Adevinta

Q1 2023 Interim Report

May 23, 2023

Content

Highlights of Q1 2023

Strong Q1 2023 results performance in a soft macro environment

Further acceleration in Core markets revenue growth : +15% year-on-year, driven by outstanding performance at mobile.de

- Double digit growth in Classifieds (+18%), with double digit growth in Mobility (+22%) and Real Estate (+13%). Jobs remained dynamic (+5%) despite tougher comps
- Consumer Goods transaction revenues growth up +62% yoy, with strong revenue growth in all Core markets, especially in France (+48%) and Kleinanzeigen (+95%)
- Advertising revenues down 3% yoy

Total consolidated revenues at €435m, up +14%[1] yoy

Reported EBITDA margin of 33.4%, up 1pp yoy, despite French DST impact and business mix evolution

Total consolidated EBITDA of €145m

Strong cash flow generation and continued deleveraging

- Adjusted NCF from operating activities: €84m[2], up €39 yoy
- Debt repayment: €80m in the quarter, prioritising floating debt

Continued execution of our *Growing at Scale* strategy

Business integration on track, with further roll out of new operating models for support functions, and synergy targets confirmed

Verticalisation[3] of Adevinta's operations ongoing:

- Key Design Principles defined, to align with long-term strategy
- Go live planned for 2024 (subject to works councils approvals)

Strong focus on operational excellence, with:

- Increased monetisation of Mobility and Real Estate verticals, along with product improvements and increased added-value for customers
- Continued rapid scaling and product launches, e.g. in transactional services
- Strong financial discipline

Outlook: all targets confirmed

2023 outlook

- Low double digit Core Markets revenue growth
- Reported EBITDA in the range of €620m to €650m
- Leverage reduced to below 3x net debt/EBITDA by year end

Long-Term ambition for Core markets

- 2023-2026 annual revenue growth between 11% and 15%
- 2026 EBITDA margin: 40-45%

Synergy targets confirmed

[1] Excluding InfoJobs Brazil, Kufar and Mexico

[2] Net cash flow from operating activities adjusted for CAPEX and IFRS 16 lease payments

[3] Alignment of the organisational structure with the Group strategy, based on three key pillars: Mobility, Re-commerce and Real Estate & Emerging Verticals

Key performance indicators - Q1 2023

Core markets revenues	Visits
€399m	**leboncoin / Mobile.de / Kleinanzeigen**
+15% yoy	***+48% yo3y / -5% yo3y / +28% yo3y***
	+10% yoy / -1% yoy / +1% yoy

Group revenues	Motors
€435m	**ARPA leboncoin / ARPL Mobile.de**
+12% yoy	**€465/ €22**
	+21% yoy / +15% yoy

EBITDA	Real Estate
€145m	**ARPA leboncoin / ARPA Kleinanzeigen**
33.4% reported margin	**€630 / €124**
+1pp yoy	***+17% yoy / +12% yoy***

Adjusted net cash-flow from operating activities	Transactions
€84m	**leboncoin / Kleinanzeigen**
	+40% yoy / +145% yoy

***ARPA**: Average Revenue per Account (formula for a given month: paying professional accounts revenue / # of paying professional accounts)*
***ARPL**: Average Revenue per Listing (formula for a given month: revenue generated from dealer subscriptions, features and insertions / average monthly live listings)*
***Transactions**: based on payouts - number of payments made to sellers following a successful transaction*
***Visits**: every user session on a single device, based on internal data. Consent rates and tracking related adjustment applied for Kleinanzeigen as from Q3'21 and for Mobile.de as from Q1'22. Privacy legislation differently interpreted in France, no adjustments are needed.*
***Adjusted net cash flow from operating activities**: net cash flow from operating activities adjusted for CAPEX and IFRS 16 lease payments*

Message from our CEO

We saw a strong start to the year for the Group where we delivered solid financial performance and made significant progress in the execution of our business and strategic roadmap. Underpinning this performance was the exceptional growth in mobile.de and Transaction revenues. We continue to build the foundations for an even more efficient and innovative organisation, while we improve our products and services. I remain encouraged by the continued energy and dedication shown by our teams and I am confident that we are positioned well to execute and deliver on the many opportunities that lie ahead.

Core markets revenue growth accelerated, reaching 15% in the first quarter. This was as a result of outstanding performance in mobile.de, benefiting from both a positive price and volume effect, and continued strong performance in other segments. Classifieds revenue grew 18% year-on-year, demonstrating once again the strength of our market positions, value proposition and business models. Transactional services continued to accelerate and delivered an impressive performance with revenue growth of 62% year-on-year, with strong performances from all Core markets. Advertising revenues decreased by 3% due to market headwinds and a more cautious investment approach by advertisers.

Our EBITDA margin in the first quarter saw a 1-point increase, despite the business mix evolution and the negative impact of French DST, reflecting the strict financial discipline we have maintained throughout the business. Cash generation also remained strong over the quarter, allowing further deleveraging and to mitigate some of the impact of rising interest rates.

As our business mix evolves, we will continue to strategically invest for long-term growth, while looking at all opportunities to optimise our cost base and drive greater efficiencies, implementing new initiatives where appropriate to ensure we continue to deliver on our commitments.

Our product roadmap continues to be fully aligned with our strategic ambition and will enable us to drive more value for our clients and users. We are making good progress in the verticalisation of our operations, announced in November 2022, focused on realigning our organisation with our strategy around Mobility, Re-Commerce and Real Estate & Emerging Verticals. In addition to enhancing operational efficiencies, this will allow us to share even more of our product and technology capability across our five Core European markets.

2023 will be a year focused on accelerating the implementation of our vertical organisation, while continuing to invest in our products and our people. I am excited by the opportunities ahead of us and I am confident that we are on the right trajectory to achieve our long-term ambitions, while creating shareholder value and benefits for all our stakeholders.

Antoine Jouteau,
CEO

Financial performance

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

Following the decision to exit **Hungary**, this asset is **classified as held for sale as at 31 March 2023**.

Additionally, the segment information only presents a consolidated view and does not include Joint Ventures nor associates that are not 100% consolidated (namely OLX Brasil and Willhaben). **Results from Joint Ventures and associates are presented in the line "Share of profit (loss) of joint ventures and associates"** in the profit and loss statement.

Quarterly restated figures from Q1 2020 to Q1 2023 (on a "combined" basis, adjusted for comparability) are available under the following link: www.adevinta.com/investors/financial-results-publications.

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

	First quarter		
€ million	**2023**	**2022**	**yoy %**
Operating revenues	**435**	**387**	**12%**
EBITDA	**145**	**125**	**16%**
EBITDA margin	33.4%	32.3%	
Operating revenues per segment			
France	132	120	10%
mobile.de	90	68	32%
European Markets	187	168	11%
International Markets	23	28	-19%
Other and Headquarters	4	3	11%
Eliminations	-1	-1	41%
EBITDA per segment			
France	56	55	2%
mobile.de	51	37	38%
European Markets	75	67	11%
International Markets	11	11	-1%
Other and Headquarters	-47	-45	-5%
Non-consolidated JVs			
Proportionate share of revenues	27	23	15%
Proportionate share of EBITDA	9	2	260%

Operating revenues by category

	First quarter		
€ million	**2023**	**2022**	**yoy %[1]**
Online classifieds revenues	331	288	16%
Transactional revenues	25	16	60%
Advertising revenues	76	81	-6%
Other revenues	4	3	38%
Operating revenues	**435**	**387**	**14%**

[1] Excluding InfoJobs Brazil, Kufar and Mexico.

Quarter performance

Adevinta exited InfoJobs Brazil (in Q1 2022), Kufar (in Q2 2022) and Mexico (in Q3 2022) which represented 4 million euros revenues included in Q1 2022 results.

Excluding the impact of these divestments, **group revenues were up 14% in the first quarter** compared to the same period last year:

- **Online classifieds revenues** improved by 16% year-on-year;
- **Transactional revenues** grew by 60% year-on-year;
- **Advertising revenues** were down 6%.

Core Markets revenues reached €399 million euros in the quarter, representing a strong 15% growth, progressive acceleration quarter on quarter, despite the continued supply softness in the Mobility segment and the weaker market environment:

- **Online classifieds revenues** improved by 18%, supported by strong double-digit revenue growth in Mobility which benefited from the successful price increase implemented in April last year, the recovery of dealer listings at mobile.de, mainly driven by the easing of comps and lower demand, and high value added product development both for users and car dealers. Real Estate posted a double-digit growth in the period, driven by France. Jobs performance was steady, despite lapping tougher comps in Spain;
- **Transactional revenues** grew by 62% year-on-year, with strong revenue growth in all Core markets;
- **Advertising revenues** were down 3% year-on-year, as a result of an overall weaker advertising market, especially in automotive display advertising, partially offset by Italy and the performance of Kleinanzeigen in the quarter.

Gross operating profit (reported EBITDA) amounted to 145 million euros, up 16% year-on-year, representing a 33.4% margin, up 1 percentage point year-on-year. This was the result of (i) the positive topline evolution, (ii) lower marketing spend across all markets, driven by different phasing, spend discipline and prioritisation, and (iii) cost management in the current market context. This was partly offset by (i) personal costs driven by the continued scaled build-up of global capabilities, with the implementation of new operating models for support functions and Product and Technology teams, the annualisation of the previous years investment in product enhancements and in sales and customer support operations, particularly in legacy eCG markets, to support new business models, (ii) higher direct costs from transactional services, in line with the adoption of the service and revenue growth, and (iii) the (3) million euro expense related to the French DST.

Excluding the impact from the French digital services tax legislation (DST), EBITDA improved by 19%, to 148 million euros compared to the first quarter of 2022, representing a 34.1% margin (up 1.8 percentage points year-on-year).

Segment information

France

€ million	First quarter 2023	2022	yoy %
Operating revenues	**132**	**120**	**10%**
Operating expenses	(76)	(65)	-17%
EBITDA	**56**	**55**	2%
EBITDA margin	42.6%	46.1%	

Traffic[4] improved compared to last year (+10%) and 2020 (+48%). Content developed positively in the quarter, driven by Consumer Goods (new ads up 4% year-on-year) and by Real Estate professional content (online listings +7% year-on-year). Car professional online listings were impacted by the continued market supply dynamics (down 4% year-on-year) while our competitive advantage remained strong.

Total P2P transaction payments in France saw strong traction in the quarter, with payouts up 40% year-on-year. This performance was supported by a successful promotional campaign for delivery in March, where a new record level of transactions was reached. Improvements to the user experience, such as the introduction of the Bundle purchase solution, allowing users to buy multiple items from a single seller as well as the increase in shipping eligibility from €1,000 to €2,000, also contributed to the growth..

Reported revenues in France grew by 10% in the first quarter of 2023. **Online classifieds revenues grew 8% year-on-year mainly driven by Real Estate and Mobility**. Real Estate double-digit revenue growth continued to benefit from the successful launch of enhanced subscription packages in September with high added-value for professional clients. This contributed positively to the ARPA evolution (to €630; +17% year-on-year). Mobility revenue growth was driven by the 21% ARPD increase (to €465), mainly led by the annual price increase, which more than offset the effect of declining professional volumes, impacted by the current environment. Jobs and Holiday Rental revenues were down year-on-year. **Advertising revenues were down 9% compared to last year**, where we saw the ongoing impact of reduced activity from media agencies and programmatic. **Revenues from transactions were up 48% year-on-year**, on the back of transaction volume growth.

Reported EBITDA was 56 million euros, up 2% year-on-year, supported by the positive top-line development. This was partly offset by (i) an increase in direct transaction costs, while the improved delivery pricing structure, the wallet solution, the introduction of buyer fees for the fashion category and the new cap on shipping eligibility partially offset the impact of higher transaction volumes, (ii) a provision of (3) million euros related to the French DST that was booked in the quarter, and (iii) a slight increase in personnel, due to investments in product and technology development. Marketing expenses decreased in the period (down 27% year-on-year). **The reported EBITDA margin deteriorated accordingly by 3.5 percentage points year-on-year,** mainly reflecting the evolution of the business mix with an increasing share of transaction services and promotions (-1.5pp dilutive impact of direct transaction costs) and a decreasing share of highly profitable advertising revenues.

EBITDA, excluding DST, improved by 7% compared to the first quarter of 2022. The EBITDA margin, excluding DST, deteriorated by 1.2 percentage points year-on-year.

We continued to deploy our market verticalisation strategy in Real Estate (eg: a new feature that allows professional clients to self activate messaging and have specific conversations related to each ad and the possibility for tenants to upload a single file with multiple attached documents), **in Mobility** (eg: roll out of the vehicles history report feature and introduced information on the different vehicles options) **and in Jobs** (eg: roll out of the Direct Apply feature on Android). **We further developed the transactional user journey in our Real Estate vertical**, with the launch of the borrowing capacity simulator on adview, and in our Mobility vertical, with the launch of the C2C financing offer in March with Cetelem.

In Consumer Goods, our marketplace for professional sellers performed well, with a strong increase in the number of transactions (+50% quarter-on-quarter). This performance was underpinned by product development and improvements for our users. In April we rolled-out the first connection with a product integrator allowing customers to integrate their catalogue via API and the introduction of more granular ad parameters (e.g. colours).

[4] Visits: every user session on a single device, based on internal data

mobile.de

€ million	First quarter 2023	2022	yoy %
Operating revenues	**90**	**68**	**32%**
Operating expenses	(39)	(32)	-25%
EBITDA	**51**	**37**	38%
EBITDA margin	56.2%	53.7%	

Traffic[5] was slightly down compared to the first quarter of 2022, and 5% lower than 2020, again indicative of the overall weakness in the automotive market, while our competitive advantage remained strong. **Dealer listings continued to show positive growth** compared to the same period last year (+14%) mainly driven by the easing of comps and low demand due to the economic environment, while the number of new listings is slightly recovering.

Revenues in mobile.de improved by 32% in the first quarter of 2023. Online classified revenues and value added services increased by 36% year-on-year, mainly driven by (iii) the recovery in dealer listings, (ii) the successful implementation and execution of the dealer price adjustment in April last year, including increasing value for customers, and (iii) strong performance in upselling. Average revenue per dealer listing increased by +15% year-on-year. **Revenues from private sellers also posted a strong performance** in the quarter, supported by higher ARPL. **Advertising revenues decreased by 10%** compared to the previous year, again impacted by the reduced level of advertising spending by OEMs as a result of the low level of new car production (a trend seen previously) and the current market context.

EBITDA improved by 38% in the first quarter, mainly driven by the positive top-line development and operating leverage. This was partly offset by an increase in personnel costs, as a result of the annualisation of our investments in product enhancements and in sales and customer support operations as we roll out the new business models. Marketing expenses reduced in the quarter (down 12% year-on-year). **Accordingly, the EBITDA margin improved by 2.5 percentage points year-on-year.**

We continued to improve the user experience in the quarter (eg: new "Follow a Dealer" product feature, where customers can now follow their favourite car dealers, and receive notifications when new listings are added, new "Direct Offers to Buyers" tool launched, where dealers are enabled to take the first step in communicating with potential customers). **We also continued to optimise our new Online Buying & Selling service** by testing and improving our integration with the core mobile.de experience to drive more users at all stages of the user journey. We also enhanced the frequency and timing of communication with users by introducing a weekly update for prospective buyers to inform them of new offers.

Along with these product developments and increased added-value for customers, we successfully implemented a new pricing adjustment on April 1st, 2023 (c. +15% average price increase).

[5] Visits: every user session on a single device, based on internal data, adjusted for consent impact

European Markets

The European Markets segment comprises primarily Kleinanzeigen in Germany; Marktplaats, 2ememain and 2dehands in Benelux; InfoJobs, Coches, Motos, Fotocasa, Habitaclia and Milanuncios in Spain; Subito, Infojobs, and Automobile.it in Italy; Daft, Done Deal and Adverts in Ireland; Hasznaltauto, Jofogas and Autonavigator in Hungary (classified as held for sale as at 31 March 2023); Kufar in Belarus (sold on 20 May 2022) and Willhaben in Austria.

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

€ million	First quarter		
	2023	2022	yoy %
Operating revenues	**187**	**168**	**12%**[1]
Operating expenses	(113)	(101)	-11%
EBITDA	**75**	**67**	11%
EBITDA margin	39.9%	39.9%	

[1] *Excluding Kufar.*

Revenues in the European markets segment (excluding Kufar) increased by 12% in the first quarter of 2023, led by strong performance at Kleinanzeigen (+16% year-on-year), in Spain (+11% year-on-year) and Italy (+22% year-on-year). Online classified revenues were up by 15%, supported by double-digit growth in the verticals: especially Mobility, Consumer Goods, and Real Estate. Advertising revenues were slightly down (-1%) year-on-year. Transactional revenues continued with strong momentum and more than doubled compared to the same period last year.

EBITDA improved by 11% compared to the first quarter of 2022, in line with topline evolution. This was partly offset by an increase in personnel expenses, particularly in Kleinanzeigen and Marktplaats, as we continued to invest in product development and sales and customer support, and by an increase in transactional costs, driven by higher volumes and by promotional campaigns to drive adoption of the service. **EBITDA margin was flat year-on-year, despite the unfavourable revenue mix.**

Kleinanzeigen revenues grew 16% in the period and reached 62 million euros. This was driven by (i) significant momentum in Real-Estate, with further market share gains (+18% professional clients year-on-year) and the continued roll-out of our new pricing and packaging proposition (ARPA up 12% year-on-year), (ii) Consumer Goods, with a strong performance in Small and Medium Businesses (SMBs) (+28% subscribers year-on-year), and (iii) Mobility. Advertising posted a positive growth in the quarter, mainly driven by low comps as the start of the war in Ukraine severely impacted the advertising business last year. Transactional revenues doubled in the period, from their first shipping promotions in March. Compared to the first quarter of 2020, traffic[6] increased by 28%.
During the quarter, in our Real Estate vertical, we continued to roll out our new pricing and packaging offering for professional clients, while we extended the self-serve online booking funnel for SMBs subscriptions to mobile (Android).

In Spain, revenues grew 11% in the period and reached 56 million euros. This was mainly a result of strong performance in all three verticals in online classifieds (up 13% year-on-year), benefitting from price increases. Jobs performed strongly (+15% year-on-year), despite lapping tougher comps in web and telesales channels, Mobility growth was driven by client acquisition and new financing propositions while Real-Estate saw ARPA growth that continued to be fueled by our new Product and Packaging strategy. Advertising revenues were down 9% year-on-year, mostly driven by lower vibrancy. Transactional revenue ramp-up continued, benefitting from promotional campaigns.
In the quarter, we delivered new added-value solutions for our users (eg: car plate recognition in private sellers ad-insertion and monthly financing instalments in listing page in Mobility, gallery improvements at Fotocasa and “Drive matchmaking” at InfoJobs). We also developed our transactional solutions further (eg: “Rating and Review” flow improvement).

Benelux revenues grew 5% in the period and reached 38 million euros. Revenue growth in online classifieds (up 7% year-on-year) and transactional services (up more than twofold), benefiting from promotional shipping campaigns and recent product launches (eg: DHL shipping offering and instant payments), was partly offset by lower advertising revenues (-7% year-on-year), which continued to be impacted by the weaker macroeconomic environment.
In the quarter, our Mobility offering was enhanced, with the launch of a car inspection service pilot and improvements of the C2B flow.

In Italy, revenues grew 22% mainly driven by the strong performance in Mobility, Real-Estate and Consumer Goods and the continued strong momentum of transactional services (launched in August 2021). Advertising revenues improved year-on-year, driven by higher programmatic performance.
In the quarter, Subito launched “Shop2Shop” where buyers now have the option of picking up purchases at shops and lockers of Poste Italiane and InPost.This reduces shipping cost and improves user experience.

In Ireland, revenues grew 16% year-on-year, with double-digit growth in Mobility and Real Estate while advertising revenues declined year-on-year.

In Willhaben (not included in segment information), revenues grew 31% year-on-year, with strong double digit growth in all verticals and in advertising. Transactional services revenues almost doubled in the period.

[6] Visits: every user session on a single device, based on internal data, adjusted for consent impact

International Markets

International Markets comprises Kijiji in Canada and OLX in Brazil. Other historical businesses that were in this segment include: Autotrader, Gumtree and Carsguide in Australia (sold on 4 October 2022), Gumtree in South Africa (sold on 23 November 2022), Segundamano and Vivanuncios in Mexico (sold on 26 September 2022), Infojobs Brazil (sold on 30 March 2022).

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

	First quarter		
€ million	**2023**	**2022**	**yoy %**
Operating revenues	**23**	**28**	**-10%**[1]
Operating expenses	(12)	(17)	30%
EBITDA	**11**	**11**	-1%
EBITDA margin	46.6%	38.3%	

[1] *Excluding InfoJobs Brazil and Mexico.*

International markets, which includes only Canada, showed a 10% year-on-year decline in revenues (excluding Infojobs Brazil and Mexico). Canada posted a 3% revenue decline in online classifieds, primarily led by Jobs and Real-Estate, which was partly offset by Mobility. Advertising performance continued to be soft (-26% year-on-year), driven by soft direct display revenues.

Reported EBITDA was broadly stable year-on-year. This reflected the topline evolution and a slight increase in personal costs, driven by Canada, offset by a reduction in marketing expenses and other cost optimisations, as well as by the exit of non-core operations. **Reported EBITDA margin improved by 8.3 percentage points year-on-year.**

OLX Brasil (not included in segment information) increased revenues by 7% year-on-year in local currency and reached 39 million euros (100% view). Revenue growth was driven by higher ARPU in Mobility, both for private customers and dealers along with product improvement, and by good conversion in Consumer Goods. Revenue growth in Real-Estate was soft in the quarter, impacted by market headwinds (higher interest rates, rising unemployment rate), despite the better performance of the triple-bundle strategy across brands. Advertising revenues were down year-on-year, also impacted by the weaker macroeconomic environment. Transactional revenues continued to post solid growth over the period.

EBITDA was almost 4 times higher than last year in local currency and amounted to 14 million euros (100% view). This development was driven by (i) a decrease in marketing expenses, mainly due to lower investments in ZAP+ branding and performance, and (ii) lower personnel expenses, mainly due to a headcount reduction and other efficiencies, without compromising operations. The EBITDA margin for the quarter was 36%.

In the quarter, improvements to negotiation ("make an offer") and checkout flows, instant payments as default payment method and new cell phone search filters contributed to an increase in purchase conversion in transactional services. In Mobility, we launched a price reference for buyers in apps and a picture template on ad insertion, increasing adviewer conversion, and finally in Real Estate, we launched a new pricing and packaging proposition for our professional clients based, including new listing ranking features.

Other (central P&T) and Headquarters

Other and Headquarters costs comprise Adevinta's shareholder and central functions as well as the central product and technology development.

The Other and Headquarters EBITDA decreased by 2 million euros compared to last year to (47) million euros.This evolution was driven by the continued build-up of global capabilities due to the implementation of new operating models for support functions and Product and Technology teams to drive operational efficiencies and accelerate value creation. This was partly offset by the larger share of cost allocations to the markets to reflect global teams support.

As a percentage of revenues, Central P&T and Headquarters costs were down year-on-year, at 11%.

Towards optimised organisation to drive scale benefit

The verticalisation of Adevinta's operations to align with the 'Growing at Scale' vision is ongoing with major achievements during the period:

- The definition of the Target Operating Model progressed well with the Key Design Principles defined in line with the group Strategy in January;
- In the second quarter and second half of 2023, the Detailed organisation design and key processes review will be completed and the engagement with employee representatives will be launched ;
- The transition to the new model is planned in 2024 (subject to works councils approvals).

The delivery of our integration roadmap remained on track to achieve our targeted run-rate synergies of 90 million euros by the end of December 2023.

Main achievements of the period include:
- Continued execution of the cloud migration and of the Data and Marketing transformation;
- Further roll-out of the new operating models for support functions;
- Execution of more procurement and revenue synergies;
- Additional synergies from platform rationalisation and handover to local teams.

In the coming quarters we will continue to roll out and implement the initiatives described above.

Our run-rate EBITDA synergy target in year 3 remains unchanged, at 130 million euros.

Our previously announced portfolio review is completed:

- On 23 February 2023, we announced our decision to exit Hungary, which was the last remaining business under strategic review. The sale process is ongoing.

Outlook

As outlined during our Capital Markets Day in November 2021, we see various value accretive opportunities across all our businesses especially in our core verticals Mobility and Real Estate where a large monetisation runway exists, with the potential to expand throughout the transactional value chain with new business models, and a largely untapped second-hand commerce pool. Our long-term ambition for Core Markets remains strong with FY 2023-2026 annual revenue growth between 11% and 15%, and an EBITDA margin between 40% and 45% from 2026.

Our strategy builds on our unparalleled scale, leadership positions and technology to accelerate sustainable growth. It is underpinned by **the following key priorities:**

- Focusing the portfolio, by investing in and growing our five Core markets of Germany, France, Spain, Benelux and Italy;
- Concentrating on high-quality verticals: Mobility and Real Estate, that present a significant opportunity to increase monetisation;
- Becoming fully transactional in consumer goods, expanding into a growing and profitable online commerce market; and
- Leveraging technology and transforming advertising to preserve revenue and adapt to the evolving market.

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

The overall macro environment continues to be challenging with rising inflation and interest rates, low consumer confidence, ultimately affecting our clients' advertising investment.

In Mobility, while the new car supply is showing signs of recovery, we expect the recovery in dealer inventory and used car transactions to be staggered versus the new car volume recovery. In Germany, total listings volumes are being driven by an increase in time to sell cars while in France, the total number of listings continues to be driven by high demand and continued supply pressure.

Overall, our strategic pillars Mobility, Real Estate and transactional businesses have performed well, demonstrating the robustness of their business model while the advertising market tends to be more volatile.

We expect Core Markets revenue growth to be low double digit for the full year of 2023 and Group EBITDA in the range of 620 to 650 million euros, including the impact of the French Digital Services Tax. This implies a year-on-year expansion of the Group's reported EBITDA margin.

In France, we will continue to benefit from our resilient mobility and real estate business models and our ability to drive ARPU growth through upselling and price increases. This will more than offset the market driven foreseen decline in dealers' and agents' new listings. We expect traction in transactional services and our new solution for consumer goods professional clients to drive incremental revenues. The advertising market will remain challenging throughout the year. Overall we expect slight acceleration in revenue growth compared to 2022.

In mobile.de, our investment in products to create more value for our customers will result in improved monetisation, in the form of price increases and upselling. We will continue to benefit from easing volume comps, especially in the first half of the year.

In European markets we expect a similar revenue growth trajectory than in 2022, with sustained classifieds performance, on the back of improved monetisation, and further strong traction in Transactional services. Advertising revenues are expected to remain under pressure throughout the year.

Since Adevinta's IPO and following the eCG acquisition, we have built capacity, redesigned enabling functions and enhanced the quality of our global operations to support business development and drive efficiencies throughout the Group. Changes in the Group's Product and Technology operating model throughout 2023 and other cost optimisation and synergy initiatives will drive further medium-long-term efficiencies and accelerate value creation already anticipated in our mid-long term guidance. As we are implementing a new allocation methodology to mirror the actual usage of global services, we expect the 2022 central costs level to be the run rate going forward, despite forecasted revenue growth, thus driving overall operating leverage.

We will continue to focus on deleveraging and will further optimise our debt structure to mitigate the impact of rising interest rates. We target a reduced leverage ratio of below 3x net debt/EBITDA by the end of fiscal year 2023.

Group Overview

Results

Revenue increased by 12% in the first quarter of 2023 to €435 million, compared to the same period last year, mainly led by growth in online classifieds (+15% year-on-year) and by strong growth from transactional services (+60% year-on-year), while advertising continued to be impacted by the overall weaker advertising market, especially in automotive display advertising, and lower vibrancy of some platforms.

Operating expenses increased by 11% in the first quarter of 2023 to €(290) million, compared to the same period last year. This was the result of (i) the continued scaled build-up of global capabilities, with the implementation of new operating models for support functions and Product and Technology teams, the annualisation of the previous years investment in product enhancements and in sales and customer support operations, particularly in legacy eCG markets, to support new business models, (ii) higher direct costs from transactional services, in line with the adoption of the service and revenue growth, and (iii) the (3) million euro expense related to the French DST.

Gross operating profit (EBITDA) increased by 16% to €145 million in the first quarter of 2023, compared to €125 million in the same period in 2022.

Depreciation and amortisation increased by €(8) million in the quarter, mainly driven by the reassessment of useful lives of certain trademarks in Q2 2022.

Share of profit (loss) of joint ventures and associates in the first quarter of 2023 increased by €2 million compared to the same period in 2022 mainly due toBrazil driven by an increase in revenues accompanied by cost optimisation.

Other income and expenses amounted to €(16) million in the first quarter of 2023 predominantly due to integration expenses related to the eCG acquisition of €(12) million. In the first quarter of 2022 other income and expenses amounted to €1 million mainly due to the gain on sale of Infojobs Brazil (Brazil) of €22 million partly offset by integration expenses related to the eCG acquisition of €(17) million. Other income and expenses are disclosed in note 4 to the condensed consolidated financial statements.

Operating profit (loss) in the quarter amounted to €52 million (€55 million in the first quarter of 2022).

Net financial items saw an expense of €(14) million in the quarter compared to an income of €18 million in 2022, mainly due to foreign exchange income which was €3 million in Q1 2023 compared to €37 million in Q1 2022, predominantly driven by the depreciation of the exchange rate of the BRL against the EUR. Net financial items are disclosed in note 5 to the condensed consolidated financial statements.

The Group reported a tax expense in Q1 2023 of €(16) million compared to a tax income of €4 million in Q1 2022. The reported tax rate in Q1 2022 was positively affected by an adjustment of an income tax provision related to the Mexican operations and the use of tax losses generated in previous periods. In general, the tax expense line is positively affected by the reversal of deferred tax liability related to the amortisation of identifiable intangible assets recognised upon the acquisition of eCG. Please see note 6 for the relationship between Profit (loss) before tax and the reported tax expense.

Basic earnings per share in the first quarter of 2023 is €0.01 compared to €0.06 in the first quarter of 2022. Adjusted earnings per share in the first quarter of 2023 is €0.03 compared to €0.04 in the first quarter of 2022.

Financial position

The carrying amount of the Group's assets decreased by €(77) million to €11,907 million during 2023, mainly due to the depreciation and amortisation (€(73) million), the decrease in receivables related to the sales of subsidiaries (€(13) million) and cash and cash equivalents (€(19) million) partially offset by capitalised expenses (€28 million).

The carrying amount of the Group's liabilities decreased by €(99) million to €3,337 million during 2023, mainly due to the repayment of the EUR TLB (€(80) million) as well as a decrease in deferred tax liabilities (€(15) million), mainly due to amortisation of intangible assets.

The Group's equity ratio is 72% as at 31 March 2023 compared to 71% as at 31 December 2022.

The Group had, at 31 March 2023, net interest-bearing debt of €2,138 million (see specification in Definitions and Reconciliations below) **and €502 million total liquidity available**. Management considers Adevinta's liquidity and refinancing risk to be acceptable considering the cash generation projections as well as the cash conversion rate of the business.

Cash flow

Net cash flow from operating activities was €93 million in the first quarter of 2023, compared to €41 million in the same period of 2022, mainly due to an increase in EBITDA as well as a decrease in tax payments and prepayments.

Net cash flow from investing activities was €(23) million in the first quarter of 2023, compared to €(38) million in the same period of 2022. The reduction of the cash outflow from investing activities is mainly due to proceeds from sale of subsidiaries of €9 million whereas in the first quarter of 2022 there were €(10) million paid in relation to the acquisition of subsidiaries (€(1) million in the first quarter of 2023). This was partly offset by increased capitalised expenses.

Net cash flow from financing activities was €(88) million in the first quarter of 2023, compared to €(119) million in the same period of 2022. The decrease in cash outflow is mainly due to the fact that no treasury shares were purchased during the first quarter of 2023, whereas €(37) million were purchased in the first quarter of 2022. This was partly compensated by increased repayment of TLB EUR.

Transactions of Treasury Shares by Adevinta ASA

In 2023, a total of 118,177 treasury shares were transferred to employees in connection with the settlement of share-based incentives schemes and sold through brokers to cover the participant's tax liabilities in relation to the shares transferred. Further information with respect to these programmes is published on our website.

The Russian government invasion of Ukraine

The Russian government invasion of Ukraine, alongside the imposition of international sanctions, has a pervasive economic impact. Adevinta is monitoring the development, including updating risk assessment and measures.

Condensed Consolidated Financial Statements

Condensed consolidated income statement

	First quarter		Year
€ million	**2023**	**2022**	**2022**
Operating revenues	**435**	**387**	**1,644**
Personnel expenses	(136)	(121)	(483)
Other operating expenses	(154)	(141)	(613)
Gross operating profit (loss)	**145**	**125**	**548**
Depreciation and amortisation	(73)	(65)	(300)
Share of profit (loss) of joint ventures and associates	(4)	(6)	(121)
Impairment loss	(0)	(0)	(1,722)
Other income and expenses	(16)	1	(112)
Operating profit (loss)	**52**	**55**	**(1,707)**
Net financial items	(14)	18	(49)
Profit (loss) before taxes	**38**	**72**	**(1,756)**
Taxes	(16)	4	(10)
Profit (loss) from continuing operations	**21**	**77**	**(1,767)**
Profit (loss) from discontinued operation	**(3)**	**(2)**	**(57)**
Profit (loss) attributable to:			
Non-controlling interests	2	3	8
Owners of the parent	16	72	(1,832)
Earnings per share in €:			
Basic	0.01	0.06	(1.50)
Diluted	0.01	0.06	(1.49)

Condensed consolidated statement of comprehensive income

€ million	First quarter 2023	First quarter 2022	Year 2022
Profit (loss)	**18**	**75**	**(1,824)**
Remeasurements of defined benefit pension liabilities	0	0	2
Income tax relating to remeasurements of defined benefit pension liabilities	-	(0)	(0)
Net gain/(loss) on cash flow hedges	-	-	-
Change in fair value of financial instruments	(4)	0	(7)
Income tax related to change in fair value of financial instruments	1	-	(2)
Items not to be reclassified subsequently to profit or loss	**(3)**	**0**	**(7)**
Exchange differences on translating foreign operations	0	99	31
Net gain/(loss) on cash flow hedges	(2)	6	19
Income tax related to cash flow hedges	1	-	(5)
Items to be reclassified subsequently to profit or loss	**(1)**	**105**	**45**
Other comprehensive income	**(5)**	**106**	**37**
Comprehensive income	**14**	**180**	**(1,787)**
Comprehensive income attributable to:			
Non-controlling interests	2	1	6
Owners of the parent	12	179	(1,793)

Condensed consolidated statement of financial position

€ million	31 March 2023	31 December 2022
Intangible assets	10,820	10,880
Property, plant and equipment and right-of-use assets	97	96
Investments in joint ventures and associates	370	366
Other non-current assets	260	257
Non-current assets	**11,547**	**11,599**
Trade receivables and other current assets	292	315
Cash and cash equivalents	52	70
Assets held for sale	17	-
Current assets	**360**	**385**
Total assets	**11,907**	**11,984**
Equity attributable to owners of the parent	8,553	8,534
Non-controlling interests	16	14
Equity	**8,569**	**8,548**
Non-current interest-bearing borrowings	2,097	2,183
Other non-current liabilities	825	842
Non-current liabilities	**2,923**	**3,026**
Current interest-bearing borrowings	16	9
Other current liabilities	396	401
Liabilities directly associated with the assets held for sale	3	-
Current liabilities	**415**	**410**
Total equity and liabilities	**11,907**	**11,984**

Condensed consolidated statement of cash flows

	First quarter		Year
€ million	**2023**	**2022**	**2022**
Profit (loss) before taxes from continuing operations	38	72	(1,756)
Profit (loss) before taxes from discontinued operations	(3)	(3)	(28)
Profit (loss) before taxes	**35**	**69**	**(1,785)**
Depreciation, amortisation and impairment losses	73	69	2,054
Share of loss (profit) of joint ventures and associates	4	6	121
Dividends received from joint ventures and associates	-	-	3
Taxes paid	(3)	(20)	(60)
Sales losses (gains) on non-current assets and other non-cash losses (gains)	3	(20)	(23)
Net loss on derivative instruments at fair value through profit or loss	0	-	-
Accrued share-based payment expenses	12	12	33
Unrealised foreign exchange losses (gains)	(3)	(35)	(28)
Other non-cash items and changes in working capital and provisions	(27)	(40)	37
Net cash flow from operating activities	**94**	**41**	**352**
Development and purchase of intangible assets and property, plant & equipment	(28)	(22)	(89)
Acquisition of subsidiaries, net of cash acquired	(1)	(10)	(11)
Proceeds from sale of subsidiaries, net of cash sold	9	(2)	12
Net sale of (investment in) other shares	(1)	(3)	(8)
Net change in other investments	(3)	(0)	5
Net cash flow from investing activities	**(23)**	**(38)**	**(92)**
Net cash flow before financing activities	**71**	**3**	**259**
New interest-bearing loans and borrowings	-	-	-
Repayment of interest-bearing loans and borrowings	(81)	(76)	(321)
Purchase of treasury shares	-	(37)	(79)
Lease payments	(7)	(6)	(19)
Dividends paid to non-controlling interests	-	-	(10)
Net cash flow from financing activities	**(88)**	**(119)**	**(429)**
Effects of exchange rate changes on cash and cash equivalents	0	1	(1)
Net increase (decrease) in cash and cash equivalents	**(17)**	**(115)**	**(170)**
Cash and cash equivalents at start of period	70	231	231
Cash and cash equivalents attributable to assets held for sale at start of period	-	9	9
Cash and cash equivalents at end of period	**52**	**124**	**70**
Cash and cash equivalents attributable to assets held for sale at end of period	**2**	**1**	**-**

Condensed consolidated statement of changes in equity

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 1 January 2022	**10,368**	**18**	**10,385**
Comprehensive income	(1,793)	6	(1,787)
Transactions with the owners	(40)	(10)	(50)
Share-based payment	*13*		*13*
Dividends paid to non-controlling interests	*-*	*(10)*	*(10)*
Change in treasury shares	*(53)*		*(53)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0)*	*0*	*0*
Equity as at 31 December 2022	**8,534**	**14**	**8,548**
Comprehensive income	12	2	14
Transactions with the owners	7	-	7
Share-based payment	*7*	*-*	*7*
Change in treasury shares	*1*	*-*	*1*
Equity as at 31 March 2023	**8,553**	**16**	**8,569**

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2021	**10,368**	**18**	**10,385**
Comprehensive income	179	1	180
Transactions with the owners	(26)	0	(25)
Share-based payment	*3*	-	
Change in treasury shares	*(29)*	-	*(29)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0)*	*0*	-
Equity as at 31 March 2022	**10,521**	**19**	**10,540**

Notes

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

The Adevinta Group was established on 9 April 2019. Adevinta ASA is a public limited company and its offices are located in Grensen 5, Oslo in Norway. The shares of Adevinta ASA are listed on the Oslo Stock Exchange. The major shareholders are Schibsted, eBay and Permira holding 30%, 30% and 12% of voting rights, respectively. None of the parties have control over Adevinta Group.

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

The accounting policies adopted are consistent with those followed in preparing the Group's annual consolidated financial statements for 2022.

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

Note 2. Changes in the composition of the Group

Disposal of Hungary

When Adevinta announced the new strategic plan in November 2021, Hungary was identified as one of our operations to be placed under strategic review. On 23 February 2023, Adevinta announced the launch of the sale process for Hungary, which was the last business under strategic review.

The carrying amount of Hungary is expected to be recovered principally through a sale transaction. The subsidiary in Hungary is available for immediate sale in its present condition and its sale is highly probable. Therefore, the subsidiary is classified as held for sale as at 31 March 2023. The operations of Hungary are reported within the European Markets operating segment.

The carrying amount of assets and liabilities classified as held for sale as at 31 March 2023 were €17 million and €3 million, respectively, of which €13 million was intangible assets and €2 million cash and cash equivalents. On initial classification as held for sale, the disposal group has been measured at the lower of its carrying amount and fair value less costs to sell. In relation to this, no impairment loss was recognised.

Discontinued operations

Following the decision to divest the businesses in Australia and South Africa in November 2021, the carrying amount of Carsguide Autotrader Media Solutions Australia PTY Ltd, Gumtree Australia PTY Ltd and Gumtree South Africa (PTY) Ltd was expected to be recovered principally through a sales transaction. The businesses in Australia and South Africa were available for immediate sale in their present condition and their sale was highly probable. Therefore, these subsidiaries were classified as held for sale in Q4 2021 and were measured at the lower of its carrying amount and fair value less costs to sell. In relation to this, an impairment loss was recognised in the second quarter of 2022 amounting to €(29) million. Furthermore, these operations constitute major geographical locations and are therefore classified as discontinued operations.

On 25 August 2022, Adevinta signed an agreement for the sale of Gumtree Australia, CarsGuide and Autotrader Australia to The Market Herald for a total cash consideration of US$60 million. The transaction was closed in October 2022. The sale resulted in a gain of €6 million recognised in Profit (loss) from discontinued operations, of which €2 million was the reclassification of foreign currency translation reserve, with no consequential impact on income tax. The carrying amount of assets and liabilities as at the date of sale were €82 million and €26 million respectively, of which €62 million was intangible assets and €16 million was deferred tax liabilities. In Q1 2023 there has been an adjustment to the selling price amounting to €(3) million, that has been recognised in Profit (loss) from discontinued operations.

On 23 November 2022, Adevinta signed an agreement for the sale of Gumtree South Africa. The economic ownership of the business was transferred on 1 December 2022. The sale resulted in a gain of €0 million recognised in Profit (loss) from discontinued operations, of which €0 million was the reclassification of foreign currency translation reserve, with no consequential impact on income tax. The carrying amount of assets and liabilities as at the date of sale were €1 million and €2 million respectively.

The result of discontinued operations was in 2022 negatively impacted by derecognition of deferred tax assets of €33 million related to the IP sold together with the businesses in Australia and South Africa.

The financial performance and cash flow information related to the discontinued operations in Q1 2023, Q1 2022 and YTD 2022 are disclosed below. For further information relating to the discontinued operations, please refer to note 4 in Adevinta's Annual Report for 2022.

	First quarter		Year
€ million	**2023**	**2022**	**2022**
Revenue	-	16	48
Operating expenses	-	(14)	(46)
Gross operating profit / (loss)	**-**	**2**	**3**
Depreciation and other income & expenses	-	(5)	(11)
Gain / (loss) on sale of subsidiaries	(3)	-	8
Impairment loss recognised on remeasurement to fair value less costs to sell	-	-	(28)
Profit / (loss) before income tax	**(3)**	**(3)**	**(28)**
Income tax benefit / (expense)	-	1	(29)
Profit / (loss) after income tax	**(3)**	**(2)**	**(57)**
Profit / (loss) from discontinued operations (attributable to owners of the parent)	**(3)**	**(2)**	**(57)**
Exchange differences on translation	-	4	-

	First quarter		Year
€	**2023**	**2022**	**2022**
Basic earnings per share from discontinued operations	(0.00)	(0.00)	(0.05)
Diluted earnings per share from discontinued operations	(0.00)	(0.00)	(0.05)

	First quarter		Year
€ million	**2023**	**2022**	**2022**
Net cash inflow / (outflow) from operating activities	0	(8)	(20)
Net cash inflow / (outflow) from investing activities (Q1 2023 and FY2022 includes an inflow of € 9 million and € 11 million, respectively, from the sale of the Australian business)	9	(0)	12
Net cash inflow / (outflow) from financing activities	(0)	(0)	(1)
Net increase / (decrease) in cash generated by discontinued operations	**9**	**(8)**	**(9)**

Note 3. Operating segment disclosures

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

Based on the new internal reporting structure, Adevinta has identified France, mobile.de, European Markets and International Markets as reportable operating segments.

- France comprises primarily Leboncoin, Agriaffaires, MachineryZone, Truckscorner, Avendrealouer, Videdressing, Locasun, PayCar and Groupe Argus.
- mobile.de comprises mobile.de and Null-Leasing (acquired 18 March 2022) in Germany.
- European Markets comprises primarily Kleinanzeigen in Germany, Marktplaats, 2ememain and 2dehands in Benelux, InfoJobs, Coches, Motos, Fotocasa, Habitaclia and Milanuncios in Spain, Subito, Infojobs, and Automobile in Italy, Daft, Done Deal and Adverts in Ireland, Hasznaltauto, Jofogas and Autonavigator in Hungary and Kufar in Belarus (sold in Q2 2022).

- International Markets comprises Segundamano and Vivanuncios in Mexico (sold in Q3 2022), Kijiji in Canada, Infojobs Brazil in Brazil (sold in Q1 2022) and Gumtree in other countries (Poland, Ireland, Singapore and Argentina).

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

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

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

Operating revenues and profit (loss) by operating segments

First quarter 2023 **€ million**	**France**	**mobile.de**	**European Markets**	**International Markets**	**Other / Headquarters**	**Eliminations**	**Total**
Operating revenues with third parties	132	97	180	23	4	-	**435**
Operating revenues from other segments	0	(7)	7	-	(1)	(1)	**-**
Operating revenues	**132**	**90**	**187**	**23**	**4**	**(1)**	**435**
Gross operating profit (loss)	56	51	75	11	(47)	-	**145**

First quarter 2022 **€ million**	**France**	**mobile.de**	**European Markets**	**International Markets**	**Other / Headquarters**	**Eliminations**	**Total**
Operating revenues with third parties	120	74	162	28	3	-	**387**
Operating revenues from other segments	0	(6)	6	0	(0)	(1)	**-**
Operating revenues	**120**	**68**	**168**	**28**	**3**	**(1)**	**387**
Gross operating profit (loss)	55	37	67	11	(45)	-	**125**

Full year 2022 **€ million**	**France**	**mobile.de**	**European Markets**	**International Markets**	**Other / Headquarters**	**Eliminations**	**Total**
Operating revenues with third parties	492	342	681	114	14	-	**1,644**
Operating revenues from other segments	2	(25)	27	0	1	(5)	**-**
Operating revenues	**494**	**317**	**708**	**114**	**15**	**(5)**	**1,644**
Gross operating profit (loss)	227	175	289	49	(192)	-	**548**

Disaggregation of revenues by category

First quarter 2023 € million	France	mobile.de	European Markets	International Markets	Other / Headquarters	Total
Online classifieds revenues	99	91	123	18	-	**331**
Advertising revenues	14	6	50	5	1	**76**
Transactional revenues	19	0	7	-	-	**25**
Revenues from contracts with customers	**132**	**97**	**180**	**23**	**1**	**432**
Revenues from lease contracts and other revenues	0	-	0	-	3	**4**
Operating revenues	**132**	**97**	**180**	**23**	**4**	**435**

First quarter 2022 € million	France	mobile.de	European Markets	International Markets	Other / Headquarters	Total
Online classifieds revenues	92	67	108	21	-	**288**
Advertising revenues	15	7	50	8	1	**81**
Transactional revenues	12	-	3	0	-	**16**
Revenues from contracts with customers	**120**	**74**	**162**	**28**	**1**	**384**
Revenues from lease contracts and other revenues	0	-	0	(0)	2	**3**
Operating revenues	**120**	**74**	**162**	**28**	**3**	**387**

Full year 2022 € million	France	mobile.de	European Markets	International Markets	Other / Headquarters	Total
Online classifieds revenues	371	315	456	84	-	**1,226**
Advertising revenues	67	28	209	30	4	**337**
Transactional revenues	53	-	15	0	-	**69**
Revenues from contracts with customers	**492**	**342**	**680**	**114**	**4**	**1,632**
Revenues from lease contracts and other revenues	0	-	1	0	11	**12**
Operating revenues	**492**	**342**	**681**	**114**	**14**	**1,644**

Value-added services (includes adjacent services integrated inside the user journey, such as: financing and insurance partnerships (for Cars and RE) and headhunting and learning/experience lab (for Jobs), that are not directly related to the Classifieds products) revenues are reported within Online classifieds revenues.

Note 4. Other income and Other expenses

€ million	First quarter 2023	First quarter 2022	Year 2022
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	-	22	25
Other	0	0	12
Other income or gain	**0**	**22**	**37**
Restructuring costs	2	(0)	(17)
Loss on sale and remeasurement of subsidiaries, joint ventures and associates	-	(2)	(7)
Loss on sale of intangible assets, property, plant & equipment	(0)	(0)	(0)
Acquisition-related costs	(0)	(1)	(3)
Integration related costs	(12)	(17)	(87)
Verticalisation project costs	(4)	-	-
Rebranding costs	(2)	-	-
Digital services tax related to previous years	-	-	(28)
Other	(1)	(1)	(7)
Other expenses or loss	**(16)**	**(21)**	**(149)**
Total	**(16)**	**1**	**(112)**

Restructuring costs of €(17) million in 2022 consisted primarily of costs related to reorganisation in France and predominantly included termination benefits for employees. In Q1 2023, €2 million of the restructuring provision was reversed due the extension of employment of some employees.

Gain on sale of subsidiaries, joint ventures and associates of €22 million in Q1 2022 related mainly to the gain on sale of InfoJobs Brazil (Brazil) and €(2) million relates to the sale of the UK business

Integration related costs of €(12) million in Q1 2023 and €(17) million in Q1 2022 relate to the acquisition of eBay Classifieds Group.

Verticalisation project costs of €(4) million relates to the costs of restructuring Adevinta's operating model and organisation to be divided by verticals across our five core European markets.

Rebranding costs of €(2) million relates to the costs of rebranding "eBay Kleinanzeigen" to "Kleinanzeigen". Per the acquisition agreement with eBay, Adevinta cannot use the "eBay Kleinanzeigen" brand beyond 2024.

Note 5. Net financial items

€ million	First quarter 2023	First quarter 2022	Year 2022
Interest income	8	5	26
Interest expense	(20)	(19)	(77)
Net foreign exchange gain (loss)	3	37	28
Net other financial income (expenses)	(6)	(6)	(26)
Net financial items	**(14)**	**18**	**(49)**

Interest expense in Q1 2023 and Q1 2022 is mainly due to financing (bonds and bank loans) obtained in connection to the eCG acquisition.

Interest income in Q1 2023 and Q1 2022 is mainly due to the interest on the loan in BRL granted by Adevinta Finance AS to Bom Negócio Atividades de Internet Ltda (OLX Brazil joint venture).

Net foreign exchange gain in Q1 2023 and Q1 2022 is mainly due to the appreciation of BRL against EUR, increasing the value in EUR of the loan in BRL granted by Adevinta Finance AS to Bom Negócio Atividades de Internet Ltda (OLX Brazil joint venture).

Net other financial expenses in Q1 2023 and Q1 2022 are mainly due to the amortisation of the costs directly attributable to the issue of the financing obtained in connection to the eCG acquisition using the effective interest method.

Note 6. Income taxes

The relationship between tax (expense) income and accounting profit (loss) before taxes is as follows:

	First quarter		Year
€ million	**2023**	**2022**	**2022**
Profit (loss) before taxes from continuing operations	38	72	(1,676)
Tax (expense) income based on weighted average nominal tax rate*	(8)	(19)	451
Tax effect of share of profit (loss) of joint ventures and associates	(1)	(2)	(14)
Tax effect of impairment loss on goodwill and other intangible assets	-	-	(399)
Tax effect of gain on sale and remeasurement of subsidiaries, joint ventures and associates	-	8	14
Tax effect of other permanent differences	(3)	(3)	(15)
Current period unrecognised deferred tax assets	(5)	(1)	(20)
Previously unrecognised tax losses used in current period	0	10	32
Reassessment of previously recognised deferred tax assets, including changes in tax rates	-	0	(69)
Adjustments of previously recognised income tax provisions	-	12	12
Other	1	0	(3)
Taxes recognised in profit or loss from continuing operations	**(16)**	**4**	**(10)**
***Weighted average nominal tax rate**	**21%**	**26%**	**27%**

The **weighted average nominal tax rate** varies over time due to differentials in nominal tax rates and variations in profit before tax in the countries where Adevinta operates. **Adjustments of previously recognised income tax provisions** in the first quarter of 2022 include mainly an adjustment of an income tax provision related to the Mexican operations.

Note 7. Events after the balance sheets date and other information

The Russian government invasion of Ukraine

The Russian government invasion of Ukraine, alongside the imposition of international sanctions, has a pervasive economic impact. Adevinta is monitoring the development, including updating risk assessment and measures.

Other than the matters described above, no further matters have arisen since 31 March 2023 which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

Definitions and Reconciliations

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

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

Measure	Description	Reason for including
Adjusted net cash flow from operating activities	Adjusted net cash flow from operating activities is defined as: • EBITDA; • plus the decrease or minus the increase in non-cash items (including share-based compensation), change in working capital and provisions related to EBITDA; • minus the payment of income tax; • minus development and purchase of property, plant and equipment and intangible assets; • minus IFRS 16 lease payments.	Management believes that it is a useful indicator of the amount of cash flows generated by operating activities, after income tax.
EBITDA/Gross operating profit (loss)	EBITDA is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortisation. The measure equals gross operating profit (loss).	Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related to transactions and events not considered by management to be part of operating activities. Management believes the measure enables an evaluation of operating performance.
EBITDA margin	Gross operating profit (loss)/Operating revenues.	Shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenue. Management believes the measure enables an evaluation of operating performance.
Liquidity reserve	Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.	Management believes that the liquidity reserve shows the total liquidity available for meeting current or future obligations.
Interest-bearing debt/Total debt	Interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities. Total debt is defined as interest-bearing debt.	Management believes that it is a useful indicator of the Group's debt profile and its ability to meet its debt obligations.
Net interest-bearing debt/Total net debt	Net interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities less cash and cash equivalents, proceeds from borrowings placed in the escrow account and cash pool holdings. Total net debt is defined as net interest-bearing debt.	Management believes that net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the Consolidated statement of financial position. The use of net interest-bearing debt does not necessarily mean that the cash and cash equivalent and cash pool holdings are available to settle all liabilities in this measure. Net interest-bearing debt includes proceeds of the Senior Secured Notes held in escrow until closing of the eCG acquisition.
Earnings per share adjusted (EPS adj.)	Earnings per share adjusted for other income and expenses, impairment loss, non-controlling interests related to other income and expenses and impairment loss and taxes.	The measure is used for comparing earnings to shareholders adjusted for income and expenses related transactions and events net of tax not considered by management to be part of operating activities. Management believes the measure enables an evaluation of value created to shareholders excluding effects of non-operating events and transactions.
Revenues adjusted for currency fluctuations	Growth rates on revenue adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation.
Organic revenue growth	Revenue growth adjusted for the effects of currency movements and changes in the scope of consolidation.	Enables comparability of development in revenues over time excluding the effect of currency fluctuations and changes in consolidation scope.

Reconciliation of EBITDA

€ million	First quarter 2023	First quarter 2022	Year 2022
Gross operating profit (loss)	**145**	**125**	**548**
= EBITDA (before other income and expenses, impairment, JVs and associates)	145	125	548

Liquidity reserve

€ million	31 March 2023	31 March 2022	Year 2022
Cash and cash equivalents	52	124	70
Unutilised drawing rights on credit facilities	450	375	450
Liquidity reserve	**502**	**499**	**520**

Net interest-bearing debt

€ million	31 March 2023	31 March 2022	Year 2022
Non-current interest-bearing borrowings	2,097	2,322	2,183
Lease liabilities, non-current	58	68	58
Total non-current liabilities	**2,155**	**2,390**	**2,241**
Current interest-bearing borrowings	16	85	9
Lease liabilities, current	19	17	20
Total current liabilities	**35**	**102**	**29**
Total interest-bearing debt	**2,190**	**2,492**	**2,270**
Cash and cash equivalents	(52)	(124)	(70)
Net interest-bearing debt	**2,138**	**2,368**	**2,199**

Earnings per share - adjusted (including discontinued operations)

€ million	First quarter 2023	First quarter 2022	Year 2022
Profit (loss) attributable to owners of the parent	16	72	(1,832)
Other income and expenses	19	(1)	112
Impairment loss	0	0	1,834
Taxes and non-controlling interests related to other income and expenses and impairment loss	(4)	(5)	(88)
Adjustments of previously recognised income tax provisions	-	(12)	-
Profit (loss) attributable to owners of the parent - adjusted	**32**	**54**	**26**
Earnings per share – adjusted (EUR)	0.03	0.04	0.02
Diluted earnings per share – adjusted (EUR)	0.03	0.04	0.02

Adjusted net cash flow from operating activities

€ million	First quarter 2023	First quarter 2022	Year 2022
EBITDA	145	125	548
+/- decrease or increase in non-cash items, change in working capital and provisions related to EBITDA	(35)	(43)	24
+ share based compensation	12	12	31
- payment of income tax	(3)	(20)	(59)
- development and purchase of property, plant and equipment and intangible assets	(28)	(22)	(89)
- IFRS 16 lease payments	(7)	(6)	(18)
Adjusted net cash flow from operating activities	**84**	**45**	**437**

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