Interim Report
Q2 2020

January – June

Schibsted

THE QUARTER IN BRIEF

Comments from the CEO

KRISTIN SKOGEN LUND
CEO

Schibsted has been clearly affected by COVID-19 in Q2. I am pleased to report that we, despite these circumstances, delivered solid financial results and that our measures enabled us to safeguard our employees and to continue to deliver fully functional, relevant services for our customers and clients. Revenues have improved throughout the quarter and EBITDA for Schibsted excluding Adevinta was NOK 498 million, significantly better than Q1.

Furthermore, I am excited that Schibsted has come to an agreement with Sanoma to acquire their Finnish multi-vertical online marketplace Oikotie. With this acquisition, we are strengthening our position in Jobs and Real estate in Finland. Owning Tori and Oikotie, two highly complementary online marketplaces with strong brands, will enable us to create better services for Finnish customers. We are confident that this acquisition will help us create more value for all our stakeholders going forward.

During Q2, our Nordic Marketplaces have seen a revenue decline driven by lower volumes, specifically in April and May, while temporary savings and cost control secured solid margins. In June, volumes have continued to recover in all verticals and Motor seems to be rather resilient showing year-on-year volume growth for June in both Norway and Sweden.

In our News Media businesses, revenues from digital subscriptions showed strong growth. Advertising revenues declined significantly year-on-year driven by COVID-19, yet performance was strong given the market environment due to focused product development and higher sales activity than last year. This was enabled by our decision to not do Group wide temporary layoffs but rather focus on possibilities in the mid-term. EBITDA is down year-on-year but improved significantly compared to Q1 with a strong margin of 8% for the quarter. The announced cost program to adapt the cost base to the market development, while ensuring leading online product offerings, is on track and implementation has started.

Lendo has seen an underlying revenue decline this quarter, but trends have improved in June. Finally, our e-commerce enabling businesses Distribution and Prisjakt had a tailwind from changed consumer behavior due to COVID-19 and recorded strong revenue growth in Q2.

Highlights of the quarter

- EBITDA of NOK 498 million for Schibsted excluding Adevinta; -11% YoY while significantly higher than Q1 2020.
- Acquisition of Finnish online marketplace Oikotie from Sanoma announced on 16 July 2020
- Nordic Marketplaces: Revenues declined 11 percent YoY (currency adjusted) due to COVID-19 while trends have improved throughout the quarter. Cost savings led to EBITDA margin of 52 percent in Norway and 42 percent in Sweden.
- News Media: Continuous good trend for digital subscriptions, advertising revenue decline has improved throughout the quarter. Cost savings led to an EBITDA margin of 8 percent. Cost program implementation on track.
- Financial Services: Underlying revenue decline in Lendo due to COVID-19 while marketing spend has been reduced to curb EBITDA decline. Stable EBITDA margin YoY.
- Growth: Solid revenue growth driven by Distribution and Prisjakt with tailwind from COVID-19 and social distancing. EBITDA improvement quarter-on-quarter.
- Adevinta: Revenues decreased by 16 percent due to COVID-19, EBITDA decrease of 15 percent driven by the revenue shortfall (based on Adevinta's stand-alone reporting in EUR, on a proportionate basis including JVs).

Key figures

(NOK million)	Second quarter 2020	Second quarter 2019	Change	Year to date 2020	Year to date 2019	Change
Schibsted Group excl. Adevinta						
Operating revenues	3,073	3,216	(4%)	6,099	6,305	(3%)
- of which digital	*1,851*	*1,929*	*(4%)*	*3,677*	*3,742*	(2%)
EBITDA	498	557	(11%)	783	975	(20%)
EBITDA margin	16%	17%		13%	15%	
Schibsted Group incl. Adevinta						
Operating revenues	4,645	4,798	(3%)	9,463	9,374	1%
EBITDA	919	1,060	(13%)	1,618	1,916	(16%)
EBITDA margin	20%	22%		17%	20%	
Operating revenues per segment						
Nordic Marketplaces	753	813	(7%)	1,496	1,535	(3%)
News Media	1,789	1,911	(6%)	3,546	3,766	(6%)
Financial Services	252	245	3%	545	519	5%
Growth	623	510	22%	1,185	1,013	17%
Adevinta	1,591	1,650	(4%)	3,411	3,196	7%
EBITDA per segment						
Nordic Marketplaces	341	374	(9%)	639	681	(6%)
News Media	149	198	(25%)	188	318	(41%)
Financial Services	31	29	6%	69	86	(20%)
Growth	32	21	53%	11	27	(59%)
Other/Headquarters	(54)	(66)	17%	(123)	(137)	10%
Adevinta	421	503	(16%)	837	941	(11%)

Alternative performance measures (APMs) used in this report are described at the end of the report.

Operational development

NORDIC MARKETPLACES

	Second quarter			Year to date		
(NOK million)	2020	2019	Change	2020	2019	Change
Classified revenues	568	619	(8%)	1,142	1,178	(3%)
Advertising revenues	106	125	(16%)	207	225	(8%)
Other revenues	79	69	14%	147	131	12%
Total revenues	**753**	**813**	**(7%)**	**1,496**	**1,535**	**(3%)**
EBITDA	341	374	(9%)	639	681	(6%)
EBITDA margin	45%	46%		43%	44%	

The revenue decline in Nordic Marketplaces was primarily driven by lower listing volumes in Jobs and Travel and lower advertising revenues due to COVID-19. The Motor vertical was rather resilient, and revenues grew compared to last year. Trends have improved during the quarter – listing volume have started to recover, and traffic growth has accelerated. Q2 has a positive currency effect due to a large depreciation of NOK versus SEK and EUR, resulting in 11 percent currency adjusted revenue decline.

Temporary cost savings were leading to a solid EBITDA margin in both Norway and Sweden despite the revenue shortfall.

Marketplaces Norway

	Second quarter			Year to date		
(NOK million)	2020	2019	Change	2020	2019	Change
Classified revenues	346	419	(18%)	711	797	(11%)
Advertising revenues	49	55	(11%)	99	98	1%
Other revenues	75	66	13%	139	126	11%
Total revenues	**469**	**540**	**(13%)**	**949**	**1,020**	**(7%)**
EBITDA	244	271	(10%)	455	493	(8%)
EBITDA margin	52%	50%		48%	48%	

Marketplaces Norway shows a revenue decline of 13 percent in Q2, with significant impact from COVID-19 on all verticals but especially Job and Travel. However, we have seen an improving trend during the quarter, with both Real estate and Motor revenues growing in June. Advertising revenues took a hit in Q2 after a good Q1, but also for advertising we have seen a slight recovery during the quarter. Nettbil contributed with positive revenues in Q2 compared to last year, included in Other revenues.

Reduced EBITDA compared to last year driven by the revenue shortfall while cost measures and temporary savings led to an EBITDA margin of 52 percent.

Marketplaces Sweden

	Second quarter			Year to date		
(NOK million)	2020	2019	Change	2020	2019	Change
Classified revenues	212	191	11%	409	365	12%
Advertising revenues	44	51	(13%)	83	93	(11%)
Other revenues	5	3	64%	8	5	57%
Total revenues	**261**	**245**	**7%**	**500**	**462**	**8%**
EBITDA	110	115	(5%)	210	216	(3%)
EBITDA margin	42%	47%		42%	47%	

Marketplaces Sweden was growing compared to last year in NOK but adjusting for currency, revenues are declining by 6 percent. There was a solid growth in Motor professional, however this was more than offset by a Job decline due to volume reduction as result of COVID-19 and Generalist decline due to removing listing fees for some product features. Adjusted for currency, total classified revenues declined 2 percent. Listings have improved throughout the quarter, and May was Blocket’s strongest month in traffic since 2013 (and second highest month ever), growing 23 percent compared to May last year. Q2 was another challenging quarter for advertising revenues driven by COVID-19.

EBITDA margin stable compared to Q1, but below last year driven by the underlying revenue shortfall from COVID-19.

NEWS MEDIA

	Second quarter			Year to date		
(NOK million)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Advertising revenues	525	683	(23%)	1,054	1,331	(21%)
- of which digital	*366*	*432*	*(15%)*	*714*	*843*	*(15%)*
Subscription revenues	657	628	5%	1,289	1,254	3%
- of which digital	*263*	*221*	*19%*	*505*	*424*	*19%*
Casual sales revenues	315	340	(7%)	621	673	(8%)
Other revenues	292	260	13%	582	508	15%
Total revenues	**1,789**	**1,911**	**(6%)**	**3,546**	**3,766**	**(6%)**
Personnel expenses	(630)	(664)	(5%)	(1,280)	(1,349)	(5%)
Other expenses	(1,010)	(1,049)	(4%)	(2,078)	(2,099)	(1%)
Total operating expenses	(1,640)	(1,713)	(4%)	(3,358)	(3,448)	(3%)
EBITDA	**149**	**198**	**(25%)**	**188**	**318**	**(41%)**
EBITDA margin	8%	10%		5%	8%	

News Media is delivering a strong quarter given the current market environment. Digital subscription revenues continued to grow well. Casual sales declined but was close to pre-COVID-19 levels at the end of the quarter. All media brands have stabilized their traffic at a higher level than pre-COVID-19. Advertising on the other hand is still challenging both in Norway and Sweden, although we have seen some improvement at the end of the quarter.

Total News Media revenues declined 6 percent in the quarter (-11 percent currency adjusted, and -7 percent adjusting for both currency and assets sold to Polaris in Q4 2019). However, cost savings are resulting in a strong EBITDA margin for this quarter given the revenue decline.

	Second quarter			Year to date		
(NOK million)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Split revenue per brand:						
VG	424	468	(9%)	831	898	(7%)
Aftonbladet	359	367	(2%)	699	746	(6%)
Subscription Newspapers	770	892	(14%)	1,550	1,754	(12%)
Other	236	184	29%	466	369	26%
Total revenues	**1,789**	**1,911**	**(6%)**	**3,546**	**3,766**	**(6%)**

VG

Revenues declined 9 percent compared to last year, driven by both weaker casual sales and advertising volumes due to COVID-19. Subscription revenues continued to grow well. Looking at KPIs, the quarter continues to show impressive traffic numbers, and VGs corona special is the most read article in VGs history with over 170 million pageviews.

Aftonbladet

Q2 revenues have a positive currency effect due to a large depreciation of NOK versus SEK, leading to a 2 percent decline in revenues in NOK while 14 percent decline adjusting for currency. Aftonbladet saw similar trend as VG with COVID-19 effects on both advertising and casual sales, while digital subscription revenues are showing good growth.

Subscription Newspapers

Subscription Newspapers experienced strong growth in digital subscriptions revenues this quarter. This is offset by declining advertising revenues, leaving total revenues 14 percent lower compared to last year (9 percent adjusted for both currency and assets sold to Polaris in Q4 2019).

Other

Consists of Schibsted's Printing facilities and centralized functions in Norway and Sweden. Fluctuations in revenues and costs due to changes in organizational structure. These changes mean increased invoicing from News Media to other Schibsted segments, and therefore increased revenues in News Media but limited effect in Schibsted Group as a total. Please also note that half of the increase from last year is explained by a positive currency effect due to a large depreciation of NOK versus SEK.

FINANCIAL SERVICES

	Second quarter			Year to date		
(NOK million)	2020	2019	Change	2020	2019	Change
Operating revenues	252	245	3%	545	519	5%
EBITDA	31	29	6%	69	86	(20%)
EBITDA margin	12%	12%		13%	17%	

Revenue development in Financial Services slowed down as a result of declining revenues in Lendo's established markets due to COVID-19, although financials and KPIs have improved somewhat in June. Marketing spend has been reduced across markets to curb EBITDA decline, leaving margin in line with last year.

Lendo

Lendo Group	Second quarter			Year to date		
(NOK million)	2020	2019	Change	2020	2019	Change
Operating revenues	208	205	1%	458	434	5%
EBITDA	25	26	(4%)	68	77	(12%)
EBITDA margin	12%	13%		15%	18%	

Lendo revenues had a negative impact from COVID-19, where the effect was primarily coming from banks being more restrictive in their lending practices, especially in the first half of the quarter. All countries saw declining revenues this quarter, except Denmark which has continued the positive development.

Lendo Group has significant currency effects this quarter – total revenues increased 1 percent compared to last year in NOK, while decreasing 8 percent when adjusting for currency. The geographical expansion affected EBITDA negatively with NOK 19 million in Q2, which is NOK 13 million less compared to last year, as result of the decision to discontinue operations in Poland and significantly scale back Austria. Less investments in addition to reduced marketing spend across markets are resulting in a moderate impact from the revenue shortfall on Lendo's margin.

Lendo Established	Second quarter			Year to date		
(NOK million)	2020	2019	Change	2020	2019	Change
Operating revenues	196	201	(3%)	436	429	2%
EBITDA	45	59	(24%)	116	131	(12%)
EBITDA margin	23%	29%		27%	31%	

Lendo Established includes Sweden, Norway and Finland. Lendo Sweden (accounting for around 85% of total Established revenues in Q2) had a significant currency effect due to the depreciation of NOK versus SEK, leading to an increase of 9 percent revenue growth in NOK but negative growth of 8 percent in local currency. Revenues for Lendo Norway were below last year in the quarter, however June was increasing year-on-year as a result of increased approved applications.

GROWTH

(NOK million)	Second quarter 2020	2019	Change	Year to date 2020	2019	Change
Operating revenues	623	510	22%	1,185	1,013	17%
EBITDA	32	21	53%	11	27	(59%)
EBITDA margin	5%	4%		1%	3%	

Several Schibsted Growth operations continued to experience increased activity levels and demand during Q2 related to the COVID-19 pandemic, such as Prisjakt, Schibsted Distribution and the marketplace for services MittAnbud. The Growth portfolio showed a total revenue growth of 22 percent (18 percent currency adjusted) driven by the above-mentioned services, somewhat offset by advertising driven services, like Klart.se and TV.nu.

EBITDA improvement compared to the previous quarter due to higher revenues and cost reductions.

Distribution

(NOK million)	Second quarter 2020	2019	Change	Year to date 2020	2019	Change
Operating revenues	374	294	27%	720	586	23%
EBITDA	6	8	(24%)	6	13	(56%)
EBITDA margin	2%	3%		1%	2%	

Distribution currently has operations in Norway and consists of the legacy newspaper distribution and “Distribution new business” (mainly Helthjem Netthandel, Morgenlevering, Zoopit and Svosj). The Distribution new business continued to see an increased activity level and demand during the second quarter, and revenues grew 169 percent compared to last year. This development is driven by volume growth in our new, innovative services that are experiencing positive COVID-19 effects in number of customers.

Prisjakt

(NOK million)	Second quarter 2020	2019	Change	Year to date 2020	2019	Change
Operating revenues	94	72	29%	168	145	16%
EBITDA	36	19	88%	48	38	26%
EBITDA margin	38%	26%		28%	26%	

Prisjakt’s revenue growth shows a solid increase compared to the first quarter. COVID-19 effects’ impact on e-commerce has been one of the main contributors for the positive development. Revenues increased 29 percent (13 percent currency adjusted) in the quarter, driven by click-revenues. Margin was positively affected by the revenue increase combined with cost control, landing at 38 percent.

ADEVINTA

(NOK million)	Second quarter 2020	2019	Change	Year to date 2020	2019	Change
Operating revenues	1,591	1,650	(4%)	3,411	3,196	7%
EBITDA	421	503	(16%)	837	941	(11%)
EBITDA margin	26%	30%		25%	29%	

Declining revenues in all Adevinta assets due to COVID-19, but especially in Spain and Brazil. Decrease in France is lower due to the acquisition of L’Argus. EBITDA margin is down from last year, driven by revenue shortfall.

For more details, please refer to Adevinta’s Q2 report published 16 July 2020 on www.adevinta.com/ir. Note that the table above reports Adevinta as a segment within Schibsted’s consolidated figures, reported in NOK. The figures will differ from Adevinta’s stand-alone reporting due to currency effects and elimination of transactions between Schibsted and Adevinta.

OTHER/HEADQUARTERS

HQ /Other had a negative EBITDA of NOK 54 million in Q2, which is NOK 12 million less than last year primarily due to temporary savings in the quarter. Costs within centralized product and technology development and services have previously been reported under the Other/Headquarters segment but have from 2020 been allocated to the operating segments (2019 financials have been restated accordingly).

Outlook

Schibsted

There is still uncertainty on the impact of COVID-19 for the full-year 2020, both regarding restrictions related to the pandemic, the economic consequences for our customers and users and the risk for a second wave of infections. For the activity in Norway, the development in the oil price will also affect the market economy.

Increased monetization of verticals and development of value-added services and adjacencies are expected to be key drivers for growth in Schibsted's Nordic Marketplaces operations. Medium- to long-term, the target for Nordic Marketplaces is 8-12 percent annual revenue growth. In the shorter term, the COVID-19 pandemic affects our Nordic Marketplaces operations strongly. The operations in Nordic Marketplaces are adjusting its rather flexible cost base to the softer revenue trend. The Norwegian operation targets full-year 2020 EBITDA margin in the higher end of the 40-45 percent range. Depending on the revenue development, the Swedish operation might face some further margin contraction compared to the first half of 2020.

News Media has experienced a significant decline in digital advertising revenues through 2019 and the first half of 2020, particularly in Aftonbladet in Sweden. This is caused by the strong market contraction following the regulatory tightening of the gaming industry in Sweden as well as continued strong competition from the large international search and social networks. The COVID-19 pandemic has affected this negative trend further, affecting both online and offline advertising. As a result, EBITDA margin will be under pressure going forward. In the mid-term, the EBITDA margin target for News Media is in the range of 6-8 percent. To achieve this, a cost program of NOK 500 million was announced in May 2020. The net effect will be reduced by inflation and potential wage increases. The plan indicates that more than NOK 100 million of cost reductions will occur in the second half of 2020, the remaining part throughout 2021. The cost reduction program may lead to restructuring cost, and further details regarding this will be communicated during the second half of 2020.

Within Next (Financial Services and Growth), Lendo is expected to grow well over time, but COVID-19 has led to a slower revenue development and increased uncertainty in the shorter term. The investment into new markets for Lendo will continue, but with scaled down investment levels. The expansion is expected to affect EBITDA negatively with around NOK 60-70 million in 2020. In Distribution, we will continue to focus on new and innovative product and tech solutions supporting the strong megatrend of growth within e-commerce. In 2020, investments for this area are expected to affect EBITDA negatively by around NOK 25 million.

Adevinta

A comprehensive outlook statement is made by Adevinta in its Q2 2020 report published 16 July 2020 on www.adevinta.com/ir.

Schibsted believe online marketplaces will play a more important role going forward, and that this provides a huge opportunity for Adevinta, being a leading player in the industry.

Adevinta is constantly adapting the product development roadmap to further improve our offering, based on clients' and users' feedback and evolving needs. Adevinta intend to remain a partner of choice for them and to come out even stronger from the crisis.

Adevinta's performance has significantly picked up in May and June and while macro uncertainty remains in the near term, management expect the second half of the year to continue on this recovery trend. Adevinta notably expect it's largest market, France, to continue to post positive organic growth in Q3 and Q4 in the absence of further stringent lockdowns.

Adevinta remain confident in the resilience of the business and in the sustainable growth profile and maintains the 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 company 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 percent.

Group overview

Operating profit

The Group's consolidated operating revenues increased by 1 percent in the first half of 2020. Consolidated operating expenses increased by 5 percent and consolidated Gross operating profit (EBITDA) decreased by 16 percent.

Depreciation and amortization were NOK -696 million (NOK -624 million). Share of profit (loss) of joint ventures and associates was NOK -9 million (NOK -32 million). Other income and expenses in the first half of 2020 were NOK 10 million (NOK -125 million), mainly explained by gain on sale of newspaper operations in Agder and investment property in Stavanger, partly offset by expenses related to headcount reductions in News Media and continued transition costs related to the separation of Adevinta from Schibsted. Other income and expenses are disclosed in note 4.

Operating profit in the first half of 2020 amounted to NOK 910 million (NOK 1,123 million). Please also refer to note 3.

Net profit and earnings per share

As a result of the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about BRL 2.9 billion which will be funded equally by each joint venture partner, Adevinta has entered into derivative instruments to hedge the foreign currency exposure of the commitment of the Grupo Zap acquisition by hedging the acquisition amount in EUR. The change in fair value of these derivatives has resulted in an unrealised foreign exchange loss of NOK 615 million in first half of 2020. Financial items are disclosed in note 5.

The Group's underlying tax rate is stable slightly below 30%. The underlying tax rate in Schibsted excl. Adevinta was 23%. The Group reports a tax income of NOK 15 million in the first half of 2020 compared to an expense of NOK 408 million in the first half of 2019. The first half year of 2020 is positively affected by NOK 320 million from recognition of deferred tax assets. The recognition results from increased probability for utilization of deferred tax benefits following a reorganization of centralized development activities as a consequence of the spin-off of Adevinta. Generally, the Group reports a tax rate exceeding the nominal tax rate primarily as an effect of losses for which no deferred tax asset is recognised. In the first half of 2020 such losses were significantly higher than in previous periods, primarily due to foreign exchange losses in Adevinta.

Basic earnings per share in the first half of 2020 is NOK 1.10 compared to NOK 2.40 in the first half of 2019. Adjusted earnings per share in first half of 2020 is NOK 0.91 compared to NOK 2.80 in first half of 2019.

Financial position

The carrying amount of the Group's assets increased by NOK 4,366 million to NOK 37,144 million during the first half of 2020. The increase is mainly due to currency translation of assets denominated in foreign currency and increase in cash and cash equivalents from increased borrowings in Adevinta. The Group's net interest-bearing debt increased by NOK 196 million to NOK 2,147 million. The Group's equity ratio was 46 percent at the end of the first half of 2020, compared to 52 percent at the end of 2019.

Schibsted ASA has a well-diversified loan portfolio with loans from both the Norwegian bond market and the Nordic Investment bank. In addition, Schibsted has a revolving credit facility of EUR 300 million which was not drawn end of June 2020. A new bond (FRN) of NOK 1 billion was issued in April 2020 and replaced the bond (FRN) of NOK 1 billion that expired in June. The cash balance at the end of June 2020 was NOK 2.9 billion giving a net interest-bearing debt of NOK 904 million in Schibsted excl. Adevinta. Including the credit facility, the liquidity reserve amounts to NOK 6.2 billion. To maintain maximum financial flexibility in a time with great uncertainty related to the financial effect and duration of the COVID-19 pandemic, Schibsted has decided to cancel its previously announced proposal to pay a dividend for 2019 of NOK 2.00 per share.

Adevinta had a net interest-bearing debt of NOK 1,242 million at the end of June 2020.

Cash flow

Net cash flow from operating activities was NOK 1,005 million for the first half of 2020 compared to NOK 1,265 million in the same period of 2019. Cash flow is negatively affected by decrease in Gross operating profit (EBITDA), partly offset by reduced tax payments. Changes in payment terms resulting from support measures implemented by governments due to the COVID-19 pandemic have positively affected the cash flow by approximately NOK 220 million for the first half of 2020. Cash flow from operating activities of Schibsted excl. Adevinta was NOK 419 million compared to NOK 580 million.

Net cash outflow from investing activities was NOK 708 million for the first half of 2020 compared to NOK 867 million in the same period of 2019. The decreased cash outflow is primarily related to reduced investments in subsidiaries and proceeds from sale of investment property in Stavanger, offset by negative liquidity effects on financial derivatives and increased capital expenditures. Net cash outflow from investing activities of Schibsted excl. Adevinta was NOK 348 million compared to NOK 475 million.

Net cash inflow from financing activities was NOK 2,121 million compared to NOK 2,352 in the same period of 2019. Net cash flow is primarily related to increase in interest bearing loans and borrowings. The cash flow from financing activities in the first half of 2019 included proceeds from sale of 5.75% of the shares in Adevinta ASA in connection with the Spin-off, partly offset by dividend paid. Net cash outflow from financing activities of Schibsted excl. Adevinta was NOK 319 million compared to a net cash inflow of NOK 2 547 million.

Digital Service Tax

The French Digital Services Tax (DST) legislation was enacted during 2019 with effect for digital services revenue in 2019 and following years. If applicable for Schibsted Group (including Adevinta Group), the DST will negatively impact the Group's EBITDA. Management currently assesses that it is less likely than not that French DST is applicable to Schibsted and no provision is recognised as at 30 June 2020.

A DST is also introduced in Italy, and is applicable for Schibsted's operations in Italy, hence a provision is recognised as at 30 June 2020. The tax, which is not expected to be have material effect for Adevinta or Schibsted, is payable in 2021.

During first half of 2020 also, the Spanish government approved a draft legislation introducing a DST in Spain. The draft legislation is subject to approval in the Spanish parliament. 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.

Please see note 7 to the condensed consolidated financial statements for further information. See also Adevinta Q2 report published 16 July 2020 on www.adevinta.com/ir.

Condensed consolidated financial statements

Income statement

(NOK million)	Second quarter 2020	Second quarter 2019	Year to date 2020	Year to date 2019	Full year 2019
Operating revenues	**4,645**	**4,798**	**9,463**	**9,374**	**19,075**
Raw materials and finished goods	(100)	(102)	(193)	(204)	(416)
Personnel expenses	(1,834)	(1,746)	(3,780)	(3,518)	(7,101)
Other operating expenses	(1,793)	(1,890)	(3,871)	(3,736)	(7,652)
Gross operating profit (loss)	**919**	**1,060**	**1,618**	**1,916**	**3,906**
Depreciation and amortisation	(361)	(308)	(696)	(624)	(1,253)
Share of profit (loss) of joint ventures and associates	18	(55)	(9)	(32)	1
Impairment loss	(13)	-	(13)	(12)	(283)
Other income and expenses	(28)	(95)	10	(125)	(278)
Operating profit (loss)	**534**	**603**	**910**	**1,123**	**2,093**
Financial income	7	19	25	57	78
Financial expenses	(241)	(55)	(866)	(99)	(222)
Profit (loss) before taxes	**300**	**568**	**69**	**1,081**	**1,948**
Taxes	169	(214)	15	(408)	(752)
Profit (loss)	**469**	**353**	**84**	**673**	**1,196**
Profit (loss) attributable to:					
Non-controlling interests	(1)	83	(173)	102	247
Owners of the parent	471	271	257	571	949
Earnings per share in NOK:					
Basic	2.01	1.14	1.10	2.40	4.00
Diluted	2.01	1.13	1.10	2.39	3.99

Statement of comprehensive income

(NOK million)	Second quarter 2020	Second quarter 2019	Year to date 2020	Year to date 2019	Year 2019
Profit (loss)	**469**	**353**	**84**	**673**	**1,196**
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit pension liabilities	(93)	-	(393)	-	45
Change in fair value of equity instruments	(16)	-	(17)	-	(3)
Share of other comprehensive income of joint ventures and associates	-	-	(1)	(3)	-
Income tax relating to items that will not be reclassified	20	-	87	-	(10)
Items that may be reclassified to profit or loss:					
Foreign exchange differences	(1,079)	9	792	(445)	(256)
Cash flow hedges and hedges of net investments in foreign operations	166	15	(267)	75	7
Share of other comprehensive income of joint ventures and associates	2	-	2	-	-
Income tax relating to items that may be reclassified	(29)	(3)	65	(16)	(1)
Other comprehensive income	**(1,030)**	**21**	**267**	**(389)**	**(218)**
Total comprehensive income	**(561)**	**375**	**351**	**284**	**978**
Total comprehensive income attributable to:					
Non-controlling interests	(405)	130	76	143	340
Owners of the parent	(155)	245	274	141	638

Statement of financial position

(NOK million)	30 Jun 2020	30 Jun 2019	31 Dec 2019
Intangible assets	19,014	16,459	17,369
Property, plant and equipment and investment property	745	866	849
Right-of-use assets	2,735	1,764	2,317
Investments in joint ventures and associates	4,062	4,423	4,529
Deferred tax assets	588	218	179
Other non-current assets	344	166	241
Non-current assets	**27,489**	**23,897**	**25,483**
Contract assets	226	477	224
Trade receivables and other current assets	3,147	2,763	3,047
Cash and cash equivalents	6,282	4,578	3,866
Assets held for sale	-	-	157
Current assets	**9,655**	**7,818**	**7,294**
Total assets	**37,144**	**31,715**	**32,778**
Paid-in equity	6,990	6,941	6,967
Other equity	3,696	4,182	3,531
Equity attributable to owners of the parent	**10,686**	**11,123**	**10,498**
Non-controlling interests	6,402	6,208	6,383
Equity	**17,088**	**17,331**	**16,882**
Deferred tax liabilities	1,020	838	944
Pension liabilities	1,450	1,190	1,095
Non-current interest-bearing loans and borrowings	5,297	4,246	4,729
Non-current lease liabilities	2,579	1,607	2,192
Other non-current liabilities	411	373	355
Non-current liabilities	**10,757**	**8,255**	**9,314**
Current interest-bearing loans and borrowings	3,133	1,079	1,089
Income tax payable	115	245	234
Current lease liabilities	446	401	352
Contract liabilities	1,227	1,187	1,109
Other current liabilities	4,378	3,217	3,660
Liabilities held for sale	-	-	138
Current liabilities	**9,299**	**6,128**	**6,582**
Total equity and liabilities	**37,144**	**31,715**	**32,778**

Statement of cash flows

	Second quarter		Year to date		Full year
(NOK million)	**2020**	**2019**	**2020**	**2019**	**2019**
Profit (loss) before taxes	300	568	69	1,081	1,948
Depreciation, amortisation and impairment losses	374	308	710	636	1,537
Net effect pension liabilities	4	15	(42)	(51)	(84)
Share of loss (profit) of joint ventures and associates, net of dividends received	(18)	83	9	62	40
Taxes paid	(174)	(296)	(333)	(597)	(978)
Sales losses (gains) non-current assets and other non-cash losses (gains)	(58)	1	(124)	2	(1)
Non-cash items and change in working capital and provisions	39	(191)	717	132	382
Net cash flow from operating activities	**467**	**488**	**1,005**	**1,265**	**2,844**
Development and purchase of intangible assets and property, plant and equipment	(295)	(229)	(553)	(431)	(908)
Acquisition of subsidiaries, net of cash acquired	-	(101)	(76)	(133)	(884)
Proceeds from sale of intangible assets, investment property and property, plant and equipment	115	-	115	12	13
Proceeds from sale of subsidiaries, net of cash sold	14	-	99	-	(1)
Net sale of (investment in) other shares	(59)	(61)	(139)	(324)	(460)
Net change in other investments	(117)	14	(155)	9	(5)
Net cash flow from investing activities	**(342)**	**(376)**	**(708)**	**(867)**	**(2,244)**
Net cash flow before financing activities	**125**	**111**	**297**	**398**	**600**
Net change in interest-bearing loans and borrowings	2,538	1,363	2,530	1,069	1,546
Payment of principal portion of lease liabilities	(105)	(106)	(193)	(223)	(438)
Change in ownership interests in subsidiaries	(61)	3,021	(61)	2,045	1,964
Capital increase	-	-	8	-	9
Net sale (purchase) of treasury shares	3	2	(104)	6	(1,069)
Dividends paid	(54)	(541)	(60)	(545)	(583)
Net cash flow from financing activities	**2,322**	**3,739**	**2,121**	**2,352**	**1,429**
Effects of exchange rate changes on cash and cash equivalents	(142)	-	(2)	(16)	(7)
Net increase (decrease) in cash and cash equivalents	**2,305**	**3,850**	**2,417**	**2,734**	**2,022**
Cash and cash equivalents at start of period	3,977	727	3,866	1,844	1,844
Cash and cash equivalents at end of period	**6,282**	**4,578**	**6,282**	**4,578**	**3,866**

In the first half of 2020, Non-cash items and change in working capital and provisions include net unrealised loss of NOK 615 million on derivatives hedging the foreign currency exposure of the commitment of Adevinta related to the Grupo Zap acquisition.

Statement of changes in equity

(NOK million)	Attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 Dec 2019	**10,498**	**6,383**	**16,882**
Profit (loss) for the period	257	(173)	84
Other comprehensive income	18	249	267
Total comprehensive income	**274**	**76**	**351**
Capital increase	-	8	8
Share-based payment	23	4	27
Dividends paid to non-controlling interests	15	(60)	(45)
Change in treasury shares	(104)	-	(104)
Loss of control of subsidiaries	-	(2)	(2)
Changes in ownership of subsidiaries that do not result in a loss of control	(2)	(8)	(10)
Share of transactions with the owners of joint ventures and associates	(19)	-	(19)
Equity as at 30 Jun 2020	**10,686**	**6,402**	**17,088**
Equity as at 31 Dec 2018- as previously reported	**14,411**	**262**	**14,673**
Change in accounting principle IFRS 16	(131)	(2)	(132)
Equity as at 1 Jan 2019	**14,281**	**260**	**14,541**
Profit (loss) for the period	571	102	673
Other comprehensive income	(430)	41	(389)
Total comprehensive income	**141**	**143**	**284**
Share-based payment	14	(1)	13
Dividends paid to owners of the parent	(477)	-	(477)
Dividends paid to non-controlling interests	15	(68)	(54)
Change in treasury shares	6	-	6
Changes in ownership of subsidiaries that do not result in a loss of control	(2,860)	5,874	3,014
Share of transactions with the owners of joint ventures and associates	3	-	3
Equity as at 30 Jun 2019	**11,123**	**6,208**	**17,331**

Notes

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

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 interim financial statements are unaudited. All numbers are in NOK million unless otherwise stated. Tables may not summarise due to rounding.

The accounting policies adopted in preparing the condensed consolidated financial statements are consistent with those followed in preparing the Group's annual financial statements for 2019.

Note 2 – Changes in the composition of the group

Business combinations

During the first half of 2020, Schibsted has invested NOK 4 million related to acquisition of businesses (business combinations). The amount comprises cash consideration transferred reduced by cash and cash equivalents of the acquiree. The consideration transferred (including contingent consideration) is allocated primarily to intangible assets. Further, Schibsted has paid NOK 72 million of deferred consideration related to prior year's business combinations. The amounts are in its entirety related to Adevinta.

Other changes in the composition of the Group

In January 2020, Schibsted closed the sale of the newspaper operations in Agder to Polaris Media. Schibsted has a 29% ownership in Polaris Media, which is accounted for as an associated company using the equity method. A gain of NOK 61 million is recognised in the line item Other income and expenses.

In June 2020, Schibsted disposed of an investment property in Stavanger through the sale of 100% of the shares in Stokkamyrveien 30 AS. A gain on sale of NOK 51 million is recognised in profit or loss in the line item Other income and expenses.

Schibsted has during the first half of 2020, paid NOK 61 million related to increases in ownership interests in subsidiaries.

In March 2020 OLX Brazil, a 50% joint venture owned by Adevinta has agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately EUR 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 their share of the purchase price in Euro 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.

Note 3 – Operating segments and disaggregation of revenues

As announced on 1 April 2020, Schibsted has adjusted the reporting structure effective Q1 2020. The main change is that costs from centralised product and technology developments and services, which have previously been reported under the Other/Headquarters segment, is now allocated to the operating segments. In addition, digital revenues will replace online revenues which included an allocation of combined subscription revenues in the past. Operating segments and disaggregation of revenues for 2019 were restated retrospectively to give comparable information.

Schibsted's operating segments are Nordic Marketplaces, News Media, Financial Services, Growth and Adevinta.

Nordic Marketplaces comprises online classified operations in Norway, Sweden and Finland. FINN, Blocket and Tori provide technology-based services to connect buyers and sellers and facilitate transactions, from job offers to real estate, cars, consumer goods and more. Nordic Marketplaces also include the adjacent businesses Nettbil and Qasa.

News Media comprises news brands in Norway and Sweden both in digital and paper formats, in addition to printing plant operations in the Norwegian market.

Financial Services consists of a portfolio of digital growth companies in the personal finance space, mainly in Norway and Sweden. Lendo is the key brand in the portfolio, offering digital marketplaces for consumer lending in the Nordics.

Growth consists of a portfolio of digital growth companies, mainly in Norway and Sweden, and the distribution operations (legacy and new business) in Norway.

Other / Headquarters comprises operations not included in the other reported operating segments, including the Group's headquarter Schibsted ASA and other centralised functions.

Adevinta comprises global online classifieds operations outside the Nordic countries.

Eliminations comprise 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 measure of operating segment profit (loss). For internal control and monitoring, Operating profit (loss) is also used as measure of operating segment profit (loss).

	Nordic Marketplaces	News Media	Financial Services	Growth	Other / Headquarters	Eliminations	Schibsted excl. Adevinta	Adevinta	Eliminations	Total
Second quarter 2020										
Operating revenues	**753**	**1,789**	**252**	**623**	**177**	**(521)**	**3,073**	**1,591**	**(19)**	**4,645**
-of which internal	19	217	1	130	166	(521)	11	8	(19)	-
Gross operating profit (loss)	**341**	**149**	**31**	**32**	**(54)**	**-**	**498**	**421**	**-**	**919**
Operating profit (loss)	303	66	(3)	1	(81)	-	285	242	7	534
Year to date 2020										
Operating revenues	**1,496**	**3,546**	**545**	**1,185**	**344**	**(1,018)**	**6,099**	**3,411**	**(47)**	**9,463**
-of which internal	41	408	1	270	325	(1,018)	27	20	(47)	-
Gross operating profit (loss)	**639**	**188**	**69**	**11**	**(123)**	**-**	**783**	**837**	**(1)**	**1,618**
Operating profit (loss)	564	39	3	(41)	(164)	-	402	506	2	910
Second quarter 2019										
Operating revenues	**813**	**1,911**	**245**	**510**	**151**	**(415)**	**3,216**	**1,650**	**(68)**	**4,798**
-of which internal	26	143	-	142	149	(415)	44	24	(68)	-
Gross operating profit (loss)	**374**	**198**	**29**	**21**	**(66)**	**-**	**557**	**503**	**-**	**1,060**
Operating profit (loss)	345	108	3	(5)	(158)	-	293	308	2	603
Year to date 2019										
Operating revenues	**1,535**	**3,766**	**519**	**1,013**	**292**	**(821)**	**6,305**	**3,196**	**(126)**	**9,374**
-of which internal	48	277	-	291	285	(821)	81	45	(126)	-
Gross operating profit (loss)	**681**	**318**	**86**	**27**	**(137)**	**-**	**975**	**941**	**-**	**1,916**
Operating profit (loss)	616	138	33	(23)	(304)	-	461	659	3	1,123
Year 2019										
Operating revenues	**3,062**	**7,465**	**1,054**	**2,165**	**579**	**(1,672)**	**12,653**	**6,664**	**(242)**	**19,075**
-of which internal	97	580	1	590	556	(1,672)	151	91	(242)	-
Gross operating profit (loss)	**1,360**	**633**	**169**	**98**	**(284)**	**-**	**1,977**	**1,929**	**-**	**3,906**
Operating profit (loss)	1,238	241	74	(16)	(617)	-	920	1,167	7	2,093

Disaggregation of revenues:

Second quarter 2020	Nordic Marketplaces	News Media	Financial Services	Growth	Other / Headquarters	Eliminations	Schibsted excl. Adevinta	Adevinta	Eliminations	Total
Classifieds revenues	568	-	-	-	-	-	568	1,302	-	1,870
Advertising revenues	106	525	-	67	-	(45)	653	255	-	908
-of which digital	*106*	*366*	-	*67*	-	*(44)*	*495*	*255*	-	*750*
Subscription revenues	-	657	-	61	-	(1)	717	-	-	717
-of which digital	-	*263*	-	*61*	-	-	*324*	-	-	*324*
Casual sales	-	315	-	-	-	-	315	-	-	315
Other revenues	78	266	252	495	161	(448)	805	16	(17)	804
Revenues from contracts with customers	**753**	**1,763**	**252**	**623**	**161**	**(494)**	**3,058**	**1,573**	**(17)**	**4,614**
Revenues from lease contracts, government grants and others	-	26	-	-	16	(27)	15	19	(2)	32
Operating revenues	**753**	**1,789**	**252**	**623**	**177**	**(521)**	**3,073**	**1,591**	**(19)**	**4,645**

Year to date 2020	Nordic Marketplaces	News Media	Financial Services	Growth	Other / Headquarters	Eliminations	Schibsted excl. Adevinta	Adevinta	Eliminations	Total
Classifieds revenues	1,142	-	-	-	-	(1)	1,141	2,801	-	3,942
Advertising revenues	207	1,054	-	121	-	(77)	1,305	553	-	1,858
-of which digital	*207*	*714*	-	*121*	-	*(74)*	*968*	*552*	-	*1,520*
Subscription revenues	-	1,289	-	119	-	(1)	1,407	-	-	1,407
-of which digital	-	*506*	-	*119*	-	-	*625*	-	-	*625*
Casual sales	-	621	-	-	-	-	621	-	-	621
Other revenues	147	532	545	945	313	(885)	1,597	34	(42)	1,589
Revenues from contracts with customers	**1,496**	**3,497**	**545**	**1,185**	**313**	**(964)**	**6,071**	**3,388**	**(42)**	**9,417**
Revenues from lease contracts, government grants and others	1	49	-	-	32	(53)	28	23	(5)	46
Operating revenues	**1,496**	**3,546**	**545**	**1,185**	**344**	**(1,018)**	**6,099**	**3,411**	**(47)**	**9,463**

Second quarter 2019	Nordic Marketplaces	News Media	Financial Services	Growth	Other / Headquarters	Eliminations	Schibsted excl. Adevinta	Adevinta	Eliminations	Total
Classifieds revenues	619	-	-	-	-	-	619	1,279	-	1,898
Advertising revenues	125	683	-	65	-	(38)	836	337	-	1,173
-of which digital	*125*	*432*	-	*65*	-	*(26)*	*597*	*336*	-	*932*
Subscription revenues	-	628	-	50	-	(1)	677	-	-	677
-of which digital	-	*221*	-	*50*	-	-	*271*	-	-	*271*
Casual sales	-	340	-	-	-	-	340	-	-	340
Other revenues	69	238	245	394	113	(332)	728	28	(65)	691
Revenues from contracts with customers	**813**	**1,889**	**245**	**510**	**113**	**(371)**	**3,200**	**1,645**	**(65)**	**4,780**
Revenues from lease contracts, government grants and others	-	22	-	-	38	(44)	16	5	(3)	19
Operating revenues	**813**	**1,911**	**245**	**510**	**151**	**(415)**	**3,216**	**1,650**	**(68)**	**4,798**

Year to date 2019	Nordic Marketplaces	News Media	Financial Services	Growth	Other / Headquarters	Eliminations	Schibsted excl. Adevinta	Adevinta	Eliminations	Total
Classifieds revenues	1,178	-	-	-	-	(1)	1,178	2,492	-	3,670
Advertising revenues	225	1,331	-	122	-	(70)	1,608	633	-	2,241
-of which digital	*225*	*843*	-	*122*	-	*(56)*	*1,135*	*629*	-	*1,764*
Subscription revenues	-	1,254	-	103	-	(1)	1,356	-	-	1,356
-of which digital	-	*424*	-	*103*	-	-	*526*	-	-	*526*
Casual sales	-	673	-	-	-	-	673	-	-	673
Other revenues	131	467	519	788	216	(662)	1,458	60	(119)	1,400
Revenues from contracts with customers	**1,534**	**3,726**	**519**	**1,013**	**216**	**(734)**	**6,273**	**3,186**	**(119)**	**9,340**
Revenues from lease contracts, government grants and others	1	41	-	-	76	(86)	31	10	(7)	35
Operating revenues	**1,535**	**3,766**	**519**	**1,013**	**292**	**(821)**	**6,305**	**3,196**	**(126)**	**9,374**

Year 2019	Nordic Marketplaces	News Media	Financial Services	Growth	Other / Headquarters	Eliminations	Schibsted excl. Adevinta	Adevinta	Eliminations	Total
Classifieds revenues	2,350	-	-	-	-	(2)	2,349	5,097	-	7,446
Advertising revenues	457	2,559	-	258	-	(140)	3,134	1,331	-	4,466
-of which digital	*457*	*1,634*	-	*258*	-	*(123)*	*2,227*	*1,325*	-	*3,552*
Subscription revenues	-	2,550	-	212	-	(2)	2,760	-	-	2,760
-of which digital	-	*901*	-	*212*	-	-	*1,113*	-	-	*1,113*
Casual sales	-	1,358	-	-	-	-	1,358	-	-	1,358
Other revenues	253	917	1,053	1,695	441	(1,368)	2,991	215	(229)	2,978
Revenues from contracts with customers	**3,061**	**7,384**	**1,054**	**2,165**	**441**	**(1,512)**	**12,592**	**6,644**	**(229)**	**19,007**
Revenues from lease contracts, government grants and others	1	81	-	-	138	(160)	61	20	(13)	68
Operating revenues	**3,062**	**7,465**	**1,054**	**2,165**	**579**	**(1,672)**	**12,653**	**6,664**	**(242)**	**19,075**

Note 4 – Other income and expenses

	Second quarter		Year to date		Year
(NOK million)	2020	2019	2020	2019	2019
Gain on sale of subsidiaries, joint ventures and associates	7	-	73	-	6
Gain on sale of intangible assets, property, plant and equipment and investment property	51	-	51		-
Gain on amendments and curtailment of pension plans	13	-	13	-	10
Other	-	1	-	1	1
Other income or gain	**71**	**1**	**137**	**1**	**16**
Restructuring costs	(76)	(47)	(99)	(61)	(216)
Transaction-related costs	(21)	(48)	(26)	(64)	(72)
Other	(2)	(1)	(2)	(2)	(5)
Other expenses or loss	**(99)**	**(95)**	**(127)**	**(127)**	**(293)**
Total	**(28)**	**(95)**	**10**	**(125)**	**(278)**

During first half of 2020 Schibsted recognized a gain of NOK 61 million related to the sale of Fædrelandsvennen, Lindesnes Avis, Lister and the distribution business in Agder, as well as a gain of NOK 51 million from sale of investment property. Restructuring costs are mainly expenses related to headcount reductions in News Media and continued transition costs related to the separation of Adevinta from Schibsted.

Note 5 – Financial items

(NOK million)	Second quarter 2020	Second quarter 2019	Year to date 2020	Year to date 2019	Year 2019
Interest income	7	14	24	16	49
Net foreign exchange gain	-	3	-	37	24
Other financial income	-	2	1	3	5
Total financial income	**7**	**19**	**25**	**57**	**78**
Interest expenses	(60)	(47)	(114)	(88)	(197)
Net foreign exchange loss	(166)	-	(720)	-	-
Other financial expenses	(15)	(8)	(33)	(11)	(25)
Total financial expenses	**(241)**	**(55)**	**(866)**	**(99)**	**(222)**
Net financial items	**(234)**	**(35)**	**(841)**	**(42)**	**(145)**

Net foreign exchange loss in first half of 2020 is mainly related to change in fair value of derivatives instruments in Adevinta used to hedge the foreign currency exposure of the commitment of the Grupo Zap acquisition.

Note 6 – COVID-19 pandemic

During the first half of 2020, Schibsted was affected by the global medical and financial crisis following the COVID-19 pandemic. Schibsted experienced the first effects from the COVID-19 pandemic in March 2020. Even though Q2 is the first full quarter affected by the COVID-19 pandemic the results are somewhat better than prognosed in the beginning of the crisis. It is apparent that the pandemic will impact the full year figures for 2020 negatively, but it is still too early to predict how severe the pandemic will affect the various business areas in a medium- and long-term perspective.

Most exposed to the effects of the COVID-19 pandemic and the macroeconomic slowdown are the travel and job verticals in Nordic Marketplaces and advertising revenues for Schibsted in general. The latter is particularly important for News Media but also affects the Group's other businesses areas. In addition, the print newspaper business experiences negative volume effects.

The extraordinary measures taken by governments to reduce the spread of the COVID-19 will, though primarily shorter term, also affect volumes negatively in the business areas of Schibsted normally more resilient to an economic downturn.

Schibsted has made use of certain relief and support measures available from governments in different territories to mitigate the effects of COVID-19. Such measures primarily relate to reduced social security contributions, reimbursement of salaries to employees on sick leave or temporarily laid off and delays in payment terms of taxes and other levies.

Reduced social security contributions in Norway and Sweden has had a positive effect on operating profit of NOK 30 million. There is a temporary positive effect on cash flow from operating activities of approximately NOK 220 million from the changes in payment terms.

For contributions received accounted for as government grants related to income under IAS 20, the accounting policy of Schibsted 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 as income unless directly related to specific items of expense.

Schibsted had at the end of June 2020 low net interest-bearing debt and a diversified portfolio of loans and loan facilities with respect to maturity profile and lenders. In April 2020 Schibsted successfully issued a new senior unsecured bond of NOK 1 billion with maturity 23 October 2023, used for general corporate purposes and refinancing of debt with maturity June 2020. Measures implemented, including reductions in costs and dividends, will reduce any negative effects on financial flexibility and covenants.

The COVID-19 pandemic is identified as an impairment indicator for certain cash generating units (CGUs) in News Media, Next and Adevinta, and management has estimated the recoverable amount and compared this to the carrying amount for the relevant CGUs.

Schibsted 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 monetization rates. These business areas are dependent on future growth in profitability to recover goodwill. This mainly applies to Adevinta's operations in 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 which increases the sensitivity of the assumptions applied in the impairment assessment.

Based on management's current estimates the cash flows have decreased and the discount rates have increased compared to the impairment assessments in 2019 which has resulted in Mexico, Morocco and Chile being closer to impairment. Management has based its current estimates of future cash flows on the expectation that the businesses will recover from COVID-19 around the beginning of 2021 and the discount rates are based on an expected stabilisation 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 and hence there is a high degree of uncertainty associated with these assumptions. Should management's current expectations not be met then that could result in impairment losses.

The recoverable amounts are significantly affected by assumptions applied for discount rates, sustained growth and future cash flows which are uncertain.

Based on the impairment tests performed, no impairment is identified in the first half of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to long term perspective, it may have an impact on assumptions applied for calculating the recoverable amount for fixed and intangible assets, including goodwill.

Schibsted has during the first half of 2020 also reviewed the valuation of certain other financial assets, and recognised minor impairment losses related to associates and negative change in fair value of equity instruments.

During the first half year of 2020 Schibsted has also reassessed the loss rates to be applied when estimating provisions for expected credit loss. Schibsted does not expect losses on trade receivables to increase significantly.

Note 7 – Contingent liabilities

The French Digital Services Tax legislation (DST) was enacted during 2019 with effect for digital services revenue in 2019 and 2020. If applicable for Schibsted Group (including Adevinta Group), the DST will negatively impact the Group's EBITDA. The DST amount payable is deductible for corporate income tax purposes.

Due to the complexity of the law, the assessment of whether DST is applicable to Schibsted Group (including Adevinta Group) is highly uncertain. However, management currently assesses that it is more likely than not that DST is not applicable and hence no provision has been recognised for DST as at 30 June 2020.

The main uncertainties relate to whether the services which Schibsted Group (including Adevinta Group) provide to its users are within the scope of the 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 the required threshold of EUR 750 million globally.

Should interactions with the French Tax Authorities conclude differently, the DST applicable to Schibsted Group (including Adevinta Group), should not exceed EUR 9 million for 2019, and EUR 4 million for the first half of 2020. 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

On 16 July 2020 Schibsted announced to have reached an agreement where Schibsted acquires 100% of Oikotie, a Finnish multi-vertical online marketplace from Sanoma. The agreement values Oikotie at EUR 185 million on an enterprise value basis

Together, Tori and Oikotie will be a leading player within online marketplaces in Finland, reaching over 44 million monthly visits. Tori is the number one generalist online marketplace in Finland whereas Oikotie holds the number one position in the job vertical and a strong market share in real estate.

The acquisition will be financed through Schibsted's available liquidity reserve and the financial covenant Net interest-bearing debt/EBITDA is expected to increase to around 2.5x (based on the definition in the loan agreement) for Schibsted excl. Adevinta in Q3 due to the transaction but remain within target range. Closing of the transaction was 16 July 2020.

At the time of publication of this half year report, a preliminary purchase price allocation has not been performed. It is expected that the purchase price mainly will be allocated to intangible assets including goodwill. Schibsted will disclose further information on the preliminary purchase price allocation in the financial report for the third quarter 2020.

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, 16 July 2020
Schibsted ASA's Board of Directors

Ole Jacob Sunde Chair	Satu Huber	Philippe Vimard
Ingunn Saltbones	Finn E. Våga	Anna Mossberg
Birger Steen	Eugénie van Wiechen	Christian Ringnes
Thorbjörn Ek	Kristin Skogen Lund CEO	Karl-Christian Agerup

Definitions and reconciliations

The condensed consolidated financial statements are prepared in accordance with international financial reporting standards (IFRS). In addition, management uses certain alternative performance measures (APMs). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance and financial position alongside IFRS measures.

APMs should not be considered as a substitute for, or superior to, 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 and reconciled below.

As APMs are not uniformly defined, the APMs set out below might not be comparable to similarly labelled measures by other companies.

Operating segments were changed from 1 January 2020, and effected APMs are restated retrospectively to give comparable information. See note 3 Operating segments and disaggregation of revenues for more information.

Measure	Description	Reason for including
EBITDA	EBITDA is earnings before depreciation and amortization, other income and expenses, impairment, joint ventures and associates, interests and taxes. The measure equals gross operating profit (loss).	Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related transactions and events not considered by management to be part of operating activities. Management believes the measure enables an evaluation of operating performance.
EBITDA margin	Gross operating profit (loss) / Operating revenues	Shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenue.

	Second quarter		Year to date		Year
Reconciliation of EBITDA	**2020**	**2019**	**2020**	**2019**	**2019**
Gross operating profit (loss)	919	1,060	1,618	1,916	3,906
= EBITDA	919	1,060	1,618	1,916	3,906

Measure	Description	Reason for including
Underlying tax rate	Underlying tax rate is calculated as adjusted tax expense as a percentage of an adjusted tax base. The adjusted tax base excludes significant non-taxable and non-deductible items as well as losses for which no deferred tax benefit is recognised. Adjusted taxes exclude the effect of reassessing unrecognized deferred tax assets.	Management believes that the adjusted tax rate provides increased understanding of deviations between accounting and taxable profits and a more understandable measure of taxes payable by the Group.

	Second quarter		Year to date		Year
Underlying tax rate	**2020**	**2019**	**2020**	**2019**	**2019**
Profit (loss) before taxes	300	568	69	1,081	1,948
Share of profit (loss) of joint ventures and associates	(18)	55	9	32	(1)
Basis for changes in unrecognized deferred tax assets	345	121	1,143	289	457
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(122)	-	(188)	-	(6)
Impairment losses	7	-	7	-	247
Adjusted tax base	512	743	1,040	1,403	2,645
Taxes	(169)	214	(15)	408	752
Reassessment of unrecognised deferred tax assets	320	-	320	-	-
Adjusted taxes	151	214	305	408	752
Underlying tax rate	29.4%	28.8%	29.3%	29.1%	28.4%

Measure	Description	Reason for including
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.

	30 Jun		31 Dec
Liquidity reserve	**2020**	**2019**	**2019**
Cash and cash equivalents	6,282	4,578	3,866
Unutilized drawing rights	7,638	2,908	3,946
Liquidity reserve	13,921	7,486	7,811

Measure	Description	Reason for including
Net interest-bearing debt	Net interest-bearing debt is defined as interest-bearing loans and borrowings less cash and cash equivalents and cash pool holdings. Interest-bearing loans and borrowings do not include lease liabilities.	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.

	30 Jun		31 Dec
Net interest-bearing debt	**2020**	**2019**	**2019**
Non-current interest-bearing loans and borrowings	5,297	4,246	4,729
Current interest-bearing loans and borrowings	3,133	1,079	1,089
Cash and cash equivalents	(6,282)	(4,578)	(3,866)
Net interest-bearing debt	2,147	748	1,951

Measure	Description	Reason for including
Earnings per share adjusted (EPS (adj.))	Earnings per share adjusted for items reported as other income and expenses and impairment loss, net of any related taxes and non-controlling interests.	The measure is used for presenting earnings to shareholders adjusted for transactions and events not considered by management to be part of operating activities. Management believes the measure enables evaluating the development in earnings to shareholders unaffected by such non-operating activities

	Second quarter		Year to date		Year
Earnings per share - adjusted	**2020**	**2019**	**2020**	**2019**	**2019**
Profit (loss) attributable to owners of the parent	471	271	257	571	949
Other income and expenses	28	95	(10)	125	278
Impairment loss	13	-	13	12	283
Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	(37)	(32)	(47)	(40)	(183)
Profit (loss) attributable to owners of the parent - adjusted	475	333	213	668	1,327
Earnings per share – adjusted (NOK)	2.03	1.40	0.91	2.80	5.59
Diluted earnings per share – adjusted (NOK)	2.03	1.40	0.91	2.80	5.58

Measure	Description	Reason for including
Schibsted excl. Adevinta	Consolidated amounts of all Schibsted segments except Adevinta segment. See note 3 Operating segments and disaggregation of revenues.	Shows performance of the operations in main focus to Schibsted ASA management.

Measure	Description	Reason for including
Revenues adjusted for currency fluctuations and effect of sale certain regional and local newspapers	Revenues in News Media segment adjusted for revenues in operations disposed of (Fædrelandsvennen, Lindesnes Avis and Lister), adjusted for currency similarly as in the APM Revenues adjusted for currency fluctuations.	Enables comparability of development in revenues over time excluding the effect of operations disposed of and currency fluctuations.

	Second quarter		Year to date		Year
Sale of certain regional and local newspapers	**2020**	**2019**	**2020**	**2019**	**2019**
Operating revenues News Media	1,789	1,911	3,546	3,766	7,465
Operating revenues in certain regional and local newspapers	-	(77)	-	(144)	(285)
Operating revenues News Media adjusted for effect of disposal of certain regional and local newspapers	1,789	1,835	3,546	3,622	7,180
Currency effect	(88)	-	(121)	-	-
Currency adjusted revenues in News Media adjusted for effect of disposal of certain regional and local newspapers	1,702	1,835	3,425	3,622	7,180
Currency adjusted revenue growth adjusted for effect of disposal of certain regional and local newspapers	(7%)		(5%)		
Advertising revenues News Media	525	683	1,054	1,331	2,559
of which digital	*366*	*432*	*714*	*843*	*1,634*
Advertising revenues in certain regional and local newspapers	-	(34)	-	(61)	(118)
of which digital	-	*(11)*	-	*(19)*	*(37)*
Advertising revenues News Media adjusted for effect of disposal of certain regional and local newspapers	525	649	1,054	1,270	2,441
of which digital	*366*	*421*	*714*	*824*	*1,597*
Subscription revenues News Media	657	628	1,289	1,254	2,550
of which digital	*263*	*221*	*506*	*424*	*901*
Subscription revenues in certain regional and local newspapers	-	(37)	-	(73)	(148)
of which digital	-	*(10)*	-	*(20)*	*(42)*
Subscription revenues News Media adjusted for effect of disposal of certain regional and local newspapers	657	591	1,289	1,182	2,403
of which digital	*263*	*211*	*506*	*404*	*859*

Measure	Description	Reason for including
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 currency adjusted revenue growth	Nordic Marketplaces	News Media	Financial Services	Growth	Adevinta	Other/HQ, Eliminations	Total
Revenues current quarter 2020	753	1,789	252	623	1,591	(363)	**4,645**
Currency effect	(33)	(88)	(23)	(23)	(182)		
Currency adjusted revenues	720	1,702	229	600	1,409		
Currency adjusted revenue growth	(11%)	(11%)	(6%)	18%	(15%)		
Revenues current quarter 2019	813	1,911	245	510	1,650	(331)	**4,798**

	Second quarter		Year to date		Year
Currency rates used when converting profit or loss	**2020**	**2019**	**2020**	**2019**	**2019**
Swedish krona (SEK)	1.0340	0.9153	1.0066	0.9252	0.9306
Euro (EUR)	11.0202	9.7162	10.7361	9.7292	9.8503

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