Q4 2020

Interim Report

February 11, 2021

Adevinta Highlights

Highlights of Q4 2020

Solid revenue performance despite increasingly challenging environment in Q4

- Flat yoy total revenues[1] at €200m
- Online classifieds revenues[1] up 4% yoy with growing contribution from transactional revenues
- Display advertising revenues[1] down 6% yoy with mixed performance across countries

Acceleration of investments through Q4, in line with expectations

- Ramp-up of marketing investments to take advantage of market recovery and opportunities
- EBITDA margin[1] slightly decreasing yoy at 25.6%

Strong focus on customer-centric innovation continued

- Accelerated deployment of transactional solutions
- Increasing machine learning applications to improve ad insertion process and personalisation

Further progress towards completion of the eBay Classifieds Group acquisition

- Integration planning and regulatory processes ongoing
- Closing expected in Q1 subject to regulatory approvals

Increased focus and reduced complexity following asset disposals in Global Markets

Closing of Grupo Zap acquisition, start of integration phase

- Organisational and brand structure implemented
- Synergies expected as from 2021

Rolv Erik Ryssdal, CEO

"We ended the troubled year of 2020 with a solid Q4 performance. Despite increased restrictions to curb covid-19 in our key markets, we maintained strong revenue levels, demonstrating the resilience of our industry and the robustness of our best-in-class products and services. We continued to develop our teams and to invest in our products to provide more efficient solutions for our customers and sustain our long-term growth. We ramped up marketing investment to take advantage of the recovery and opportunities we saw. This led to a sequential drop in EBITDA margin, though remaining at a level comparable to the same period last year.

We progressed towards the acquisitions of eBay Classifieds and continue to prepare for a Q1 2021 closing, subject to further regulatory approvals.

Another key milestone for us was the closing of the Grupo Zap acquisition in Brazil. We have started to integrate the business with OLX Brasil, with synergies expected as early as 2021. In addition, the optimisation of our Global Markets portfolio will allow for stronger focus and reduced complexity going forward.

We remain confident in our long term growth prospects as the adoption of online classifieds tools and solutions continues to accelerate. We strive to deliver the best digital experiences to our users and customers as we expand on the online classifieds value chain."

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[1] *Proportionate basis incl JVs*

For definition of EBITDA please see section Definitions and reconciliations. Adevinta implemented IFRS 16 from 1 January 2019.

Key financial numbers

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

	Fourth quarter		(€ million)	Year		
yoy%	2019	2020		2020	2019	yoy%
0%	**200.2**	**200.2**	**Operating revenues incl. JVs**	**727.2**	**739.5**	**-2%**
-2%	**52.4**	**51.3**	**EBITDA incl. JVs**	**193.5**	**206.1**	**-6%**
	26%	26%	EBITDA margin incl. JVs	27%	28%	
			Operating revenues - segments			
8%	101.5	109.6	France	393.2	357.4	10%
-7%	46.9	43.4	Spain	164.7	182.0	-9%
6%	23.2	24.5	Brazil	73.3	86.0	-15%
-6%	42.0	39.3	Global Markets	145.8	164.1	-11%
			EBITDA - segments			
6%	49.7	52.9	France	190.9	191.3	0%
-19%	16.4	13.3	Spain	52.6	60.5	-13%
-56%	4.8	2.1	Brazil	12.9	6.0	>100%
n.m.	1.2	(1.3)	Global Markets	8.6	15.7	-45%
			Cash flow			
-44%	26.5	14.9	Net cash flow from operating activities	104.7	134.1	-22%

Key consolidated financial figures

	Fourth quarter		(€ million)	Year		
yoy%	2019	2020	Consolidated financial figures	2020	2019	yoy%
-1%	**184.3**	**182.9**	**Operating revenues - segments**	**673.5**	**680.3**	**-1%**
8%	101.5	109.6	France	393.2	357.4	10%
-7%	46.9	43.4	Spain	164.7	182.0	-9%
6%	23.2	24.5	Brazil	73.3	86.0	-15%
-6%	42.0	39.3	Global Markets	145.8	164.1	-11%
3%	3.3	3.4	Other and Headquarters	8.9	12.8	-31%
-14%	(32.6)	(37.3)	Eliminations	(112.4)	(122.1)	8%
0%	**49.6**	**49.6**	**Gross operating profit (EBITDA) - segments**	**182.5**	**199.5**	**-9%**
6%	49.7	52.9	France	190.9	191.3	0%
-19%	16.4	13.3	Spain	52.6	60.5	-13%
-56%	4.8	2.1	Brazil	12.9	6.0	>100%
n.m.	1.2	(1.3)	Global Markets	8.6	15.7	-45%
17%	(16.9)	(14.0)	Other and Headquarters	(60.6)	(61.0)	1%
38%	(5.5)	(3.4)	Eliminations	(21.9)	(13.0)	-69%

Operational Development

Commentary and financial numbers in the Operational Development section of this report refers to proportionate numbers including JVs.

Adevinta Overview

	Fourth quarter		(€ million)	Year		
yoy%	**2019**	**2020**	**ADEVINTA**	**2020**	**2019**	**yoy%**
-1%	**184.3**	**182.9**	**Operating revenues**	**673.5**	**680.3**	**-1%**
9%	15.8	17.3	Proportional revenues from JVs	53.7	59.2	-9%
0%	**200.2**	**200.2**	**Operating revenues incl. JVs**	**727.2**	**739.5**	**-2%**
0%	**49.6**	**49.6**	**EBITDA**	**182.5**	**199.5**	**-9%**
5%	53.7	56.3	- of which Developed phase	199.3	209.4	-5%
-64%	(4.1)	(6.7)	- of which Investment phase	(16.8)	(9.8)	-72%
	27%	27%	EBITDA margin	27%	29%	
-39%	2.8	1.7	Proportional EBITDA from JVs	11.0	6.5	69%
-2%	**52.4**	**51.3**	**EBITDA incl. JVs**	**193.4**	**206.1**	**-6%**
	26%	26%	EBITDA margin incl. JVs	27%	28%	

Revenues, including JVs, were flat in Q4 2020 compared to Q4 2019, or up 1.4% excluding impacts of disposal, acquisitions and forex, demonstrating further sequential improvement of the performance despite the challenging environment and increased restrictions in our key markets. Online classifieds revenues improved 4% in the quarter while display advertising revenues decreased 6% year-on-year. Changes in the scope of consolidation (disposals in Global Market and Grupo Zap acquisition) had a 1 point positive impact on revenue growth whilst changes in exchange rate contributed negatively with 2.4 points.

Gross operating profit (EBITDA) including JVs decreased 2% compared to Q4 2019. As expected, the negative impact of Covid-19 in our main markets, the accelerated investment in marketing and talent and the ramp-up of transactional services led to a slight year-on-year contraction in EBITDA margin.

France

	Fourth quarter		(€ million)	Year		
yoy%	**2019**	**2020**	**France**	**2020**	**2019**	**yoy%**
8%	101.5	109.6	Operating revenues	393.2	357.4	10%
10%	51.8	56.7	Operating expenses	202.3	166.1	22%
6%	49.7	52.9	EBITDA	190.9	191.3	0%
	49%	48%	EBITDA margin	49%	54%	

Revenues in France increased by 8% in the fourth quarter (in line with the previous quarter that grew 8% excluding L'Argus), despite a difficult context with the Covid-19 second wave and the enforcement of a new lockdown. Total classifieds revenues grew 14% compared to last year driven by the acceleration of transactional and the recurring revenue in cars and real estate vertical. Advertising revenues remained subdued below previous year level due to the challenging environment.

EBITDA margin decreased 0.7 pp impacted by the acceleration on transactional revenue, the promotional campaigns on delivery fees and progressive increase in personnel costs due to hirings ramp-up. Those were partially offset by strict cost control measures such as limited use of third-party services and restrictions on travel and events.

Traffic continued its impressive growth reaching a +26% year-on-year growth with record numbers in consumer goods, real estate and professional equipment.

In Q4 we continued to ramp-up a full transactional solution. The number of daily transactions further accelerated led by improvements in user experience, deployment of multi-delivery service, delivery fee based on parcel size and promotional actions. Our payment solution for cars continued to scale and the user experience improved. We prepared technically for the "Argus x leboncoin" bundled offer that was launched in January 2021. We also improved our offering in real estate with the mandate acquisition offer and smart bumps and revitalized the jobs market with product improvements such as the CV database. We continued to automate and simplify users' experience and we made general improvements in fraud management.

Spain

	Fourth quarter		(€ million)	Year		
yoy%	2019	2020	Spain	2020	2019	yoy%
-7%	46.9	43.4	Operating revenues	164.7	182.0	-9%
-1%	30.5	30.1	Operating expenses	112.1	121.5	-8%
-19%	16.4	13.3	EBITDA	52.6	60.5	-13%
	35%	31%	EBITDA margin	32%	33%	

Revenues in Spain saw negative growth of -7% in Q4 compared to Q4 2019 impacted by increased restrictions in all regions and consistently with the performance in Q3. Classifieds revenues were down 8% compared to Q4 2019 although recovering from Q3. We saw a decrease in transactions in the real estate market in Q4 after the uplift observed in Q3. The jobs market further contracted as a consequence of the macro economic downturn and the drop in number of companies and job postings. On the other hand, we continued to see growth in car revenues led by higher ARPU thanks to the successful migration of customers to new product offering despite the drop in new and used car sales.

Display advertising was flat year-on-year as the growth in programmatic revenues was offset by lower direct sales due to uncertainty in the market.

The EBITDA margin in Q4 was down -4 pp compared to last year, driven by decline in revenues and the reactivation of talent acquisition after two quarters of hiring freeze. Higher personnel costs were partially offset by reductions in marketing investment and administrative costs.

Traffic growth slowed down to 1% in Q4, negatively impacted by the second wave of Covid-19, in particular in the jobs and miscellaneous segment. However, we saw stronger growth in our real estate and motor marketplaces. Private content grew at double digit in Q4 compared to last year led by Milanuncios and Coches.net, while liquidity remained stable.

In Q4 we launched new algorithms to improve recommendations and new app design system and bidding in Real Estate. In Motor, we launched a price-recommender in the ad-insertion process. We improved the ad insertion flow in consumer goods.

Brazil

	Fourth quarter		(€ million)	Year		
yoy%	2019	2020	Brazil	2020	2019	yoy%
6%	23.2	24.5	Operating revenues	73.3	86.0	-15%
21%	18.5	22.4	Operating expenses	60.4	80.0	-25%
-56%	4.8	2.1	EBITDA	12.9	6.0	>100%
	21%	9%	EBITDA margin	18%	7%	

Strong depreciation of brazilian real against euro compared to Q4 2019 continued to impact total revenue growth. However, operational revenue in the Brazil segment increased by 48% in local currency driven by the acquisition of Grupo ZAP, effective from October 30th.

OLX.com.br in Brazil, which is a 50% owned joint venture, increased revenue in Q4 by 53% in local currency including the contribution from Grupo Zap. On a comparable basis, revenues grew 4%, driven by display advertising (up 20% compared to Q4 2019 driven by solid performance in indirect advertising fuelled by new formats and traffic growth), while Classifieds revenue was down 1% (strong growth in real estate and consumer goods was offset by lower conversion in the private segment in cars). In addition, we saw great development in volumes in small and medium businesses in our main verticals. The transactional model started to grow in volumes and adoption.

Operational KPIs continued to be high in traffic and liquidity while supply showed a steady recovery.

Infojobs.com.br in Brazil decreased its operational revenues by -11% in local currency. Classifieds revenue was the most impacted one due to the decrease in the number of paying companies linked to the pandemic of Covid-19. Nonetheless, traffic continued to recover and turned back to positive growth despite the marketing investments reduction. The number of paying candidates continued with high growth.

In Q4, cumulative EBITDA decreased by €2.7 million when compared to Q4 2019, both OLX and Infojobs contributed negatively. OLX Brazil was positively impacted by the acquisition of Grupo ZAP. On a comparable basis, EBITDA margin decreased compared to Q4 2019, as a result of the unfavorable phasing of marketing expenses and the continued investment in product & tech resources, which exceeded the revenue increase.

In Q4 we have expanded OLXPay to the web, improving flows and the user experience with better filters and visibility features. We launched verified profiles for additional safety perception in cars and trucks and improved the value added services experience with better conversion on cars financing. We launched a new client support homepage and we became compliant with the Brazilian GDPR. The effective integration of Grupo ZAP started and the new brand and organisation structure was communicated.

Global Markets

	Fourth quarter		(€ million)	Year		
yoy%	2019	2020	Global Markets	2020	2019	yoy%
-6%	42.0	39.3	Operating revenues	145.8	164.1	-11%
-1%	40.9	40.6	Operating expenses	137.2	148.4	-8%
n.m.	1.2	(1.3)	EBITDA	8.6	15.7	-45%
	3%	-3%	EBITDA margin	6%	10%	

To fully align the Global Markets segment reporting with Management reporting and to create full consistency between the Brazil and Global Markets segments when it comes to how Joint Ventures are presented, willhaben revenues and EBITDA are included on a 100% basis for both periods. For more details (including reconciliation information and historical numbers, please refer to the Investors section of the Adevinta website)

The Global Markets portfolio saw negative revenue growth of -6% (-1% excluding disposals) compared to Q4 2019 showing strong signs of recovery throughout the quarter led by Ireland and willhaben. Classifieds revenues were down -7% (-2% excluding disposals) year-on-year whilst revenues in advertising were also down by -3% (up +4% excluding disposals) although improving throughout the quarter.

Q4 2020 EBITDA was down -6pp year-on-year landing at €(1.3) million mainly driven by the additional year-on-year marketing investment in Shpock as part of the transformation to a full end-to-end transactional model. Ireland and willhaben both significantly increased EBITDA when compared to Q4 2019 as revenues recovered and investment in personnel and marketing remained conservative on the back of the Covid-19 context.

During Q4 we finalised the divestments of our investment phase operations in Colombia, Morocco and Tunisia. We will continue to assess the market opportunity and will adapt our investment efforts accordingly. Total revenue of disposed assets amounted to €0.8 million in Q4 2020 (€3.1 million in Q4 2019) and EBITDA of disposals totalled €(0.9) million (€(2.1) million in Q4 2019)

In Italy, we saw excellent performance of the operational KPIs, with traffic growing at double digit. In Motor we continued to gain share in content and dealers whilst Advertising performed well with a good uplift in programmatic and recovery in direct. Jobs revenue remained below prior year levels due to market contraction. Transactional was launched in the middle of December.

In willhaben, we saw a strong recovery, with year-on-year growth in traffic and content and an exceptional performance in Advertising, although the Jobs vertical is still yet to recover to prior year levels. Paylivery, the peer-to-peer payment and delivery service, gained significant traction in Q4 with the introduction of monetization of buyer protection.

In Ireland, we also saw year-on-year growth in traffic and content in both verticals despite a challenging local Covid-19 context with an increase in share of dealers in DoneDeal, continued growth of Multi Unit Rentals and promising first results of new mortgage initiative in Daft.

In Hungary, our transactional offering continued to gain traction whilst showing resilience in the Motor vertical. Advertising and Jobs revenues remained below prior year levels due to unfavourable market environment.

Shpock continued to show accelerated growth in the transactional model during Q4 amidst additional investment in marketing to build on current momentum.

Headquarter and other

Headquarter and other costs comprise Adevinta's shareholder and central functions including central product and *technology development.*

Headquarter and other costs decreased 2.9 million euros year-on-year, to 14 million euros. They benefited from lower personnel-related costs despite increasing number of employees (lower incentives, impact of Product and Tech reorganisation and other one-offs) and from administrative costs reduction such as travel expense and third-party services due to the Covid-19 context.

Outlook

As a consequence of the current crisis, we see an acceleration of the trends that support the development of the digital economy. Strong secular shifts in online behavior and changing consumption patterns are driving expectations for more convenient user digital journeys. Professionals are rethinking their operating models and they're in demand for more efficient and digital content advertising solutions. In that context, we believe online classifieds marketplaces will play a more important role going forward.

We remain confident in the resilience of our business and in our sustainable growth profile as we see further monetization opportunities in our existing markets and accelerate the ramp-up of new business models such as transactional solutions that will drive incremental revenue growth. Inherent operational leverage is strong in some geographies and markets while we will continue to invest in product & technology and expand our service offering.

Although economic development at the end of 2020 was better than projected, contributing positively to the business performance, there is an increasingly high degree of uncertainty going forward. The expected economic recovery can be negatively impacted by the pace of the vaccine rollout and its effectiveness to deter further stringent lockdown restrictions and, in certain instances, continued government support policies.

In 2020, we strived to minimise the impact of the crisis on our business and benefited from non-recurring government support and significant cost savings initiatives. As we enter 2021, we will continue to adapt our cost base to the uncertain business environment with a strong focus on our customer needs and client relationships, on growth, and on expanding our leading market positions. The evolution of our revenue mix is expected to have a negative impact on EBITDA margins as the share of high-margin segments will temporarily reduce and lower-margin services such as transactional will grow faster than traditional online classifieds.

Following the acquisition of eBay Classifieds Group we will become the world's leading online classifieds pure player with unprecedented scale. We will benefit from leading positions in 17 countries, covering 1 billion people. As the largest player in the sector, we will be uniquely positioned to accelerate growth. We will leverage our complementary expertise and know-how across geographies and verticals to ensure best-in-class product offering and user experience for our customers. We expect the combination with Adevinta to drive substantial and sustainable revenue and cost synergies with an estimated run-rate EBITDA impact of 130 to 165 million euros in the third year. At completion of the transaction, we will enter the integration phase. This will include a global assessment of market opportunities and the definition of our long-term strategic plan for the combined business. Our combined group strategic and financial objectives will be communicated in a Capital Markets Day which we anticipate holding in H2.

Group Overview

Operating profit

Revenue decreased marginally in Q4 2020, compared to Q4 2019. Revenues in FY 2020 amounted to €673.5 million compared to €680.3 million in 2019, as growth in France was offset by a decrease in other segments despite improving trends throughout the year.

Operating expenses decreased by (1)% in Q4 2020, compared to Q4 2019. Personnel expenses increased moderately in Q4 2020 compared to the same period last year as we continued to invest in talent and resources to support the long-term development of the business. Other operating expenses retracted year-on-year due to further cost saving initiatives in the quarter. As a result gross operating profit (EBITDA) remained stable in Q4 2020, compared to Q4 2019. For FY 2020, the gross operating profit (EBITDA) amounted to €182.5 million compared to €199.5 million in FY 2019, equivalent to a decrease of (9)%.

Share of profit (loss) of joint ventures and associates increased from €4.3 million in Q4 2019 to €14.7 million in Q4 2020. An amount of €17.4 million recognised within this line item is attributable to the disposal of the investment in Silver Indonesia which has been swapped for cash and a 6% stake in the online marketplace Carousell operating in Asia. Barring this effect, the share of profit (loss) of joint ventures and associates would have decreased by €7.0 million mainly driven by lower results in Brazil, largely explained by costs related to the Grupo Zap acquisition process.

The Impairment loss was €(42.8) million in Q4 2020 (€(24.3) million in Q4 2019), mainly due to impairment of goodwill related to Yapo (Chile). Other income and expenses increased from €(3.9) million in Q4 2019 to €(10.0) million in Q4 2020 mainly due to increase in acquisition-related costs. Other income and expenses are disclosed in note 4.

Operating profit (loss) in Q4 2020 amounted to €(5.8) million (€12.5 million in Q4 2019). Operating profit (loss) in FY 2020 amounted to €55.9 million (€122.8 million in FY 2019). Please also refer to note 3 and note 4 to the condensed consolidated financial statements.

Net profit and earnings per share

Net financial items include a €(84.5) million net foreign exchange loss for FY 2020 (compared to a €1.4 million foreign exchange gain in FY 2019), mainly due to the depreciation of the BRL against the EUR and mostly driven by a decrease in fair value of derivatives amounting to €(78.9) million: €(66.9) million related to the acquisition of Grupo Zap and €(12.0) million attributable to the acquisition of eBay Classifieds Group. Net financial items are disclosed in note 5 to the condensed consolidated financial statements.

The underlying tax rate has increased from 28.2% in full year 2019 to 30.6% for the full year 2020. In 2019 the underlying tax rate was positively impacted by the application of previous year's tax losses related to some subsidiaries in France (excluding the effect of such tax loss compensation, the underlying tax rate for 2019 would have been 32.7%). The reported tax rate is 70.9% in Q4 2020, compared to 63.5% in Q4 2019. The increase in the reported tax rate is due to increase in losses for which no deferred tax asset is recognized which is primarily related to loss on derivatives and acquisition-related costs.

Basic earnings per share in Q4 2020 is €(0.01) compared to €0.00 in Q4 2019. Adjusted earnings per share in Q4 2020 is €0.07 compared to €0.04 in Q4 2019.

Financial position

The carrying amount of the Group's assets increased by €1,203.6 million to €3,323.4 million during 2020 and the Group's net interest-bearing debt increased by €273.3 million to €470.0 million (see specification in Definitions and reconciliations below). The Group's equity ratio is 37% as at 31 December 2020, compared to 73% at the end of 2019.

The most significant increase in the carrying amount of the Group's assets and interest-bearing debt amounting to €1,060 million is related to the issuance of the Notes that took place on November 5, 2020. The liabilities in relation to the notes (€1,060 million) have been recognised as "Non-current interest-bearing borrowings" and the funds locked in an escrow account in relation to the notes have been recognised as an asset in "Other current assets".

Another significant source of increase in the carrying amount of the Groups' assets has been the funding of the acquisition of Grupo Zap, which has been partially financed through a capital increase in the Joint Venture in Brazil amounting to €76.7 million and a loan to the Joint Venture amounting to BRL 949.4 million (€149.9 million at 31 December 2020).

Additionally, the right-of-use assets and lease liabilities (€81.6 million included in other non-current liabilities and €18.4 million included in other current liabilities) have increased by €47.8 million in 2020 due to new lease agreements (mainly the new office lease agreement entered into in France). These effects have been partially offset by the impairment loss of €(42.4) million in relation to the goodwill related to Yapo in Chile, the reduction in investments in joint ventures and associates as well as the foreign currency translation impacts on intangible assets from business combinations in foreign currency (mainly BRL and CLP).

On 25 February 2020, Adevinta refinanced its existing €300 million bank facility with €600 million multi-currency term loan and revolving credit facilities. The facilities include an accordion increase option, which provides flexibility for the parties to agree an additional €120 million during the term of the facilities. The revolving credit facility has a tenor of five years with two one-year extension options, whilst the term loan component has a tenor of three years. During Q4 the revolving facility was drawn down in order to finance the acquisition of Grupo Zap, amounting to €65.0 million at 31 December 2020. The term loan was drawn in NOK and converted into €200 million through a cross-currency swap and variable interest rate was swapped to fixed interest rate. These proceeds were used to cancel the old facility. As a result of the depreciation of the NOK/EUR since the loan was obtained, the non-current interest-bearing debt has increased by €5.3 million. This effect has been partially offset by an increase in other non-current assets of €4.9 million related to the fair value change of the swap derivative.

As a result of the agreement entered into to acquire eBay Classifieds Group, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure for the consideration to be paid in US$, locking the cash to be paid in €. The depreciation of the US$ against the € since July 2020 has resulted in a decrease in fair value of those derivatives. Some of these derivatives are not accounted for as hedges. As a consequence, €151.1 million have been recognised as foreign exchange losses in 2020, €144.3 million through OCI and €6.8 million as a financial expense.

Cash flow

Net cash flow from operating activities was €104.7 million for the year 2020, compared to €134.1 million in 2019. The decrease is primarily related to the decrease in operating profit.

Net cash outflow from investing activities was €(317.2) million for the year 2020, compared to €(137.0) million in 2019. The increase is mainly due to acquisition of debt and equity instruments of joint ventures and associates of €(286.9) million and proceeds from sale of subsidiaries of € 30.9 million. Net cash inflow from financing activities was €271.7 million for the year 2020, compared to €19.2 million in 2019. The significant increase is primarily related to the cash received from the bridge loan in 2020.

Digital services tax (DST)

The French DST was enacted during 2019. Due to the complexity of the law including the scope of the taxable services, the assessment of whether DST is applicable to Adevinta is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as at 31 December 2020. Please see note 6 to the condensed consolidated financial statements for further information.

During 2019 Italy approved DST legislation applicable as from January 2020. The DST will levy a 3% tax over certain digital services for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with payment expected to take place in 2021. Management has assessed that Italian DST, which mainly differs in definition of group threshold from the French DST, is applicable to Adevinta and hence a provision has been recognised as at 31 December 2020, but the impact is not material for Adevinta in 2020.

In October 2020 Spain approved a legislation to impose a 3% tax over certain digital services. The legislation is applicable to groups with worldwide revenues above €750 million and Spanish revenues applicable to DST above €3 million. The law will be effective January 2021 and payment is expected to take place in the same year. Management has assessed that Spanish DST, which mainly differs in definition of group threshold from the French DST but resembles Italian DST, will be applicable to Adevinta when effective.

Agreement to acquire eBay Classifieds Group

In July 2020, Adevinta announced that it has entered into a definitive agreement to acquire 100% of eBay Classifieds Group, the global classifieds arm of eBay Inc., for a headline value of approximately US$9.2 billion. The transaction, which is expected to be closed by Q1 2021, will lead to the creation of a globally scaled, pure-play online classifieds leader with a diversified and complementary portfolio of assets and brands. The press release published on 21 July 2020 is available at www.adevinta.com.

The consideration will be mainly paid in cash but also in shares of Adevinta (representing a 44% stake in pro forma Adevinta (of which c. 33.3% voting shares and the remainder non-voting shares)). At signing, Adevinta entered into deal contingent hedges to fix the euro equivalent of the consideration to be paid in US$ at closing.

The closing of the transaction is subject to eBay Classifieds Group Dutch Works Council approval, regulatory approvals and customary closing conditions. Certain aspects of the transaction are also subject to shareholder approval in Adevinta. In connection with closing of the transaction, Adevinta published on 23 December 2020 a listing prospectus for the listing of the new shares that will be issued to eBay and admitted to trading and listed on the Oslo Stock Exchange upon (and subject to) completion of the transaction. The prospectus is available at www.adevinta.com.

Agreement to acquire Grupo ZAP

In March 2020, OLX Brazil joint venture agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately R$2.9 billion. At signing, Adevinta entered into a deal contingent hedge to fix Adevinta's funding commitment in relation to the transaction in € and eliminate the currency risk. On 1 October 2020, the Brazil's Antitrust Agency (CADE) issued the formal approval for the transaction and the acquisition closed on 30 October 2020.

New senior secured Term Loan B facility and Senior Secured Notes

On 5 November 2020, Adevinta announced that it had issued Senior Secured Notes amounting to €1,060 million. The Notes consist of two tranches: (i) €660 million aggregate principal amount of Notes due in 2025, bearing interest at a rate of 2.625% per annum and (ii) €400 million aggregate principal amount of Notes due in 2027, bearing interest at a rate of 3.000% per annum. The Notes were issued pursuant to an indenture between, among others, Adevinta and Citibank N.A., London Branch, as trustee and security agent.

Concurrently with the consummation of the offering of the Notes, Adevinta entered into a new senior secured Term Loan B facility consisting of (i) a €900 million EUR-denominated tranche (the "EUR TLB") and (ii) a $506 million U.S. dollar-denominated tranche (the "USD TLB" and, together with the EUR TLB, the "Term Loan B"). The EUR TLB will bear interest at a rate per annum equal to EURIBOR (subject to a floor of zero) plus 3.250%, subject to a leveraged based margin ratchet. The USD TLB will bear interest at a rate per annum equal to LIBOR (subject to a 0.75% floor) plus 3.000%, subject to a leveraged based margin ratchet. Adevinta has entered into a cross currency interest rate swap, effectively converting the $506 million US$ TLB into €427 million with an all-in fixed rate of 3.169%.

Adevinta intends to use the proceeds from the Notes and Term Loan B to, among other things, fund a portion of the cash consideration for the acquisition (the "Acquisition") of the eBay Classifieds group ("eCG") and refinance existing debt.

The gross proceeds from the issuance of the Notes have been placed into a segregated escrow account pledged in favor of the holders of the Notes. The proceeds of the Notes will be released from escrow, and the Term Loan B will be funded, immediately prior to completion of the Acquisition, subject to satisfaction of certain customary conditions.

The Term Loan B and the Notes will be guaranteed by certain subsidiaries of Adevinta and eCG and secured by shares of certain of the guarantors as well as certain material bank accounts and the intercompany receivables of Adevinta.

Covid-19

The Covid-19 outbreak is currently affecting the world economy negatively.

Adevinta's businesses have experienced reduced revenue due to the Covid-19 pandemic, which is an impairment indicator. Management has updated the estimated recoverable amount and compared this to the carrying amount for the relevant CGUs. Based on the current estimates, the only impairment loss recognised for 2020 was on goodwill that emerged when Yapo (Chile) was acquired amounting to €42.4 million (see note 4). Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of Covid-19 is obtained.

Adevinta had at the end of December 2020 net interest-bearing debt of €470.0 million and €466.0 million total liquidity available. Net interest-bearing debt includes proceeds of the Senior Secured Notes held in escrow until closing of transaction.

Condensed Consolidated Financial Statements

Condensed consolidated income statement

	Fourth quarter		Year	
€ million	**2020**	**2019**	**2020**	**2019**
Operating revenues	**182.9**	**184.3**	**673.5**	**680.3**
Personnel expenses	(67.5)	(66.0)	(258.0)	(234.8)
Other operating expenses	(65.8)	(68.8)	(233.0)	(246.0)
Gross operating profit (loss)	**49.6**	**49.6**	**182.5**	**199.5**
Depreciation and amortisation	(17.3)	(13.2)	(60.6)	(45.3)
Share of profit (loss) of joint ventures and associates	14.7	4.3	16.2	5.9
Impairment loss	(42.8)	(24.3)	(42.8)	(24.6)
Other income and expenses	(10.0)	(3.9)	(39.4)	(12.8)
Operating profit (loss)	**(5.8)**	**12.5**	**55.9**	**122.8**
Net financial items	(0.9)	(2.4)	(94.7)	(6.1)
Profit (loss) before taxes	**(6.7)**	**10.1**	**(38.8)**	**116.7**
Taxes	4.7	(6.4)	(31.0)	(49.6)
Profit (loss)	**(2.0)**	**3.7**	**(69.8)**	**67.1**
Profit (loss) attributable to:				
Non-controlling interests	1.8	1.1	1.8	3.1
Owners of the parent	(3.8)	2.6	(71.6)	64.0
Earnings per share in €:				
Basic	(0.01)	0.00	(0.10)	0.09
Diluted	(0.01)	0.00	(0.10)	0.09

Condensed consolidated statement of comprehensive income

€ million	Fourth quarter 2020	Fourth quarter 2019	Year 2020	Year 2019
Profit (loss)	**(2.0)**	**3.7**	**(69.8)**	**67.1**
Remeasurements of defined benefit pension liabilities	0.0	0.3	0.0	0.3
Income tax relating to remeasurements of defined pension liabilities	(0.0)	(0.1)	(0.0)	(0.1)
Net gain/(loss) on cash flow hedges	(88.0)	-	(144.3)	-
Change in fair value of financial instruments	-	-	(0.3)	-
Items not to be reclassified subsequently to profit or loss	**(88.0)**	**0.2**	**(144.6)**	**0.2**
Exchange differences on translating foreign operations	18.2	(0.7)	(101.7)	(5.3)
Net gain/(loss) on cash flow hedges	(1.5)	-	(4.4)	-
Items to be reclassified subsequently to profit or loss	**16.7**	**(0.7)**	**(106.1)**	**(5.3)**
Other comprehensive income	**(71.3)**	**(0.5)**	**(250.7)**	**(5.1)**
Comprehensive income	**(73.3)**	**3.2**	**(320.5)**	**62.0**
Comprehensive income attributable to:				
Non-controlling interests	1.5	1.1	4.0	3.0
Owners of the parent	(74.8)	2.1	(324.5)	59.0

Condensed consolidated statement of financial position

€ million	31 December 2020	31 December 2019
Intangible assets	1,321.8	1,394.8
Property, plant and equipment and right-of-use assets	108.5	85.9
Investments in joint ventures and associates	369.0	381.1
Other non-current assets	184.8	16.4
Non-current assets	**1,984.1**	**1,878.1**
Trade receivables and other current assets	1,208.3	169.9
Cash and cash equivalents	131.0	71.8
Current assets	**1,339.3**	**241.7**
Total assets	**3,323.4**	**2,119.8**
Equity attributable to owners of the parent	1,202.5	1,524.4
Non-controlling interests	19.2	14.4
Equity	**1,221.7**	**1,538.8**
Non-current interest-bearing borrowings	1,266.2	201.7
Other non-current liabilities	153.4	147.9
Non-current liabilities	**1,419.6**	**349.5**
Current interest-bearing borrowings	294.8	0.3
Other current liabilities	387.3	231.2
Current liabilities	**682.1**	**231.5**
Total equity and liabilities	**3,323.4**	**2,119.8**

Condensed consolidated statement of cash flow

	Fourth quarter		Year	
€ million	**2020**	**2019**	**2020**	**2019**
Profit (loss) before taxes	**(6.7)**	10.1	**(38.8)**	116.7
Depreciation, amortisation and impairment losses	60.1	37.5	103.4	69.9
Share of loss (profit) of joint ventures and associates, net of dividends received	(14.7)	(4.3)	(16.2)	(5.9)
Dividends received from joint ventures and associates	-	(0.2)	2.2	1.1
Taxes paid	(18.7)	(23.5)	(41.7)	(63.6)
Sales losses (gains) non-current assets and other non-cash losses (gains)	(3.7)	0.0	(6.1)	(0.3)
Net loss on derivative instruments at fair value through profit or loss	2.8	-	78.9	-
Other non-cash items and changes in working capital and provisions	(4.2)	6.9	23.0	16.3
Net cash flow from operating activities	**14.9**	**26.5**	**104.7**	**134.1**
Development and purchase of intangible assets and property, plant and equipment	(10.6)	(15.0)	(43.5)	(48.5)
Acquisition of subsidiaries, net of cash acquired	0.1	(67.8)	(7.4)	(78.8)
Acquisition of debt and equity instruments of joint ventures and associates	(286.9)	-	(286.9)	-
Proceeds from sale of intangible assets and property, plant and equipment	-	(0.0)	-	0.0
Proceeds from sale of subsidiaries, net of cash sold	30.7	0.0	30.9	0.0
Net sale of (investment in) other shares	(2.8)	(2.0)	(7.5)	(10.7)
Net change in other investments	(3.1)	(0.1)	(2.8)	0.9
Net cash flow from investing activities	**(272.6)**	**(84.9)**	**(317.2)**	**(137.0)**
Net cash flow before financing activities	**(257.7)**	**(58.4)**	**(212.5)**	**(2.9)**
New interest-bearing loans and borrowings	267.4	50.2	491.3	199.2
Repayment of interest-bearing loans and borrowings	(205.1)	0.0	(205.1)	(0.4)
Change in ownership interests in subsidiaries	-	0.0	-	(100.2)
Capital increase	-	0.1	-	7.9
IFRS 16 lease payments	(2.8)	(3.7)	(12.5)	(12.8)
Dividends paid to owners of the parent	-	0.0	-	0.0
Dividends paid to non-controlling interests	-	(3.6)	-	(3.6)
Net financing from (to) Schibsted ASA	-	0.0	-	(70.9)
Net sale (purchase) of treasury shares	-	0.0	(2.0)	0.0
Net cash flow from financing activities	**59.5**	**42.9**	**271.7**	**19.2**
Cash and cash equivalents related to the disposal group	1.7	-	-	-
Effects of exchange rate changes on cash and cash equivalents	0.8	0.3	(0.0)	0.3
Net increase (decrease) in cash and cash equivalents	**(195.7)**	**(15.2)**	**59.2**	**16.6**
Cash and cash equivalents at start of period	326.7	86.9	71.8	55.1
Cash and cash equivalents at end of period	**131.0**	**71.8**	**131.0**	**71.8**

Condensed consolidated statement of changes in equity

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	59.0	3.0	62.0
Transactions with the owners	148.4	(2.6)	145.8
Capital increase	*144.7*	*-*	*144.7*
Share-based payment	*2.0*	*-*	*2.0*
Dividends paid to non-controlling interests	*-*	*(3.6)*	*(3.6)*
Business combinations	*-*	*0.2*	*0.2*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.9)*	*0.8*	*(1.1)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 31 December 2019	**1,524.4**	**14.4**	**1,538.8**
Comprehensive income	(324.5)	4.0	(320.5)
Transactions with the owners	2.6	0.8	3.4
Capital increase	*-*	*0.4*	*0.4*
Share-based payment	*3.5*	*-*	*3.5*
Change in treasury shares	*(0.5)*	*-*	*(0.5)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0.4)*	*0.4*	*-*
Equity as at 31 December 2020	**1,202.5**	**19.2**	**1,221.7**

Notes

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

The Adevinta Group was established on 9 April 2019 following demergers of Schibsted Multimedia AS and Schibsted ASA and the consequential transfer of Schibsted's online classifieds operations outside the Nordics to Adevinta ASA. The company was listed on the Oslo Stock Exchange on 10 April 2019. Schibsted has retained a majority interest of 59.28% in Adevinta ASA.

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

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

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

Operating segments

Management has assessed operating segments according to IFRS 8 Segments. Based on the internal reporting structure, Adevinta has identified France, Spain, Brazil and Global Markets as operating segments, which is in line with how the business will continue to be developed and managed by the chief operating decision maker.

As announced on 21 April 2020, Adevinta ASA has implemented minor changes in the financial reporting structure as of Q1 2020. The changes are made to fully align Global Markets segment reporting with Management reporting. Additionally, the change creates full consistency across segments when it comes to how joint ventures are presented. The main changes consist of including 100% of the Austrian 50% owned joint venture (willhaben) in the revenue and EBITDA of the Global Markets segment (100% of the revenue and EBITDA of willhaben is removed in Eliminations), fully consistent with how OLX Brazil is presented. Also, certain expenses related to Business Area management of the Global Markets segment have been moved from the HQ/Other segment to Global Markets. The Group consolidated figures are unchanged.

In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil and willhaben are accounted for using the equity method of accounting. The segment figures for Brazil and for willhaben in Global Markets are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated Income Statement and Consolidated Statement of Financial Position.

Note 2. Changes in the Composition of the Group

Sale of Avito, Tayara and Fincaraiz

At the end of July 2020 Adevinta received an offer from Frontier Digital Ventures (FDV), a company specializing in online marketplaces in emerging markets, to sell the subsidiaries, Avito (Morocco), Tayara (Tunisia) and Fincaraiz (Colombia) and on 8 October 2020, Adevinta signed an agreement to sell these subsidiaries as a group in a single transaction to FDV. The business of the disposal group was included in the Group's Global Markets operating segment. The disposal is in line with Adevinta's portfolio optimisation strategy. On 30 September 2020 the associated assets and liabilities of the disposal group were presented as held for sale. The disposal group did not represent a separate major line of business, thus did not qualify as discontinued operations.

In November 2020 the Group recognised the sale of these subsidiaries, which resulted in a gain before tax of €4.3 million recognised in other operating income / expenses (note 4). Details of the sale were as follows:

	6 November 2020
Consideration received or receivable	32.9
Carrying amount of net assets sold	(26.6)
Gain on sale before income tax and reclassification of foreign currency reserve	**6.3**
Reclassification of foreign currency translation reserve	(2.0)
Gain on sale before income tax	**4.3**
Income tax expense (capital gain tax)	(5.5)
Gain/(loss) on sale after income tax	**(1.2)**

The carrying amounts of assets and liabilities as at the date of sale (6 November 2020) were:

	6 November 2020
Assets of the disposal group	
Intangible assets	25.5
Trade receivables	5.7
Other assets	2.3
Cash and cash equivalents	1.5
Total assets of the disposal group	**35.0**
Liabilities	
Other liabilities	8.4
Total liabilities of the disposal group	**8.4**
Net assets of the disposal group	**26.6**

Grupo ZAP acquired through OLX joint venture

In March 2020, OLX Brazil joint venture agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately R$2.9 billion. At signing, Adevinta entered into a deal contingent hedge to fix Adevinta's funding commitment in relation to the transaction in € and eliminate the currency risk. On 1 October 2020, the Brazil's Antitrust Agency (CADE) issued the formal approval for the transaction and the acquisition closed on 30 October 2020.

On 13 October 2020 Adevinta converted the deal's contingent derivatives into plain vanilla instruments. At settlement the derivatives were derecognised and the resulting difference of €(66.9) million was recognised in net financial items (note 5) in profit or loss.

In addition, the acquisition of Grupo Zap was partially financed through a capital increase in the joint venture in Brazil amounting to €76.7 million and a loan to the joint venture amounting to BRL 949.4 million (€149.9 million at 31 December 2020).

Note 3. Operating Segment Disclosures

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

France comprises primarily leboncoin (including Kudoz, which was integrated in May 2019), MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo.

Spain comprises primarily InfoJobs, Coches.net, Motos.net, Fotocasa, habitaclia, Milanuncios and Vibbo.

Brazil comprises OLX Brazil joint venture (including Anapro and Grupo Zap) and Infojobs Brazil. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil is accounted for using the equity method of accounting. The segment figures for Brazil are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated Income Statement and Consolidated Statement of Financial Position.

Global Markets comprises primarily Subito and Infojobs in Italy; Daft, Done Deal and Adverts in Ireland; Hasznaltauto and Jofogas in Hungary; Fincaraiz in Colombia (sold in Q4 2020); Yapo in Chile; Segundamano in Mexico; Kufar in Belarus; Tayara in Tunisia (sold in Q4 2020); Avito in Morocco (sold in Q4 2020); Corotos in Dominican Republic (sold in Q2 2020); Shpock in Austria, Germany and United Kingdom; and willhaben in Austria. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, willhaben is accounted for using the equity method of accounting. The segment figures for willhaben in Global Markets are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated Income Statement and Consolidated Statement of Financial Position.

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

Eliminations comprise reconciling items related to OLX Brazil, willhaben and intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

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

The operating segments correspond to the management structure and the internal reporting to the Group's chief operating decision maker, defined as the CEO.

Operating revenues and profit (loss) by operating segments

Fourth quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	109.2	43.4	24.5	39.2	1.0	(34.4)	182.9
Operating revenues from other segments	0.4	-	-	0.1	2.4	(2.9)	-
Operating revenues	**109.6**	**43.4**	**24.5**	**39.3**	**3.4**	**(37.3)**	**182.9**
Gross operating profit (loss) excl. Investment phase	52.9	13.3	2.1	5.4	(14.0)	(3.4)	56.3
Gross operating profit (loss)	52.9	13.3	2.1	(1.3)	(14.0)	(3.4)	49.6
Operating profit (loss)	**46.8**	**10.3**	**(2.8)**	**(36.1)**	**(23.0)**	**(1.0)**	**(5.8)**

Full year 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	392.1	164.7	73.3	145.2	5.4	(107.2)	673.5
Operating revenues from other segments	1.1	-	-	0.6	3.5	(5.2)	-
Operating revenues	**393.2**	**164.7**	**73.3**	**145.8**	**8.9**	**(112.4)**	**673.5**
Gross operating profit (loss) excl. Investment phase	190.9	52.6	12.9	25.4	(60.6)	(21.9)	199.3
Gross operating profit (loss)	190.9	52.6	12.9	8.6	(60.6)	(21.9)	182.5
Operating profit (loss)	**166.3**	**40.6**	**(0.6)**	**(28.9)**	**(115.6)**	**(5.9)**	**55.9**

Fourth quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	101.3	46.9	23.2	41.7	2.8	(31.6)	184.3
Operating revenues from other segments	0.2	-	-	0.3	0.6	(1.1)	-
Operating revenues	**101.5**	**46.9**	**23.2**	**42.0**	**3.3**	**(32.6)**	**184.3**
Gross operating profit (loss) excl. Investment phase	49.7	16.4	4.8	5.2	(16.9)	(5.5)	53.7
Gross operating profit (loss)	49.7	16.4	4.8	1.2	(16.9)	(5.5)	49.6
Operating profit (loss)	**43.7**	**13.2**	**2.9**	**(24.9)**	**(23.9)**	**1.5**	**12.5**

Full Year 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	356.9	182.0	86.0	162.8	10.5	(117.8)	680.3
Operating revenues from other segments	0.6	-	-	1.3	2.4	(4.3)	-
Operating revenues	**357.4**	**182.0**	**86.0**	**164.1**	**12.8**	**(122.1)**	**680.3**
Gross operating profit (loss) excl. Investment phase	191.3	60.5	6.0	25.5	(61.0)	(13.0)	209.4
Gross operating profit (loss)	191.3	60.5	6.0	15.7	(61.0)	(13.0)	199.5
Operating profit (loss)	**175.1**	**48.7**	**1.6**	**(18.4)**	**(83.1)**	**(1.1)**	**122.8**

Operating revenues by category:

€ million	Fourth quarter 2020	Fourth quarter 2019	Full Year 2020	Full Year 2019
Advertising revenues	35.8	38.9	117.6	135.0
Classifieds revenues	144.8	140.1	546.2	527.4
Other operating revenues	2.3	5.4	9.7	17.9
Operating revenues	**182.9**	**184.3**	**673.5**	**680.3**

Disaggregation of revenues by category:

Fourth quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	20.8	6.2	0.1	8.7	-	35.8
Classified revenues	87.3	37.2	1.0	19.1	0.2	144.8
Other revenues	0.9	-	-	0.1	0.8	1.8
Revenues from contracts with customers	**109.0**	**43.4**	**1.1**	**27.9**	**1.0**	**182.4**
Revenues from lease contracts, government grants and others	0.2	-	0.1	0.1	0.1	0.5
Operating revenues from external customers	**109.2**	**43.4**	**1.2**	**28.0**	**1.1**	**182.9**

Full year 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	65.6	21.1	0.6	30.3	-	117.6
Classified revenues	322.8	143.6	4.2	75.4	0.2	546.2
Other revenues	3.5	-	-	0.2	2.9	6.6
Revenues from contracts with customers	**391.9**	**164.7**	**4.8**	**105.9**	**3.1**	**670.4**
Revenues from lease contracts, government grants and others	0.2	-	-	0.5	2.4	3.1
Operating revenues from external customers	**392.1**	**164.7**	**4.8**	**106.4**	**5.5**	**673.5**

Fourth quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	22.5	6.2	0.2	10.0	-	38.9
Classified revenues	76.5	40.6	1.7	21.3	0	140.1
Other revenues	2.3	0.1	-	0.1	2.3	4.9
Revenues from contracts with customers	**101.3**	**46.9**	**1.9**	**31.4**	**2.4**	**183.9**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	0.4	0.5
Operating revenues from external customers	**101.3**	**46.9**	**1.9**	**31.6**	**2.7**	**184.3**

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

Note 4. Other Income and Expenses and Impairment Loss

	Fourth quarter		Full Year	
€ million	**2020**	**2019**	**2020**	**2019**
Restructuring costs	(0.7)	(2.9)	(2.4)	(6.8)
Gain (loss) on sale of subsidiaries, joint ventures and associates	4.3	-	6.6	0.4
Gain (loss) on sale of intangible assets, property, plant and equipment and investment property	(0.6)	(0.0)	(0.7)	(0.0)
Gain (loss) on amendment of pension plans	-	0.0	-	0.0
Acquisition-related costs	(6.3)	(0.3)	(32.5)	(1.0)
Integration-related costs	(4.6)	-	(6.1)	0.0
IPO-related costs	(0.8)	(0.7)	(3.1)	(5.6)
Other	(1.3)	0.0	(1.2)	0.2
Total other income and expenses	**(10.0)**	**(3.9)**	**(39.4)**	**(12.8)**

Restructuring costs of €(2.4) million in 2020 consisted primarily of costs from restructuring processes in Other/Headquarters, Spain and Global Markets.

Acquisition-related costs of €(32.5) million and integration-related costs of €(6.1) million mainly relate to the upcoming acquisition of eBay Classifieds Group.

IPO-related costs of €(3.1) million mainly relate to the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019. IPO-related costs of €(5.6) million in 2019 consisted mainly of expenses related to Adevinta's listing process.

Impairment loss of €(42.8) million in 2020 is mainly attributable to €(42.4) million impairment of goodwill related to Yapo (in Chile). In 2019 impairment loss of €(24.6) million included impairment of goodwill related to Mexico of €(22.6) and impairment of internally generated intangible assets of in total €(2.0) million.

Note 5. Net Financial Items

	Fourth quarter		Full year	
€ million	**2020**	**2019**	**2020**	**2019**
Net interest income (expenses)	(5.6)	(1.2)	(9.1)	(6.0)
Net foreign exchange gain (loss)	2.5	(0.6)	(84.5)	1.4
Net other financial income (expenses)	2.2	(0.6)	(1.1)	(1.4)
Net financial items	**(0.9)**	**(2.4)**	**(94.7)**	**(6.1)**

Pursuant to the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about R$2.9 billion which has been funded equally by each joint venture partner, Adevinta entered into a series of derivative instruments to hedge the foreign currency exposure of the firm commitment of the Grupo Zap acquisition by locking the funding amount in €. The depreciation of the BRL against the € during 2020 has resulted in a decrease in the fair value of those derivatives amounting to €(66.9) million, until they were settled on the closing of the transaction.

Pursuant to the agreement entered into to acquire eBay Classifieds Group, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure for the consideration to be paid in US$, locking the cash to be paid in €. The depreciation of the US$ against the € since July 2020 has resulted in a decrease in fair value of those derivatives. Some of these derivatives are not accounted for as hedges. As a consequence, €151.1 million have been registered as foreign exchange losses, €144.3 million through OCI and €6.8 million as a financial expense.

Note 6. Contingent Liabilities

Digital Services Tax in France

The French digital services tax legislation (DST) was enacted during 2019. The main features of the DST bill are a single rate of 3% to be levied on gross revenue derived from two types of activities if deemed to be made or supplied in France:

• The supply, by electronic means, of a digital interface that allows users to contact and interact with other users, in particular in view of delivering goods or services directly between those users.

• Services provided to advertisers or their agents enabling them to purchase advertising space located on a digital interface accessible by electronic means in order to display targeted advertisements to users located in France, based on data provided by such users.

Taxpayers of DST are defined as companies (wherever their location) for which the annual revenue received in consideration for taxable services cumulatively exceeds both of the following thresholds in the previous tax year:

• €750 million of worldwide revenue; and,

• €25 million of revenue generated in France.

As enacted, the DST retrospectively applies to digital services revenue for 2019 and 2020. If applicable, the DST will negatively impact Adevinta's EBITDA. The DST amount payable is deductible for corporate income tax purposes.

Due to the complexity of the law the assessment of whether DST is applicable to Adevinta Group is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as at 31 December 2020.

The main uncertainties relate to whether the services which Schibsted Group (including Adevinta Group) provide to its users in France and other countries are to be considered within the scope of DST. The current interpretation points to the non-inclusion of some of the said services which means the applicable worldwide revenues within the scope of DST should be below €750 million.

Should the interactions with the French Tax Authorities and other actions conclude differently, the DST amounts applicable to Adevinta are not expected to exceed €18.0 million in total for 2019 and 2020. Management will continue to work with the French tax authorities to obtain further clarification on this matter.

Note 7. Other Matters

Covid-19

The Covid-19 outbreak is currently affecting the world economy negatively. Adevinta's businesses have experienced reduced revenue due to the Covid-19 pandemic, which is an impairment indicator, and hence management has updated the estimated recoverable amount and compared this to the carrying amount for the relevant CGUs. The recoverable amount of a CGU is the higher of an asset's fair value less costs of disposal and value in use. Value in use is assessed by discounting estimated future cash flows. Reference is made to the carrying amounts, principles and estimation uncertainty and sensitivity for impairment testing disclosed in note 15 in Adevinta's annual report for 2019.

The risk of changes in expected cash flows that affect the financial statements will naturally be higher in markets in an early phase and be more limited in established markets. Furthermore, the risk of changes is significantly higher in periods with uncertain macroeconomic prognosis as it is the case during Covid-19.

Adevinta has goodwill and other non-current assets related to CGUs in certain markets that presently recognise negative or low profitability due to large investments in market positions and immature monetisation rates.

These CGUs are dependent on future growth in profitability to recover goodwill. This mainly applies to Mexico and Chile where there is an increased uncertainty about the future performance due to Covid-19 and the recoverable amounts are close to the carrying amounts. The recoverable amounts can be significantly affected by assumptions applied for discount rates, sustained growth and future cash flows which are uncertain at this stage.

Management has based its current estimates of future cash flows on the expectation that the businesses will recover from Covid-19 in line with expected recovery projections for 2021 and the discount rates are based on an expected stabilization of volatility, risk premiums and interest rates at levels indicative of the current environment. The expected economic recovery can be negatively impacted by the pace of the vaccine rollout and its effectiveness to deter further stringent lockdown restrictions and in certain instances continued government support policies. To this end management will continue to monitor the situation and its consequential impact to the businesses. Based on the current estimates, the only impairment loss recognised in 2020 was on the goodwill recognised when Yapo (Chile) was acquired amounting to €42.4 million (see note 4). Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of Covid-19 is obtained.

Adevinta had at the end of December 2020 net interest-bearing debt of €470.0 million and €466.0 million total liquidity available. Net interest-bearing debt includes proceeds of the Senior Secured Notes held in escrow until closing of transaction.

Government measures

Government grants are recognised when there is reasonable assurance that the conditions attaching to the grants will be complied with and that the grants will be received.

The grants related to income are recognised as other income unless they directly relate to specific expense items. In the latter case these grants are deducted from the related expenses.

Adevinta has made use of certain measures implemented by governments in different territories to mitigate the effect of Covid-19. Such measures primarily relate to employees being temporarily laid off in Spain and France and deferrals in payment terms of taxes and other levies. These measures contributed positively to operating profit in Q4 with €0.2 million, and had no impact in the cash flow of Q4.

Note 8. Events After the Balance Sheet Date

Covid-19 pandemic

The duration and extent of the pandemic and related financial, social and public health impacts of the Covid-19 pandemic are uncertain. Disclosures have been included in Group Overview and note 7 on the impact that this uncertainty has had on the reported amounts for the year ended 31 December 2020 and the potential impacts that this uncertainty may have on reported figures in future periods.

Other than the matter described above, no matters have arisen since the end of the year 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 company presents alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below:

Measure	Description	Reason for including
EBITDA/Gross operating profit (loss)	EBITDA is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortisation. The measure equals gross operating profit (loss).	Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related to transactions and events not considered by management to be part of operating activities. Management believes the measure enables an evaluation of operating performance.
EBITDA excl. Investment phase	EBITDA excl. Investment phase is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax, depreciation and amortisation excl. Investment phase. This measure equals gross operating profit (loss) from developed operations. The excluded operations are characterised by growth phase with large investments in market positions, immature monetisation rate and sustainable profitability has not been reached.	Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related to transactions and events not considered by management to be part of operating activities to convey information of segment profitability in developed phase operations. Management believes the measure enables an evaluation of operating performance.
Operating revenues incl. JVs	Operating revenues including the proportional ownership of willhaben (Austria) and OLX (Brazil).	Shows performance including the proportional ownership of willhaben (Austria) and OLX (Brazil). Management believes the measure reflects the real scale, growth and profitability of Adevinta.
EBITDA incl. JVs	Gross operating profit including the proportional ownership of willhaben (Austria) and OLX (Brazil).	Shows performance including the proportional ownership of willhaben (Austria) and OLX (Brazil). Management believes the measure reflects the real scale, growth and profitability of Adevinta.
EBITDA margin	Gross operating profit (loss) / Operating revenues.	Shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenue. Management believes the measure enables an evaluation of operating performance.
EBITDA margin excl. Investment phase	Gross operating profit (loss) excl. Investment phase / Operating revenues. The excluded operations are characterised by growth phase with large investments in market positions, immature monetisation rate and sustainable profitability has not been reached.	Shows the operations' performance regardless of capital structure, tax situation and effects from operations characterised by growth phase with large investments in market positions where profitability has not been reached as a ratio to operating revenue. Management believes the measure enables an evaluation of operating performance.
EBITDA margin incl. JVs	Gross operating profit (loss) including the proportional ownership of willhaben (Austria) and OLX (Brazil) / Operating revenues including the proportional ownership of willhaben (Austria) and OLX (Brazil).	Shows the operations' performance including the proportional ownership of willhaben (Austria) and OLX (Brazil) as a ratio to operating revenue including the proportional ownership of willhaben (Austria) and OLX (Brazil). Management believes the measure reflects the real scale, growth and profitability of Adevinta.

Underlying tax rate	Underlying tax rate is defined as tax cost excluding effects that do not result in current tax payables.	Management believes that adjusted tax rate represents a more understandable measure of what is tax payable by the Group.
Liquidity reserve	Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.	Management believes that liquidity reserve shows the total liquidity available for meeting current or future obligations.
Interest-bearing debt/Total debt	Interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities. Total debt is defined as interest-bearing debt.	Management believes that it is a useful indicator of the company's debt profile 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 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 transaction.
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 fluctuation and changes in consolidation scope.

Developed Phase and Investment Phase

Developed Phase	
Consolidated Subsidiaries	**Joint ventures and associates**
• France: leboncoin, MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo • Spain: Coches.net, Motos.net, Fotocasa, Vibbo, Milanuncios, InfoJobs and habitaclia • Italy: Subito and InfoJobs • Ireland: Daft, Done Deal and Adverts • Hungary: Hasznaltauto and Jofogas • Colombia: Fincaraiz (sold in Q4 2020) • Brazil: Infojobs	• Austria: willhaben • Brazil: OLX, Anapro and Grupo Zap. • France: Younited

Investment Phase (The investment phase operations are characterised by growth phase with large investments in market positions, immature monetisation rate and sustainable profitability has not been reached)	
Consolidated Subsidiaries	**Joint ventures and associates**
• Shpock in markets: Austria, Germany and United Kingdom • Chile: Yapo • Mexico: Segundamano • Morocco: Avito (sold in Q4 2020) • Belarus: Kufar • Dominican Republic: Corotos (sold in Q2 2020) • Tunisia: Tayara (sold in Q4 2020)	• Indonesia: OLX (sold in Q4 2020) • Portugal: Custo Justo (associate from Q3 2018)

	Fourth quarter		Full Year	
Reconciliation of EBITDA (before other income and expenses, impairment, joint ventures and associates) (€ million)	**2020**	**2019**	**2020**	**2019**
Gross operating profit (loss)	**49.6**	**49.6**	**182.5**	**199.5**
= EBITDA (before other income and expenses, impairment, JVs and associates)	49.6	49.6	182.5	199.5

	Fourth quarter		Full Year	
Reconciliation of Operating revenues and EBITDA excl. Investment phase and in accordance with financial statements (€ million)	**2020**	**2019**	**2020**	**2019**
Operating revenues	**182.9**	**184.3**	**673.5**	**680.3**
Operating revenues Investment phase	5.2	7.2	21.3	28.5
Operating revenues excl. Investment phase	177.7	177.1	652.2	651.8
Gross operating profit (loss)	**49.6**	**49.6**	**182.5**	**199.5**
EBITDA Investment phase	(6.7)	(4.1)	(16.8)	(9.8)
EBITDA excl. Investment phase	56.3	53.7	199.3	209.4

	Fourth quarter		Full Year	
Underlying tax rate (€ million)	**2020**	**2019**	**2020**	**2019**
Profit (loss) before taxes	(6.7)	10.1	(38.8)	116.7
Share of profit (loss) of joint ventures and associates	(14.7)	(4.3)	(16.2)	(5.9)
Other losses for which no deferred tax benefit is recognised	26.2	17.4	177.9	42.9
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(4.3)	-	(6.6)	(0.4)
Other non-taxable gains	(3.4)	-	(3.4)	-
Impairment losses	42.4	22.6	42.4	22.6
Adjusted tax base	**39.5**	**45.8**	**155.3**	**175.9**
Taxes	(4.8)	6.4	31.0	49.6
Reassessment of previously unrecognised deferred tax assets	17.7	-	17.7	-
Other non-recurring tax items	4.3	-	4.3	-
Capital gain tax	(5.5)	-	(5.5)	-
Adjusted taxes	**11.8**	**6.4**	**47.5**	**49.6**
Underlying tax rate	**29.9%**	**14.0%**	**30.6%**	**28.2%**

Other non-taxable gains include €3.4 million due to the remeasurement of the fair value of contingent consideration.

Reassessment of previously unrecognised deferred tax assets includes recognition of €13.7 million deferred tax assets in Spain, due to increased probability of utilising deferred tax benefits following reorganisation of centralised development activities, and €4.0 million of deferred tax assets recognised in France as it is now probable that these deferred tax assets can be recovered.

Other non-recurring tax items mainly include tax credits in relation to R&D projects developed in Spain.

	31 December	31 December
Liquidity reserve	**2020**	**2019**
Cash and cash equivalents	131.0	71.8
Unutilised drawing rights on credit facilities	335.0	100.0
Liquidity reserve	**466.0**	**171.8**

	31 December	31 December
Net interest-bearing debt	**2020**	**2019**
Non-current interest-bearing borrowings	1,266.2	201.7
Lease liabilities, non-current	81.6	53.2
Total non-current liabilities	**1,347.8**	**254.9**
Current interest-bearing borrowings	294.8	0.3
Lease liabilities, current	18.4	13.3
Total current liabilities	**313.2**	**13.6**
Interest-bearing debt	**1,661.0**	**268.5**
Proceeds from the borrowings placed in the escrow account	(1,060.0)	-
Cash and cash equivalents	(131.0)	(71.8)
Net interest-bearing debt	**470.0**	**196.7**

	Fourth quarter		Full Year	
Earnings per share - adjusted	**2020**	**2019**	**2020**	**2019**
Profit (loss) attributable to owners of the parent	(3.8)	2.6	(71.6)	64.0
Other income and expenses	10.0	3.9	39.4	12.8
Impairment loss	42.8	24.3	42.8	24.6
Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	0.1	(04)	(0.6)	(1.0)
Profit (loss) attributable to owners of the parent - adjusted	**49.1**	**30.4**	**10.0**	**100.4**
Earnings per share – adjusted (EUR)	0.07	0.04	0.01	0.15
Diluted earnings per share – adjusted (EUR)	0.07	0.04	0.01	0.15

	Fourth quarter		Full year	
Currency rates used when converting profit or loss	**2020**	**2019**	**2020**	**2019**
Pound sterling (GBP)	1.1070	1.1632	1.1253	1.1406
Brazilian Real (BRL)	0.1555	0.2193	0.1721	0.2268

P.O. Box 490 Sentrum
NO-0105 Oslo

Tel: +47 23 10 66 00
Fax: +47 23 10 66 01
E-mail: ir@adevinta.com
www.adevinta.com

Investor information:
www.adevinta.com/ir

Financial Calendar

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