin will benefit from the Argus' expertise and penetration of the professional market for second-hand car trade, particularly the Argus' flagship product, a second-hand vehicle pricing tool which is the number one player in the French market.

EBITDA margin is slightly higher (+1%-point) from Q3 last year, when excluding IFRS 16 effect.

Spain

yoy %	Third quarter 2018	2019	(€ million) Spain	First three quarters 2019	2018	Full year 2018
13%	40.2	45.3	Operating revenues	135.1	118.5	160.0
7%	27.4	29.2	Operating expenses	91.0	83.3	112.9
25%	12.8	16.0	EBITDA	44.2	35.3	47.1
	32%	35%	EBITDA margin	33%	30%	29%

The effect of IFRS 16 implementation on Operating expenses and EBITDA for Spain is €0.7 million in Q3 2019. Excluding the IFRS 16 effect EBITDA margin for Spain is 34% in Q3 2019 and the YoY increase in EBITDA is 20%.

Revenues in Spain increased by 13% in Q3, which we believe is a strong result despite the softer advertising market. The development in core classified revenue continued to show a healthy 18% growth compared to Q3 2018 fueled by development in the verticals. The growth in display advertising, while still positive on a year-on-year basis, has decelerated in this Q3 compared to the previous quarter, impacted by the current economic environment.

The traffic development in the quarter was at 9% overall with the car vertical showing strong double-digit growth. The overall growth was support by investment in product development and site improvements in the quarter.

The EBITDA margin is slightly better than Q2 2018 while increasing investments in product.

Brazil

yoy %	Third quarter 2018	2019	(€ million) Brazil	First three quarters 2019	2018	Full year 2018
29%	17.0	22.0	Operating revenues	62.8	49.1	68.9
39%	13.3	18.6	Operating expenses	61.6	41.4	66.3
-6%	3.6	3.4	EBITDA	1.2	7.7	2.6
	21%	16%	EBITDA margin	2%	16%	4%

The effect of IFRS 16 implementation on Operating expenses and EBITDA for Brazil is €0.3 million in Q3 2019. Excluding the IFRS 16 effect EBITDA margin for Brazil is 14% in Q3 2019
Includes OLX Brazil at 100%

Total revenue growth for Brazil overall increased 29%, and up 24% on a local currency basis. OLX.com.br in Brazil, a 50% owned joint venture, accelerated its revenue growth in Q3 to 26% on local currency basis. Advertising revenue growth improved this quarter to show a positive 11% year-on-year growth in local currency (coming from a negative year-on-year growth in the last quarter). Cars and real estate verticals continue to grow strongly.

Infojobs.com.br in Brazil increased its revenues by 8% on a local currency basis.

In Q3, operating margins were 16% as a result of different phasing in marketing spend and product and tech investment compared to last year.

Global Markets

yoy %	Third quarter 2018	2019	(€ million) Global Markets	First three quarters 2019	2018	Full year 2018
7%	28.9	30.8	Operating revenues	92.5	86.8	118.3
-27%	35.2	25.9	Operating expenses	83.2	112.5	148.7
>100 %	(6.4)	4.9	EBITDA	9.4	(25.6)	(30.4)
	-22%	16%	EBITDA margin	10%	-30%	-26%

The effect of IFRS 16 implementation on Operating expenses and EBITDA for Global Markets is €0.8 million in Q3 2019. Excluding the IFRS 16 effect EBITDA margin is 13% in Q3 2019.

The Global Markets portfolio continued to develop well in Q3, expanding EBITDA margin to 16% (from 11% last quarter). Revenue growth was 7% compared to Q3 2018, with display advertising impact across the portfolio evident. Core classified revenue continued its positive development, growing 13% compared to Q3 2018.

We continued to develop on the verticalization path across the whole portfolio, and we saw good progress in improving the technical infrastructure and data platform.

EBITDA amounted to €4.9 million in Q3 (including IFRS 16 positive impact of €0.8 million), compared to €(6.4) million in Q3 in the previous year. The negative EBITDA from Shpock was €(0.2) million in Q3, compared to €(6.4) million in Q3

2018.

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, as demonstrated by the change in strategy at Shpock and in Mexico which does impact financial performance periodically. Overall, the portfolio continued to develop well in Q3, moving towards profitability. Revenue growth in Q3 was 9% compared to Q3 2018.

The EBITDA of operations in Investment phase amounted to €(0.5) million in Q3 compared to €(10.5) million Q3 2018 primarily driven by the strategy adjustment which includes reduced marketing in Shpock and Mexico accelerating the path towards break-even, coupled with several assets approaching or at break-even in 2019.

Outlook

Adevinta sees continued revenue growth potential and inherent operational leverage in all its segments on the back of the strong brand positions and traffic leadership in its markets and verticals. The medium- to long-term target for annual revenue growth remains unchanged at 15-20%, on a proportionate basis, driven by increased monetization (particularly within our core verticals), and helped by some growth in display advertising. Nevertheless, advertising performance remains weaker than expected, reflecting broader macroeconomic conditions, and will continue to affect top-line revenue growth.

Adevinta endeavors to maintain and extend its favorable 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 optimizing 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 monetization 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. In addition to this, Adevinta is on track for a reduction in investment phase losses to an EBITDA of below €(10) million in FY 2019 (compared to €(43.1) million in FY 2018). The reduction in investment phase losses is driven by strategy adjustments in both Shpock and Mexico accelerating a path towards break-even, as well as other assets approaching break-even in 2019. From next year, the level of the investment phase losses will, among other things, depend on the pace of monetization 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, 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 is expected to rise as a result of investments in scalable tech and data and the setup of corporate and functional teams as a result of the demerger, in line with previous guidance.

The French Digital Services Tax Legislation (DST) was enacted in July 2019. No guidelines have been published on the scoping of DST. Our view at this juncture is that, more likely than not, DST does not apply to Adevinta Group as our revenue does not exceed the €750 million worldwide threshold, hence no provision has been made in respect of DST. Please refer to note 7 to the condensed consolidated financial statements for further information.

Group Overview

Profit and Loss

Operating profit

Revenue increased by 15% in Q3 2019, compared to Q3 2018. Operating expenses increased by 5% in Q3 and gross operating profit (EBITDA) increased by 42%. Excluding the application of IFRS 16, operating expenses increased by 8% and EBITDA increased by 33%.

Share of profit (loss) of joint ventures and associates increased from €0.8 million in Q3 2018 to €1.1 million in Q3 2019 mainly explained by improved results in Brazil, which were partially offset by lower results in Austria. Other income and expenses in Q3 2019 was €(1.4) million (€0.7 million in Q3 2018). Other income and expenses are disclosed in note 4.

Operating profit in Q3 2019 amounted to €41.0 million (€31.6 million in Q3 2018). Please also refer to note 3 to the condensed consolidated financial statements.

Net profit and earnings per share

Net financial items are disclosed in note 5 to the condensed consolidated financial statements.

The underlying tax rate for the first three quarters has slightly decreased from 34.0% in 2018 to 33.2% in 2019. The reported tax rate is 42.2% in Q3 2019, compared to 50.6% in Q3 2018. Generally, Adevinta reports a tax rate exceeding the nominal tax rate primarily as an effect of losses for which no deferred tax asset is recognized. That effect has been declining during 2018 and 2019 due to a reduction in such losses.

Basic earnings per share in Q3 2019 is €0.03 compared to €0.02 in Q3 2018. Adjusted earnings per share in Q3 2019 is €0.03 compared to €0.02 in Q3 2018.

Cash flow and capital factors

Cash flow

Net cash flow from operating activities was €107.7 million for the first three quarters of 2019, compared to €64.3 million within the same period of 2018. The increase is primarily related to the increase in operating profit.

Net cash outflow from investing activities was €(52.1) million for the first three quarters of 2019, compared to €(19.8) million within the same period of 2018. The increase is mainly due to increased capital expenditure and the acquisition of subsidiaries. Net cash outflow from financing activities was €(23.7) million for the first three quarters of 2019, compared to €(32.3) million within the same period of 2018. The decrease is primarily related to the Demerger from Schibsted.

Equity and debt

The carrying amount of the Group's assets decreased by €123.9 million to €2,029.6 million during the first three quarters of 2019 and the Group's net interest-bearing debt decreased by €91.6 million to €64.9 million (see specification in Definitions and reconciliations below). The Group's equity ratio is 76% at the end of Q3 2019, compared to 62% at the end of 2018.

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 (€144.4 million including transaction costs amounting €0.8 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 at 12 April and on the same day all outstanding interest-bearing debt from Schibsted was repaid (totaling €151 million).

IFRS 16

As disclosed in note 1 to the condensed consolidated financial statements, Adevinta has implemented the accounting standard IFRS 16 Leases from 1 January 2019. The application of the new accounting standard has reduced operating expenses in Q3 2019 by €3.5 million and increased EBITDA by €3.5 million compared to what would have been reported under the formerly applicable accounting standard. The positive effect on EBITDA is offset by €3.1 million of increased depreciation and €0.4 million of net financial items resulting in no material impact on net profit. On the opening balance sheet the application of IFRS 16 has increased assets by €55.9 million, increased liabilities by €56.6 million and reduced equity by €0.7 million. Comparable figures for 2018 are not restated applying IFRS 16. See further comments in note 1 below.

Digital tax in France

The French Digital Services Tax legislation (DST) was signed by President Macron on 24 July and published in the French official gazette on 25 July 2019 and hence the DST legislation is enacted as per 30 September 2019.

The French tax authorities have not yet published administrative guidelines regarding the scope of the DST law. Due to the complexity of the law and the absence of 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's more likely than not that DST is not applicable to Adevinta Group and hence no provision has been recognized for DST as per 30 September 2019. Please refer to note 7 to the condensed consolidated financial statements for further information.

Condensed Consolidated Financial Statements

Condensed consolidated income statement

Third quarter			First three quarters		Full year
2018	**2019**	**€ million**	**2019**	**2018**	**2018**
144.4	**165.4**	**Operating revenues**	**496.0**	**436.1**	**594.6**
(49.4)	(58.2)	Personnel expenses	(168.8)	(150.0)	(201.3)
(58.6)	(55.6)	Other operating expenses	(177.2)	(181.6)	(242.3)
36.3	**51.7**	**Gross operating profit (loss)**	**150.0**	**104.4**	**151.0**
(6.3)	(10.4)	Depreciation and amortisation	(32 .1)	(18.7)	(26.5)
0.8	1.1	Share of profit (loss) of joint ventures and associates	1.6	3.8	6.8
0.1	(0.0)	Impairment loss	(0.3)	(9.0)	(56.6)
0.7	(1.4)	Other income and expenses	(8.9)	(0.1)	(6.3)
31.6	**41.0**	**Operating profit (loss)**	**110.3**	**80.4**	**68.4**
(2.6)	(2.6)	Net financial items	(3.7)	(11.6)	(14.1)
28.9	**38.4**	**Profit (loss) before taxes**	**106.6**	**68.7**	**54.3**
(14.6)	(16.2)	Taxes	(43.2)	(46.5)	(61.3)
14.3	**22.2**	**Profit (loss)**	**63.4**	**22.3**	**(7.0)**
		Profit (loss) attributable to:			
0.6	0.9	Non-controlling interests	2.0	0.1	0.4
13.7	21.3	Owners of the parent	61.4	22.2	(7.4)
		Earnings per share in €:			
0.02	0.03	Basic	0.09	0.03	(0.01)
0.02	0.03	Diluted	0.09	0.03	(0.01)

Condensed consolidated statement of comprehensive income

Third quarter			First three quarters		Full year
2018	2019	€ million	2019	2018	2018
14.3	**22.2**	**Profit (loss)**	**63.4**	**22.3**	**(7.0)**
(0.1)	0.0	Remeasurements of defined benefit pension liabilities	0.0	(0.4)	(0.5)
0.0	0.0	Income tax relating to remeasurements of defined benefit pension liabilities	0.0	0.1	0.1
(0.1)	**0.0**	**Items not to be reclassified subsequently to profit or loss**	**0.0**	**(0.3)**	**(0.4)**
(9.5)	(15.4)	Exchange differences on translating foreign operations	(4.5)	(57.7)	(49.1)
(9.5)	**(15.4)**	**Items to be reclassified subsequently to profit or loss**	**(4.5)**	**(57.7)**	**(49.1)**
(9.6)	**(15.4)**	**Other comprehensive income**	**(4.5)**	**(58.0)**	**(49.5)**
4.7	**6.8**	**Comprehensive income**	**58.9**	**(35.7)**	**(56.5)**
		Comprehensive income attributable to:			
0.6	0.8	Non-controlling interests	2.0	0.0	0.3
4.2	6.0	Owners of the parent	56.9	(35.7)	(56.8)

Condensed consolidated statement of financial position

€ million	30 September 2019	31 December 2018
Intangible assets	1,326.9	1,301.0
Property, plant and equipment and right-of-use assets	85.4	19.8
Investments in joint ventures and associates	375.6	375.3
Other non-current assets	14.1	13.2
Non-current assets	**1,802.1**	**1,709.2**
Trade receivables and other current assets	140.6	389.2
Cash and cash equivalents	86.9	55.1
Current assets	**227.6**	**444.3**
Total assets	**2,029.6**	**2,153.5**
Equity attributable to owners of the parent	1,520.8	1,317.8
Non-controlling interests	16.7	13.9
Equity	**1,537.5**	**1,331.7**
Non-current interest-bearing borrowings	151.4	448.5
Other non-current liabilities	140.1	76.5
Non-current liabilities	**291.6**	**525.0**
Current interest-bearing borrowings	0.4	0.0
Other current liabilities	200.2	296.8
Current liabilities	**200.6**	**296.8**
Total equity and liabilities	**2,029.6**	**2,153.5**

Condensed consolidated statement of cash flow

Third quarter			First three quarters		Full year
2018	**2019**	**€ million**	**2019**	**2018**	**2018**
28.9	38.4	Profit (loss) before taxes	106.6	68.7	54.3
6.3	10.4	Depreciation, amortisation and impairment losses	32.4	27.7	83.1
(0.8)	(1.1)	Share of loss (profit) of joint ventures and associates, net of dividends received	(1.6)	(3.8)	(6.8)
1.3	1.4	Dividends received from joint ventures and associates	1.4	1.5	1.5
(16.2)	(13.4)	Taxes paid	(40.1)	(41.3)	(53.7)
(1.3)	(0.3)	Sales losses (gains) non-current assets and other non-cash losses (gains)	(0.3)	(1.3)	(1.3)
3.3	1.6	Change in working capital and provisions	9.4	12.7	(3.2)
21.5	**36.8**	**Net cash flow from operating activities**	**107.7**	**64.3**	**73.9**
(7.4)	(10.7)	Development and purchase of intangible assets and property, plant and equipment	(33.5)	(19.2)	(30.7)
(1.5)	(0.6)	Acquisition of subsidiaries, net of cash acquired	(10.9)	(1.5)	(3.1)
(0.1)	(0.0)	Proceeds from sale of intangible assets and property, plant and equipment	0.0	0.5	0.4
0.1	0.0	Proceeds from sale of subsidiaries, net of cash sold	0.0	0.1	0.1
(0.8)	(1.7)	Net sale of (investment in) other shares	(8.7)	(1.8)	(3.3)
1.4	1.3	Net change in other investments	1.0	2.1	2.8
(8.3)	**(11.8)**	**Net cash flow from investing activities**	**(52.1)**	**(19.8)**	**(33.8)**
13.2	**25.1**	**Net cash flow before financing activities**	**55.5**	**44.5**	**40.1**
0.0	0.0	Net change in interest-bearing loans and borrowings	148.7	0.4	0.4
0.0	(0.1)	Change in ownership interests in subsidiaries	(100.2)	0.0	(11.0)
0.0	0.0	Capital increase	7.8	0.0	0.0
0.0	0.0	Net sale (purchase) of treasury shares	0.0	0.0	0.0
0.0	(2.9)	IFRS 16 lease payments	(9.1)	0.0	0.0
0.0	0.0	Dividends paid to owners of the parent	0.0	0.0	0.0
(0.5)	0.0	Dividends paid to non-controlling interests	0.0	(2.0)	(3.4)
(1.2)	0.0	Net financing from (to) Schibsted ASA	(70.9)	(30.7)	(8.9)
(1.6)	**(2.9)**	**Net cash flow from financing activities**	**(23.7)**	**(32.3)**	**(22.9)**
0.8	(0.0)	Effects of exchange rate changes on cash and cash equivalents	(0.0)	0.8	0.4
12.4	**22.1**	**Net increase (decrease) in cash and cash equivalents**	**31.8**	**13.0**	**17.7**
38.1	64.9	Cash and cash equivalents as at 1 January	55.1	37.4	37.4
50.5	**86.9**	**Cash and cash equivalents as at 30 September**	**86.9**	**50.5**	**55.1**

Condensed consolidated statement of changes in equity

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2017	**1,240.2**	**15.3**	**1,255.5**
Change in accounting principle IFRS 2	0.5	0.0	0.5
Change in accounting principle IFRS 15	(3.8)	0.0	(3.8)
Equity as at 1 January 2018	**1,236.9**	**15.3**	**1,252.3**
Comprehensive income	(56.8)	0.3	(56.5)
Transactions with the owners	137.7	(1.7)	136.0
Capital increase	*0.0*	*0.2*	*0.2*
Share-based payment	*(0.3)*	*(0.0)*	*(0.4)*
Dividends paid to non-controlling interests	*0.0*	*(3.4)*	*(3.4)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(22.8)*	*1.5*	*(21.3)*
Share of transactions with the owners of joint ventures and associates	*(0.1)*	*0.0*	*(0.1)*
Group contributions and dividends	*(38.7)*	*0.0*	*(38.7)*
Transactions with former Group entities, including effects of allocation	*199.6*	*0.0*	*199.6*
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16 (note 1)	(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*	*0.0*	*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*	*0.0*	*3.6*
Equity as at 30 September 2019	**1,520.8**	**16.7**	**1,537.5**

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2017	**1,240.2**	**15.3**	**1,255.5**
Change in accounting principle IFRS 2	0.5	0.0	0.5
Change in accounting principle IFRS 15	(3.8)	0.0	(3.8)
Equity as at 1 January 2018	**1,236.9**	**15.3**	**1,252.3**
Comprehensive income	(35.7)	0.0	(35.7)
Transactions with the owners	129.4	(0.2)	129.2
Capital increase	*0.0*	*0.2*	*0.2*
Share-based payment	*1.2*	*0.0*	*1.2*
Dividends paid to non-controlling interests	*0.0*	*(2.0)*	*(2.0)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.6)*	*1.6*	*0.0*
Share of transactions with the owners of joint ventures and associates	*(0.1)*	*0.0*	*(0.1)*
Group contributions and dividends	*(23.6)*	*0.0*	*(23.6)*
Transactions with former Group entities, including effects of allocation	*153.5*	*0.0*	*153.5*
Equity as at 30 September 2018	**1,330.6**	**15.2**	**1,345.8**

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 59.25% in Adevinta ASA.

Adevinta has up and until Q1 2019 presented combined financial statements. IFRS 10 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 will with effect for Q2 2019 and future periods be required to report consolidated financial statements according to IFRS 10.

With effect from Q2 2019, Adevinta Group is reporting condensed consolidated interim financial statements. These statements are prepared on a historical cost basis except for certain financial assets measured at fair value. 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 interest 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).

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies adopted in preparing the condensed consolidated financial statements are consistent to those followed in preparing the Adevinta combined financial statements included in the IPO prospectus, published on 1 April 2019. Exceptions include application of IFRS 10 and adoption of the new accounting standard IFRS 16 Leases, as disclosed below, as well as allocation of centrally developed intangible assets and related expenses as elaborated below. The listing prospectus is available at www.adevinta.com.

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

Centrally developed intangible assets and related expenses

Schibsted has historically had a centralized approach to some of its product and technology development. However, from 1 January 2019 product and technology development in Adevinta has been separated from the rest of Schibsted's product and technology development. For this period the carrying amount of internally generated intangible assets used by all or some of the Adevinta entities are capitalized within entities included in the condensed consolidated interim financial statements. The corresponding operating expenses, capitalization, amortization and impairment are included in the respective entities. For the period before 1 January 2019 the carrying amount and corresponding operating expenses, capitalization, amortization and impairment in the interim financial statements have been allocated in line with the principles described in combined financial statements included in the listing prospectus.

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. 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. As a consequence of the change in operating segments due to the spin-off of the business and certain cash-generating units to which goodwill has been allocated, goodwill is reallocated to the cash-generating units affected using a relative value approach. The reallocation of goodwill has not resulted in impairment losses.

IFRS 16 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. Under IFRS 16, all leases, except for short-term leases and leases of low value assets, are accounted for under a single on-balance sheet model. At the commencement date of a lease, a lease liability is recognized for the net present value of remaining lease payments and a right-of-use asset is recognized for the right to use the underlying asset during the remaining lease term. The right-of-use asset is depreciated over the lease term. The lease liability is increased by interest expenses and reduced by lease payments. For short-term leases and leases of low value assets, lease payments are recognized on a straight-line or other systematic basis over the lease term. The Group separates non-lease components from lease components and accounts for each component separately.

Under IAS 17, lease payments for operating leases were recognized on a straight-line or other systematic basis over the lease term.

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 are not restated. In the Condensed Consolidated Statement of Financial Position, the right-of use assets are reported in the line item Property, plant, equipment and right-of-use assets. Lease liabilities are reported in the line items Other non-current liabilities and Other current liabilities. The Group's leases are primarily related to office buildings.

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 recognized 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 by line items of the condensed consolidated statement of financial position at 1 January 2019 and 30 September 2019 from implementing IFRS 16 Leases:

Statement of financial position (€ million)	**30 September 2019**	**1 January 2019**
Property, plant and equipment and right-of-use assets	60.7	57.3
Investment in joint ventures and associates	0.0	0.0
Other non-current assets	0.1	0.0
Trade receivables and other current assets	(0.7)	(1.5)
Total assets	**60.1**	**55.9**
Equity attributable to owners of the parent	(1.0)	(0.7)
Increase (decrease) in Non-controlling interests	0.0	0.0
Other non-current liabilities	53.9	57.6
Other current liabilities	7.1	(1.0)
Total equity and liabilities	**60.1**	**55.9**

Below are presented the effects on the condensed consolidated income statement of applying IFRS 16 compared to the amounts that would have been reported applying the former accounting policies applied until 31 December 2018:

Income statement (€ million)	Third quarter 2019	First three quarters 2019
Other operating expenses	3.5	10.5
Gross operating profit (loss)	3.5	10.5
Other income and expenses	0.1	0.0
Depreciation and amortisation	(3.1)	(9.6)
Share of profit (loss) of joint ventures and associates	(0.1)	(0.0)
Operating profit (loss)	0.3	0.8
Net financial items	(0.4)	(1.3)
Profit (loss) before taxes	(0.1)	(0.4)
Taxes	0.1	0.1
Profit (loss)	(0.0)	(0.3)
Earnings per share in EUR - basic	(0.0)	(0.0)
Earnings per share in EUR - diluted	(0.0)	(0.0)

Below are presented the effects on the condensed consolidated statement of cash flows of applying IFRS 16 compared to the amounts that would have been reported applying the former accounting policies applied until 31 December 2018:

Statement of cash flows (€ million)	Third quarter 2019	First three quarters 2019
Net cash flow from operating activities	2.9	9.1
Net cash flow from financing activities	(2.9)	(9.1)

IFRS 2 Share-based payments

Settlement of rights under the Schibsted schemes (Key Contributor Plan (”KCP”), Senior Executive Plan (”SEP”) and Long-term incentive plan 2018 (”LTI”)) and The Adevinta Transition Award

During Q2 2019 there has been certain modifications to the settlement of the rights under the Schibsted schemes and in addition Adevinta’s Board of Directors have later decided that the awards which Adevinta employees have from the Schibsted employee share-saving program will be settled in cash. Existing performance awards in the LTI program have been pro-rated and measured just prior to the demerger date with the result of maximum pay-out to the employees amounting to €1.6 million which will be settled in a fixed number of Adevinta B-shares just after the first anniversary of the IPO subject to continuous employment up until this date. Existing awards in the KCP and SEP program will be settled in cash and expected pay-out is €0.5 million and €0.7 million respectively.

In June 2019 (with effect as from 10 April 2019) the Company granted to some senior employees a so-called Transition award. The award will be paid out in Adevinta B-shares just after the second anniversary of the IPO on the condition of continuous employment up until that date. This award contains two elements. The first one is mainly 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 the Adevinta B-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 3 months of the PSP program (see below more information about PSP) at 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 interim 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 which will both 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 Adevinta Performance Share Plan (or PSP) was granted to senior employees of Adevinta including the Adevinta Executive team. Under the PSP, the employees will be granted awards of Adevinta B-shares on an annual basis. These shares will be subject to a three-year vesting period (for the Adevinta Executive 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 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 the following:

- For minimum payout, the Adevinta share must perform better than 50% of its 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 grant.
- For maximum payout, the Adevinta shares must perform better than 75% of its 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 grant.
- The payout is linear between the minimum and maximum payout.

The peer group for the PSP purpose is the group of companies in the Stoxx Europe 600 index (Europe’s 600 largest listed companies who are between half and double the size of Adevinta (as measured by market capitalization at date of grant).

The accounting effects of the PSP are included in this interim report in accordance with IFRS 2. The total fair value of the PSP grant is estimated to be €8.8 million, which will be expensed over the vesting period. The YTD Q3 2019 effect of the PSP is a personnel cost of €1.6 million and a corresponding increase in equity of €1.4 million and increase in current liabilities of €0.2 million as per 30 September 2019.

The Adevinta Share Purchase Plan (“ASPP”)

As from 14 May 2019 Adevinta employees have the possibility to participate in the Adevinta Share Purchase Plan (or ASPP). As a participant of the ASPP, Adevinta employees have the opportunity to purchase Adevinta B-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 ASSP have been assessed in accordance with IFRS 2 and are considered immaterial for the Q3 2019 reporting.

Note 2. Changes in the Composition of the Group

Business combinations 2019

During 2019, Adevinta has invested €10.9 million related to acquisition of businesses (business combinations). This amount comprises consideration transferred reduced by cash and cash equivalents of the acquiree.

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 specializing in P2P payments for second-hand vehicle purchases operating mainly in France; after acquiring 68.8% of the shares of PayCar SAS. The press release published on 6 June 2019 is available at www.adevinta.com.

The table below summarizes the consideration transferred and the preliminary amounts recognized for assets acquired and liabilities assumed after the business combinations. There might be changes to the preliminary amounts including the amount allocated to goodwill.

	30 September 2019
Consideration:	
Cash	13.6
Contingent consideration	4.4
Fair value of previously held equity interest	0.1
Total	**18.0**
Amounts for assets and liabilities recognised:	
Intangible assets	0.1
Other non-current assets	0.1
Current assets	9.5
Non-current liabilities	(2.2)
Current liabilities	(6.1)
Total identifiable net assets	**1.4**
Non-controlling interests	0.0
Goodwill	16.6
Total	**18.0**

Other changes in the composition of the Group 2019

Adevinta has in 2019 paid net €100 million related to increases in ownership interests in subsidiaries. The amount invested is primarily related to the acquisition of the remaining 10% ownership in SCM Spain, increasing the ownership to 100%.

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

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 and PayCar.
- 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. Willhaben in Austria is recognized via equity method.

Other/Headquarters comprises operations not included in the four reported operating segments, including Adevinta's headquarters and centralized functions such as centralized 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).

The operating segments corresponds 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 2019 € million	**France**	**Spain**	**Brazil**	**Global Markets**	**Other / Headquarters**	**Elimination s**	**Total**
Operating revenues from external customers	85.6	45.3	22.0	30.7	2.1	(20.3)	165.4
Operating revenues from other segments	0.2	0.0	0.0	0.1	0.7	(0.9)	(0.0)
Operating revenues	**85.7**	**45.3**	**22.0**	**30.8**	**2.8**	**(21.2)**	**165.4**
Gross operating profit (loss) excl. Investment phase	48.3	16.0	3.4	5.4	(17.9)	(3.1)	52.2
Gross operating profit (loss) excl. IFRS 16	47.3	15.3	3.1	4.1	(18.8)	(2.9)	48.2
Gross operating profit (loss)	48.3	16.0	3.4	4.9	(17.9)	(3.1)	51.7
Operating profit (loss)	**44.8**	**13.5**	**2.5**	**3.4**	**(22.1)**	**(1.2)**	**41.0**

First three quarters 2019 € million							
Operating revenues from external customers	255.6	135.1	62.8	92.3	7.9	(57.7)	496.0
Operating revenues from other segments	0.4	0.0	0.0	0.3	2.2	(2.8)	0.0
Operating revenues	**255.9**	**135.1**	**62.8**	**92.5**	**10.0**	**(60.4)**	**496.0**
Gross operating profit (loss) excl. Investment phase	141.6	44.2	1.2	15.1	(45.6)	(0.8)	155.7
Gross operating profit (loss) excl. IFRS 16	138.6	41.8	0.3	6.9	(48.1)	(0.1)	139.4
Gross operating profit (loss)	141.6	44.2	1.2	9.4	(45.6)	(0.8)	150.0
Operating profit (loss)	**131.4**	**35.4**	**(1.3)**	**5.6**	**(60.8)**	**0.0**	**110.3**

Third quarter 2018 € million							
Operating revenues from external customers	73.5	40.2	17.0	28.9	0.3	(15.5)	144.4
Operating revenues from other segments	0.1	0.0	0.0	(0.0)	0.2	(0.2)	(0.0)
Operating revenues	**73.6**	**40.2**	**17.0**	**28.9**	**0.4**	**(15.7)**	**144.4**
Gross operating profit (loss) excl. Investment phase	39.9	12.8	3.6	4.1	(10.2)	(3.5)	46.8
Gross operating profit (loss)	39.9	12.8	3.6	(6.4)	(10.2)	(3.5)	36.3
Operating profit (loss)	**39.0**	**10.9**	**3.1**	**(7.7)**	**(11.3)**	**(2.5)**	**31.6**

First three quarters 2018 € million							
Operating revenues from external customers	224.9	118.5	49.1	86.6	1.3	(44.3)	436.1
Operating revenues from other segments	0.2	0.0	0.0	0.2	2.1	(2.5)	(0.0)
Operating revenues	**225.1**	**118.5**	**49.1**	**86.8**	**3.4**	**(46.8)**	**436.1**
Gross operating profit (loss) excl. Investment phase	122.8	35.3	7.7	9.6	(27.5)	(8.2)	139.7
Gross operating profit (loss)	122.8	35.3	7.7	(25.6)	(27.5)	(8.2)	104.4
Operating profit (loss)	**118.3**	**29.4**	**6.2**	**(27.8)**	**(40.4)**	**(5.4)**	**80.4**

Full year 2018 € million							
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
Operating profit (loss)	**162.2**	**38.7**	**0.4**	**(84.0)**	**(52.2)**	**3.3**	**68.4**

Operating revenues by category:

Third quarter			First three quarters		Full year
2018	**2019**	**€ million**	**2019**	**2018**	**2018**
30.4	31.0	Advertising revenues	96.1	97.0	134.6
112.7	130.2	Classifieds revenues	387.3	335.0	450.8
1.3	4.2	Other operating revenues	12.5	4.1	9.1
144.4	**165.4**	**Operating revenues**	**496.0**	**436.1**	**594.5**

Note 4. Other Income and Expenses

Third quarter			First three quarters		Full year
2018	**2019**	**€ million**	**2019**	**2018**	**2018**
(0.2)	(0.5)	Restructuring costs	(3.9)	(1.0)	(7.0)
1.3	0.4	Gain (loss) on sale of subsidiaries, joint ventures and associates	0.4	1.3	1.3
0.0	(0.0)	Gain (loss) on sale of intangible assets, property, plant and equipment and investment property	(0.0)	0.0	(0.0)
0.0	0.0	Gain (loss) on amendment of pension plans	0.0	0.0	0.0
0.0	(0.4)	Acquisition-related costs	(0.7)	0.0	(0.2)
0.0	(0.9)	IPO-related costs	(4.9)	0.0	0.0
(0.5)	0.0	Other	0.1	(0.4)	(0.4)
0.7	**(1.4)**	**Total other income and expenses**	**(8.9)**	**(0.1)**	**(6.3)**

Restructuring costs of € (3.9) million consist primarily of costs from restructuring processes in Global Markets and Spain.
IPO-related costs of € (4.9) million consist mainly of expenses related to Adevinta's listing process.

Note 5. Net Financial Items

Third quarter 2018	2019	€ million	First three quarters 2019	2018	Full year 2018
(3.5)	(0.9)	Net interest income (expenses)	(4.8)	(10.2)	(12.0)
0.9	(1.4)	Net foreign exchange gain (loss)	2.0	(1.3)	(1.9)
(0.1)	(0.2)	Net other financial income (expenses)	(0.8)	(0.1)	(0.2)
(2.6)	**(2.6)**	**Net financial items**	**(3.7)**	**(11.6)**	**(14.1)**

Note 6. Earnings Per Share

As described in the demerger plan and information brochure of 24 January 2019, the separation of the Adevinta Business from Schibsted is 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 is divided into 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.

Third quarter 2018	2019	€ million	First three quarters 2019	2018	Full year 2018
681,147,889	681,147,889	Weighted average number of shares outstanding	681,147,889	681,147,889	681,147,889
13.7	21.3	Profit (loss) attributable to owners of the parent	61.4	22.2	(7.4)
0.02	0.03	Earnings per share (€)	0.09	0.03	(0.01)
0.02	0.03	Diluted earnings per share (€)	0.09	0.03	(0.01)
		Calculation of adjusted earnings per share			
13.7	21.3	Profit (loss) attributable to owners of the parent	61.4	22.2	(7.4)
(0.7)	1.4	Other income and expenses	8.9	0.1	6.3
(0.1)	0.0	Impairment loss	0.3	9.0	56.6
(0.1)	(0.2)	Taxes and non-controlling effect of Other income and expenses and Impairment loss	(0.7)	(0.4)	(1.0)
12.9	**22.5**	**Profit (loss) attributable to owners of the parent - adjusted**	**70.0**	**30.9**	**54.6**
0.02	0.03	Earnings per share – adjusted (€)	0.10	0.05	0.08
0.02	0.03	Diluted earnings per share – adjusted (€)	0.10	0.05	0.08

Note 7. Digital tax in France

The French Digital Services Tax legislation (DST) was signed by President Macron on 24 July and published in the French official gazette on 25 July 2019 and hence the DST legislation is enacted as per 30 September 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:

1. 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.
2. 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 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 administrative guidelines regarding the scope of the DST law. Due to the complexity of the law and the absence of 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's more likely than not that DST is not applicable to Adevinta Group and hence no provision has been recognized for DST as per 30 September 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, without clear guidelines, points to the non-inclusion of said revenues which means the applicable worldwide revenues within the scope of DST should be below €750 million.

It is expected that should the 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 8. Events After the Balance Sheet Date

Argus Group acquisition in France

On 4 October 2019, Adevinta has 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 the French parent company of the Argus Group "SNEEP". 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. The press release announcing the acquisition, published on 9 September 2019, is available at www.adevinta.com.

Since this acquisition has taken place shortly after the reporting date and close to the date of presentation of these interim consolidated financial statements, IFRS-compliant consolidated financial statements of Argus Group as of the date of the acquisition (Argus Group prepares consolidated financial statements under French GAAP) are not yet available. Therefore, the initial accounting for this business combination is considered to be incomplete and the net assets acquired cannot be reliably identified. Consequently, a purchase price allocation has not been performed yet although it is estimated to be allocated primarily to intangible assets (including goodwill) and related deferred taxes. This analysis and other information deemed material will be disclosed in year-end reporting.

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	EBITDA is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortization. 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 amortization 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.
EBITDA excl. IFRS 16	EBITDA excl. IFRS 16 is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax, depreciation and amortization and excl. IFRS 16. This measure equals gross operating profit (loss) adjusted for IFRS 16 effects (see note 1). 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 characterized by growth phase with large investments in market positions,	Shows the operations' performance regardless of capital structure, tax situation and effects from operations characterized by growth phase with large investments in market positions where profitability has not been reached as a

	immature monetization rate and sustainable profitability has not been reached.	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.
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 represent 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 unutilized 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.

Developed Phase and Investment Phase

Developed Phase	
Consolidated Subsidiaries	Joint ventures and associates
• France: leboncoin, MB Diffusion, Avendrealouer, Videdressing, Locasun and PayCar • Spain: Coches, FotoCasa, Vibbo, Milanuncios, InfoJobs, Habitaclia • Italy: Subito and InfoJobs • Ireland: Daft, Done Deal and Adverts	• Austria: Willhaben • Brazil: OLX, Anapro • France: Younited

• Hungary: Hasznaltauto and Jofogas • Colombia: Fincaraiz • Brazil: Infojobs	

Investment Phase (The investment phase operations are characterized by growth phase markets that are not yet profitable. The growth phase markets have large investments in market positions and immature monetization rates)	
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) •

Third quarter		Reconciliation of Operating revenues and EBITDA excl. Investment phase and in accordance with financial statements (€ million)	First three quarters		Full year
2018	**2019**		**2019**	**2018**	**2018**
144.4	**165.4**	**Operating revenues**	**496.0**	**436.1**	**594.6**
6.6	7.0	Operating revenues Investment phase	21.3	19.4	27.1
137.9	158.4	Operating revenues excl. Investment phase	474.7	416.7	567.4
36.3	**51.7**	**Gross operating profit (loss)**	**150.0**	**104.4**	**151.0**
(10.5)	(0.5)	EBITDA Investment phase	(5.7)	(35.2)	(43.1)
46.8	52.2	EBITDA excl. Investment phase	155.7	139.7	194.1

Third quarter			First three quarters		Full year
2018	2019	Underlying tax rate (€ million)	2019	2018	2018
28.9	38.4	Profit (loss) before taxes	106.6	68.7	54.3
(0.8)	(1.1)	Share of profit (loss) of joint ventures and associates	(1.6)	(3.8)	(6.8)
15.4	8.6	Other losses for which no deferred tax benefit is recognised	25.4	73.0	89.0
(1.3)	(0.4)	Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(0.4)	(1.3)	(1.3)
0.0	0.0	Impairment losses	0.0	0.0	47.9
42.2	**45.5**	**Adjusted tax base**	**130.0**	**136.7**	**183.1**
14.6	16.2	Taxes	43.2	46.5	61.3
34.7%	35.6%	Underlying tax rate	33.2%	34.0%	33.5%

Liquidity reserve	30 September 2019	31 December 2018
Cash and cash equivalents	86.9	55.1
Unutilised drawing rights on credit facilities	150.0	0.0
Liquidity reserve	**236.9**	**55.1**

Net interest-bearing debt	30 September 2019	31 December 2018
Non-current interest-bearing borrowings	151.4	1.8
Non-current interest-bearing borrowings from Schibsted ASA	0.0	317.9
Gross credit positions in Schibsted cash-pooling arrangement	0.0	128.9
Non-current interest-bearing borrowings	**151.4**	**448.5**
Gross debit positions in Schibsted cash-pooling arrangement *	0.0	(236.8)
Current interest-bearing borrowings	0.4	0.0
Cash and cash equivalents	(86.9)	(55.1)
Net interest-bearing debt	**64.9**	**156.5**

IFRS 16 leasing liabilities are not included in net interest bearing debt.

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

Third quarter			First three quarters		Full year
2018	2019	Currency rates used when converting profit or loss	2019	2018	2018
1.1207	1.1089	Pound sterling (GBP)	1.1331	1.1313	1.1303
0.2175	0.2269	Brazilian Real (BRL)	0.2293	0.2338	0.2329

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Financial Calendar

Q3 Report 2019	24 October 2019
Q4 Report 2019	12 February 2020

For information regarding conferences, roadshows and other investor questions, please visit www.adevinta.com/ir