Q2 2020

Interim Report

July 16 2020

Adevinta Highlights

Highlights of Q2 2020

Stronger-than-expected recovery, especially in France

- Operational KPIs improving in all segments throughout Q2
- Total revenues[1] down 16% but performance improving month by month
- Online classifieds revenues[1] decreased 12%
- Display advertising revenues[1] decreased 32%
- France back to positive organic growth in June

Strong EBITDA[1] performance despite significant drop in revenues and sustained investment in P&T

- Margin flat yoy
- Expected dilutive impact of acquisitions and of corporate functions set up
- Sustained investment in P&T
- Successful cost saving initiatives

Product & technology achievements

- Deployment of end-to-end transactional solution in various markets
- Increasing use of machine learning

Strong financial position securing ability to invest organically and externally

- Leverage ratio of 0.6x at end of June
- Cash & cash equivalent at €308m
- Undrawn €400m RCF

Further progress in the preparation for the acquisition of Grupo Zap

Rolv Erik Ryssdal, CEO

In recent months, Covid-19 has upended the daily lives of citizens and economies across the world. As anticipated, our Q2 performance was impacted negatively. Nonetheless, we have seen strong improvement throughout the quarter in all segments. We are now back to pre-covid levels and above last year's levels in terms of traffic and leads in most markets. We have even reached record-high traffic in some countries like France, Spain and Austria.

Our financial performance has recovered faster than expected, especially in France, where we posted positive organic growth in June.

We successfully implemented cost saving initiatives, which has allowed us to mitigate to some extent the impact on our profits while we continued to invest in product and technology to support future growth.

Consumer behaviour is changing at an accelerated pace. The drive for more convenience, trust and transparency, as well as the shift toward more sustainable consumption, has amplified the role of online marketplaces. For our professional clients online advertising has become an increasingly important part of their operating model. Their needs and feedback have continued to underpin our product development roadmap. We have accelerated building transactional solutions in our products, whilst improving our offerings and efficiency. As a leading player in our markets and a highly trusted business partner we have helped our clients to restart their activities as soon as they could safely do so. This puts us in an even better position for the years to come.

Looking ahead, we expect our recovery to continue, with positive growth in France and further improvement in other countries in the second-half of the year, and beyond. The macro environment may be uncertain in the near term, but we are excited about the long-term opportunities in our markets and remain confident about our long-term sustainable growth profile.

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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 section. Definitions and Reconciliations at the end of the report.

	Second quarter		(€ million)	YTD		
yoy%	2019	2020		2020	2019	yoy%
-16%	**184.6**	**155.8**	**Operating revenues incl. JVs**	**343.8**	**359.0**	**-4%**
-15%	**49.9**	**42.5**	**EBITDA incl. JVs**	**85.0**	**99.6**	**-15%**
	27%	27%	EBITDA margin incl. JVs	25%	28%	
			Operating revenues - segments			
-3%	88.5	86.0	France	183.5	170.2	8%
-28%	46.0	33.0	Spain	79.4	89.9	-12%
-34%	20.3	13.4	Brazil	32.7	40.8	-20%
-23%	41.8	32.1	Global Markets	69.3	81.2	-15%
			EBITDA - segments			
-15%	48.2	40.8	France	87.8	93.3	-6%
-30%	15.5	10.8	Spain	24.5	28.1	-13%
>100 %	(7.0)	4.6	Brazil	7.0	(2.2)	>100 %
-69%	5.1	1.6	Global Markets	3.6	8.0	-56%
			Cash flow			
-33%	19.8	13.3	Net cash flow from operating activities	56.0	70.8	-21%

Key consolidated financial figures

	Second quarter		(€ million)	YTD		
yoy%	2019	2020	Consolidated financial figures	2020	2019	yoy%
-15%	**170.3**	**145.0**	**Operating revenues - segments**	**319.5**	**330.6**	**-3%**
-3%	88.5	86.0	France	183.5	170.2	8%
-28%	46.0	33.0	Spain	79.4	89.9	-12%
-34%	20.3	13.4	Brazil	32.7	40.8	-20%
-23%	41.8	32.1	Global Markets	69.3	81.2	-15%
-17%	3.0	2.4	Other and Headquarters	4.5	7.2	-38%
25%	(29.2)	(21.9)	Eliminations	(49.9)	(58.7)	15%
-26%	**52.3**	**38.7**	**Gross operating profit (EBITDA) - segments**	**78.8**	**98.3**	**-20%**
-15%	48.2	40.8	France	87.8	93.3	-6%
-30%	15.5	10.8	Spain	24.5	28.1	-13%
>100 %	(7.0)	4.6	Brazil	7.0	(2.2)	>100 %
-69%	5.1	1.6	Global Markets	3.6	8.0	-56%
19%	(14.2)	(11.5)	Other and Headquarters	(31.5)	(26.2)	-20%
-261%	4.7	(7.6)	Eliminations	(12.6)	(2.7)	-369%
			Proportional ownership view			
-16%	**184.6**	**155.8**	**Operating revenues incl. JVs**	**343.8**	**359.0**	**-4%**
-15%	**49.9**	**42.5**	**EBITDA incl. JVs**	**85.0**	**99.6**	**-15%**
	27%	27%	EBITDA margin incl. JVs	25%	28%	

Operational Development

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

Adevinta Overview

	Second quarter		(€ million)	YTD		
yoy%	2019	2020	ADEVINTA	2020	2019	yoy%
-15%	**170.3**	**145.0**	**Operating revenues**	**319.5**	**330.6**	**-3%**
-25%	14.3	10.7	Proportional revenues from JVs	24.2	28.4	-15%
-16%	**184.6**	**155.8**	**Operating revenues incl. JVs**	**343.8**	**359.0**	**-4%**
-26%	**52.3**	**38.7**	**EBITDA**	**78.8**	**98.3**	**-20%**
-21%	54.0	42.6	- of which Developed phase	86.0	103.5	-17%
-136%	(1.7)	(3.9)	- of which Investment phase	(7.2)	(5.2)	-39%
	31%	27%	EBITDA margin	25%	30%	
>100 %	(2.4)	3.8	Proportional EBITDA from JVs	6.3	1.3	>100 %
-15%	**49.9**	**42.5**	**EBITDA incl. JVs**	**85.0**	**99.6**	**-15%**
	27%	27%	EBITDA margin incl. JVs	25%	28%	

Revenues, including JVs, declined 16% in Q2 compared to Q2 2019 (or -20% excluding L'Argus) strongly impacted by COVI-19 in all of our markets. After a significant decline in April, trends are improving month by month in all regions and France even returned to positive year-on-year organic growth in June. Classifieds revenues were down 12% in the quarter, while display advertising revenues were down 32%. L'Argus acquisition added 3.9 points to total revenue growth but changes in exchange rate had a negative 1.5 point impact.

Gross operating profit (EBITDA) decreased by 15% yoy. The negative impact of COVID-19 in our main markets was partially mitigated by strong cost reduction initiatives implemented throughout the group. During the period we continued to invest in product & technology (at central and business levels) to drive future growth, capture the accelerated consumer trends and operational efficiency. Compared to last year, the set up of corporate functions had a negative effect, as anticipated, while we benefited from positive one-offs in other costs where we recognized UK government grants as R&D credits.

France

	Second quarter		(€ million)	YTD		
yoy%	2019	2020	France	2020	2019	yoy%
-3%	88.5	86.0	Operating revenues	183.5	170.2	8%
-12%	40.2	45.1	Operating expenses	95.7	76.9	24%
-15%	48.2	40.8	EBITDA	87.8	93.3	-6%
	54%	47%	EBITDA margin	48%	55%	

Revenues in France contracted by 3% in the second quarter (or -11% excluding L'Argus), significantly impacted by the challenging business environment implied by the COVID-19. Total classifieds revenues grew 5% compared to last year (including contribution from L'Argus), driven by subscription revenue for cars and real estate verticals and ramp up in transactional. The lockdown of the country significantly impacted the revenue performance in April. Following the lifting of the lockdown, the trend improved and revenue returned to double digit growth in June driven by classifieds while Advertising remained subdued below previous year level.

EBITDA margin decreased 7 pp strongly impacted by the drop in April and May revenues but also due to the dilutive impact of acquisitions and investment in the transactional model ahead of revenue generation. Several initiatives, along with government support measures related to employees, were implemented during the lockdown to mitigate the shortfall in revenues. Nevertheless, since mid May, strong marketing investments have been activated.

Traffic dropped significantly following the lockdown of the country but strong recovery was seen during April and in May, with traffic reaching record levels. Similar trends were observed in leads.

In Q2 we continued to ramp-up a full transactional solution and enhanced the delivery solution with a partnership with La Poste offering additional shipping options within Consumer Goods. The number of daily transactions doubled compared to February. We launched a comprehensive tourism offering with attractive commercial conditions to increase our position in the holiday rental segment by integrating Pilgo and Locasun into the offering. We also improved our offering with pricing tools in real estate, the integration of L'Argus valuation tool and payment solutions in cars, and CV library and dedicated seekers' universe in jobs.

Spain

	Second quarter		(€ million)	YTD		
yoy%	2019	2020	Spain	2020	2019	yoy%
-28%	46.0	33.0	Operating revenues	79.4	89.9	-12%
-27%	30.6	22.2	Operating expenses	54.9	61.7	-11%
-30%	15.5	10.8	EBITDA	24.5	28.1	-13%
	34%	33%	EBITDA margin	31%	31%	

Revenues in Spain saw negative growth of -28% in Q2 compared to Q2 2019 significantly impacted by the full lockdown, although gradually recovering as the restrictions were uplifted. Classifieds revenues were down 28% compared to Q2 2019; impacted by selected discounts offered to professional customers as part of the tailored and reactive customer-support strategy. Real estate and cars markets, which were hit by the decrease of transactions in April and May, were recovering in June. Jobs benefited from the resilience of annual contract revenues. Other revenue drivers were highly impacted by the decrease in signed employment contracts and the economy contraction but recovering towards the end of Q2.

Display advertising decreased by 31% year-over-year (though representing a limited share of total revenues), impacted by reduction in advertising budget of many companies. However, we have seen programmatic revenues back to normal levels in June in line with traffic recovery.

Traffic developed positively, to above last year levels from May. Our real estate marketplaces reached all-time-high KPI's in May and June and we saw great recovery in motor, back to pre-COVID level in June.

The EBITDA margin decreased 1pp, strongly impacted by the decline in revenues in April and May. The successful execution of cost saving initiatives partially mitigated the impact of the revenue drop on profitability. They included reductions in marketing investment, selective temporary working hours reduction and negotiation with key providers.

In Q2, we have kept the focus on our strategy of improving our products, developing key convergence projects and enhancing our monetisation. We have improved the search experience with machine learning and deployed new products to increase engagement in jobs. We have adjusted our value proposition with the launch of new product features to facilitate acquisition of content in cars and the accelerated introduction of 3D experiences in real estate. We have prioritised and accelerated the development of a payment and delivery solution in Milanuncios.

Brazil

	Second quarter		(€ million)	YTD		
yoy%	2019	2020	Brazil	2020	2019	yoy%
-34%	20.3	13.4	Operating revenues	32.7	40.8	-20%
-68%	27.3	8.8	Operating expenses	25.7	43.0	-40%
>100 %	(7.0)	4.6	EBITDA	7.0	(2.2)	>100 %
		34%	EBITDA margin	21%		

Strong depreciation of brazilian real against euro compared to Q2 2019 impacted total revenue growth. Operational revenue in the Brazil segment decreased by 11% in local currency strongly impacted by COVID-19, with recovery underway towards the end of the quarter.

OLX.com.br in Brazil, which is a 50% owned joint venture, decreased revenue in Q2 by 10% in local currency, due to a slowdown in supply in real estate and car verticals and in direct advertising. We saw recovery in professional revenues driven by successful initiatives to improve retention and new sales, and also in indirect advertising, above pre-COVID levels, due to improvement in formats and boost in traffic from mid May. Acceleration in the deployment of a transactional model continues to position ourselves for future growth.

Operational KPIs suffered a hit at the beginning of the lockdown but gradually recovered. We saw great development in traffic and liquidity from mid May, reaching all time high in daily active users.

Infojobs.com.br in Brazil decreased its operational revenues by -23% in local currency; professional revenue significantly affected by the pandemic of Covid-19.

In Q2, cumulative EBITDA increased by €12 million when compared to Q2 2019. This was positively impacted by a one-off reversal of the management long-term incentive in OLX Brazil. Excluding this one-off impact, EBITDA margin would have seen a decrease of 6 percentage points vs Q2 2019 (an EBITDA margin of 12%), as a result of the revenue decline and investment in product & tech resources, partly offset by solid cost control measures.

In Q2 we have deployed an end-to-end transactional solution in OLX Brazil with wallet, escrow and delivery components. We have launched new features to adapt to evolving users' expectations, around social distancing with video listings, trust and safety improvement and ad insertion.

Global Markets

	Second quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**Global Markets**	**2020**	**2019**	**yoy%**
-23%	41.8	32.1	Operating revenues	69.3	81.2	-15%
-17%	36.7	30.5	Operating expenses	65.7	73.2	-10%
-69%	5.1	1.6	EBITDA	3.6	8.0	-56%
	12%	5%	EBITDA margin	5%	10%	

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

The Global Markets portfolio saw negative revenue growth of -23% compared to Q2 2019 (or -22% at constant currency) with a significant impact from the COVID-19 situation although showing strong signs of recovery towards the end of the quarter. Classifieds revenues were down -18% over the quarter despite an improvement in June. Revenues in advertising were also heavily impacted and declined year-on-year by -32% despite signs of recovery in June which saw willhaben return to growth year-on-year .

EBITDA decreased by €3.5 million year-on-year to €1.6 million in Q2 as overall cost reductions were unable to fully offset the revenue decline. The main downsides were in Shpock with the impact of the planned transformation to a transactional model along with Morocco, Italy and Ireland which were strongly impacted by the COVID-19 downturn. In terms of upside, willhaben increased EBITDA when compared to Q2 2019.

In Italy, we saw a heavy impact of the COVID-19 pandemic and the following lockdown, in particular during April. However operational KPIs rebounded in June, reaching all-time highs of daily active users and visits. Jobs vertical and advertising recovered more slowly when lockdown eased however we saw a significant improvement in advertising from the second half of May with the traffic boost. In terms of P&T developments, we are progressing towards full implementation of shipping, wallet and transactions in the second half of the year.

In willhaben, we have seen a strong recovery, reaching all-time highs in traffic and content in May, although Jobs and advertising are yet to recover to pre-COVID levels. New initiatives deployed include new user experience in Motor and Real Estate and the launch of Paylivery, a peer-to-peer payment and delivery service, in June across four categories in consumer goods with initial promising adoption in ad insertion.

In Ireland, we focused on preserving relationships with professional clients with extensive commercial measures to provide support during the lockdown. Many specific initiatives and new services were launched such as peer-to-peer cashless payments for DoneDeal and VR tour improvements including the development of an integrated pay as you go VR tour solution for Daft.

In Hungary, we saw all-time high door-to-door delivery service revenues led by an optimized workflow, free delivery campaigns which helped to increase and sustain the successful deal numbers and also new ad insertion options.

In Shpock we have continued to see accelerated growth in on-site transactions. We've also rolled out door-to-door delivery at Shpock during the lockdown with strong user adoption.

Traffic was significantly impacted across all geographies in the COVID-19 context but started to rebound strongly from April onwards, with willhaben reaching all-time highs in May and Italy following in June.

Investment phase portfolio

The investment phase portfolio sits predominantly in our Global Markets segment. In this portfolio we continue to look at different models to develop these early stage assets.

The EBITDA of operations in the Investment phase amounted to €(3.9) million in Q2 compared to €(1.7) million in Q2 2019 mainly led by the negative impact of COVID-19 across in particular in Chile. Investment in the transactional shift in Shpock continued through Q2. We will continue to assess the market opportunity and will adapt our investment efforts accordingly.

Outlook

The current world-wide crisis has had consequences in many aspects. Besides its social and economic impact, we see an acceleration of the trends that support the development of digital economy. Strong secular shifts in online behavior and changing consumption patterns are driving expectations for more convenient user digital journeys. Professionals are rethinking their operating models after several months of running business without being able to physically showcase their products and they're in demand for more efficient and digital content advertising solutions. In that context, we believe online marketplaces will play a more important role going forward. As a leading player in the industry, this provides a huge opportunity for us and we are constantly adapting our product development roadmap to further improve our offering, based on clients' and users' feedback and evolving needs. We intend to remain a partner of choice for them and to come out even stronger from the crisis.

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

We remain confident in the resilience of our business and in our sustainable growth profile and maintain our medium- to long-term target to grow annual revenues by 15-20% (on a proportionate basis including JVs and including bolt on acquisitions).

Inherent operational leverage remains strong in some geographies while the group will continue to invest in product & tech and further deploy the transactional model to tap into new revenue streams and create value over time. The long-term EBITDA margin is targeted to grow to above 40%. When evaluating new business opportunities, we are prioritising total profit growth and looking at opportunities from a Net Present Value perspective. The transactional model is a prime example of an exciting new business opportunity, but with lower margins than traditional verticals. We will increasingly seek to validate the value creation opportunity of deploying such models across the portfolio and will calibrate appropriate levels of resources and investment accordingly.

Due to the lack of agreement at the EU level, a digital service tax (DST) of 3% has been implemented in France and Italy and proposed in Spain. Though surrounded by a high degree of uncertainty, our view at this juncture is that the French DST is not applicable to Adevinta, hence no provision has been made. The interaction and consultation with the French tax authorities continues. Please refer to the Group Overview section and note 5 of the consolidated financial statements for further information.

Group Overview

Operating profit

Revenue decreased by 15% in Q2 2020, compared to Q2 2019, driven by the negative impact of the COVID-19 situation in all our markets, although trends have improved throughout the quarter. Operating expenses decreased by 10% in Q2 2020, compared to Q2 2019 due to strong cost reduction measures implemented to mitigate the impact of the shortfall in revenues. Personnel expenses increased compared to the same period last year as we continued to invest in talents and resources to support the long-term development of the business. As a result gross operating profit (EBITDA) decreased by 26% in Q2 2020, compared to Q2 2019.

Share of profit (loss) of joint ventures and associates increased from €(3.8) million in Q2 2019 to €2.0 million in Q2 2020 mainly explained by improved results in Brazil, caused by a positive impact generated by the revaluation of the liability related to the management long-term incentive plan. Other income and expenses in Q2 2020 was €(3.4) million (€(5.8) million in Q2 2019). Other income and expenses are disclosed in note 3.

Operating profit (loss) in Q2 2020 amounted to €22.4 million (€32.3 million in Q2 2019). Please also refer to note 2 to the condensed consolidated financial statements.

Net profit and earnings per share

Financial expenses include a €(14.7) million foreign exchange loss, mainly due to the depreciation of the BRL against the EUR (compared to a €0.6 million foreign exchange gain in Q2 2019) and mostly driven by a decrease in fair value of derivatives amounting to €(12.6) million. Net financial items are disclosed in note 4 to the condensed consolidated financial statements.

The underlying tax rate has increased from 28.2% in full year 2019 to 32.6% in Q2 2020. In 2019 the underlying tax rate was positively impacted by the application of previous year's tax losses related to some subsidiaries in France (excluding the effect of such tax loss compensation, the underlying tax rate for 2019 would have been 32.7%). The reported tax rate is 157% in Q2 2020, compared to 42% in Q2 2019. The increase in the reported tax rate is due to increase in losses for which no deferred tax asset is recognized which is primarily related to loss on derivatives.

Basic earnings per share in Q2 2020 is €(0.00) compared to €0.03 in Q2 2019. Adjusted earnings per share in Q2 2020 is €(0.00) compared to €0.03 in Q2 2019.

Financial position

The carrying amount of the Group's assets increased by €162.3 million to €2,282.1 million during 2020 and the Group's net interest-bearing debt decreased by €16.4 million to €113.8 million (see specification in Definitions and reconciliations below). The Group's equity ratio is 61% as at 30 June 2020, compared to 73% at the end of 2019.

The increase in the carrying amount of the Group's assets is mainly due to the cash received in April from the bridge loan secured through bilateral facilities with partner banks (the new facilities will support the closing of the Grupo Zap acquisition announced earlier in February). Also, the right-of-use assets and lease liabilities (included in other non-current liabilities) have increased by €45.2 million in 2020 due to new lease agreements (mainly the new office lease agreement entered into in France). These effects have been partially compensated by the reduction in Investments in joint ventures and associates as well as Intangible assets from business combinations in foreign currency (mainly BRL and CLP), when being translated to €.

As a result of the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about R$2.9 billion which will be funded equally by each joint venture partner, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure of the firm commitment of the Grupo Zap acquisition by locking the funding amount in €. The depreciation of the BRL against the € during 2020 has resulted in a decrease in fair value of those derivatives amounting to €(54.6) million, which has increased current liabilities related to financial derivatives by the same amount.

On 25 February 2020, Adevinta refinanced its existing €300 million bank facility with €600 million multi-currency term loan and revolving credit facilities. The facilities include an accordion increase option, which provides flexibility for the parties to agree an additional €120 million during the term of the facilities. The revolving credit facility has a tenor of five years with two one-year extension options, whilst the term loan component has a tenor of three years. The term loan was drawn in NOK and converted into € through a cross-currency swap and variable interest rate was swapped to fixed interest rate. It was drawn by the NOK equivalent to €200 million and the proceeds were used to cancel the old facility. As a result of the depreciation of the NOK against the € since the loan was obtained the non-current interest-bearing debt has decreased by €3.0 million. This effect has been offset by an increase in other non-current liabilities of €3.2million related to the fair value change of the swap derivative.

On 13 May 2020, Adevinta ASA decided to initiate a buyback of up to 320,000 of its own shares. The shares were to be used as settlement in the vested part of the Company's share-based incentive schemes as well as employee share saving plans. The buybacks started on the 14 of May and were completed on the 25 of May and were made in accordance with the authorisation granted to the Board of Directors by the Company's General Meeting held on 5 of May 2020. As stated in the authorisation, shares shall be purchased at a minimum of NOK 20 and a maximum of NOK 750 per share. On 28 May 2020, Adevinta ASA announced the transfer of 128,876 own shares to employees in connection with share based incentive plans. 102,127 own shares were sold through a broker in the open market at an average price of NOK 99,5904 on 26 and 27 May 2020 to cover the participant's tax liabilities in relation to the incentive program. After the transactions, Adevinta ASA holds 88,997 own shares. The share transfer is a settlement of part of the performance element of the 2018 Long Term Incentive program of Schibsted ASA, in which the Adevinta employees participated prior to the demerger effective 10 April 2019. For these participants the 2018 Long Term Incentive program of Schibsted ASA was converted to a number of Adevinta shares in connection with the demerger.

Cash flow

Net cash flow from operating activities was €56.0 million for the first half-year of 2020, compared to €70.8 million within the same period in 2019. The decrease is primarily related to the decrease in operating profit.

Net cash outflow from investing activities was €(33.9) million for the first half-year of 2020, compared to €(40.4) million within the same period in 2019. The decrease is mainly due to lower expenditure in the acquisition of subsidiaries and in the investments in other shares. Net cash inflow from financing activities was €214.8 million for the first half-year of 2020, compared to €(20.8) million within the same period in 2019. The significant increase is primarily related to the cash received from the bridge loan in 2020 but also due to the fact that in the first half-year of 2019 Adevinta had a cash outflow to increase the ownership interest in Spain to 100% which was partly offset by net financing from Schibsted.

Digital services tax (DST)

The French DST was enacted during 2019. Due to the complexity of the law including the scope of the taxable services, the assessment of whether DST is applicable to Adevinta is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as per 30 June 2020. Please see note 5 to the condensed consolidated financial statements for further information.

During 2019 Italy approved DST legislation applicable as from January 2020. The DST will levy a 3% tax over certain digital services for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with payment expected to take place in 2021. Management has assessed that Italian DST, which differs in definition and scope from the French DST, is applicable to Adevinta and hence a provision has been recognised as per 30 June 2020, but the impact is not expected to be material for Adevinta in 2020.

In February 2020 the Spanish government has approved a draft legislation to impose a 3% tax over certain digital services. The draft bill is currently being discussed in the parliament for approval. The draft legislation would be applicable to groups with worldwide revenues above €750 million and Spanish revenues applicable to DST above €3 million. Management is analysing the potential impact on Adevinta of the DST draft bill. It is not expected that DST will apply retrospectively based on current wording in the draft bill.

Agreement to acquire Grupo ZAP

In March 2020, OLX Brazil joint venture has agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately €580 million. At signing, Adevinta entered into a deal contingent hedge to fix Adevinta's funding commitment in relation to the transaction in € and eliminate the currency risk. The transaction will be subject to the approval by Brazil's Antitrust Agency (CADE), a process that can take several months to complete. In the meantime, both businesses will continue to operate independently.

COVID-19

The COVID-19 outbreak is currently affecting the world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the near term, financial performance will be affected negatively, but it is still too early to predict the full impact that COVID-19 will have on the business.

Adevinta's businesses have experienced reduced revenue due to the COVID-19 pandemic, which is an impairment indicator, and hence management has updated the estimated recoverable amount and compared this to the carrying amount for the relevant CGUs. Based on the current estimates, no impairment loss is recognised for the first-half year of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to longer term, it may have an impact on assumptions applied for calculating the recoverable amount for fixed and intangible assets, including goodwill.

Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of COVID-19 is obtained.

Adevinta had at the end of June 2020 net interest-bearing debt of €113.8 million and €708.3 million total liquidity available. Adevinta still considers liquidity and refinancing risk to be low. At the end of June 2020, the leverage ratio of the Group stood at 0.6 times net interest-bearing debt over EBITDA, leaving significant headroom compared to the leverage financial covenant of the EUR 600 million Term Loan & RCF and the EUR 225 million Term Loan Facilities. The leverage financial covenant allows Adevinta to go up to 4.0 times net interest-bearing debt over EBITDA for four consecutive quarters.

Condensed Consolidated Financial Statements

Condensed consolidated income statement

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Operating revenues	**145.0**	**170.3**	**319.5**	**330.6**
Personnel expenses	(59.0)	(55.1)	(128.6)	(110.7)
Other operating expenses	(47.3)	(62.9)	(112.1)	(121.6)
Gross operating profit (loss)	**38.7**	**52.3**	**78.8**	**98.3**
Depreciation and amortisation	(14.9)	(10.4)	(28.6)	(21.7)
Share of profit (loss) of joint ventures and associates	2.0	(3.8)	2.4	0.5
Impairment loss	-	0.0	-	(0.3)
Other income and expenses	(3.4)	(5.8)	(4.5)	(7.5)
Operating profit (loss)	**22.4**	**32.3**	**48.1**	**69.3**
Net financial items	(16.8)	(0.9)	(67.4)	(1.0)
Profit (loss) before taxes	**5.6**	**31.4**	**(19.3)**	**68.2**
Taxes	(8.8)	(13.2)	(20.8)	(27.0)
Profit (loss)	**(3.2)**	**18.2**	**(40.1)**	**41.2**
Profit (loss) attributable to:				
Non-controlling interests	0.0	0.6	(0.8)	1.1
Owners of the parent	(3.2)	17.6	(39.3)	40.1
Earnings per share in €:				
Basic	(0.00)	0.03	(0.06)	0.06
Diluted	(0.00)	0.03	(0.06)	0.06

Condensed consolidated statement of comprehensive income

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Profit (loss)	**(3.2)**	**18.2**	**(40.1)**	**41.2**
Remeasurements of defined benefit pension liabilities	-	-	-	-
Income tax relating to remeasurements of defined benefit pension liabilities	-	-	-	-
Items not to be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**
Exchange differences on translating foreign operations	(16.9)	1.2	(100.0)	10.9
Net gain/(loss) on cash flow hedges	(1.2)	-	(1.6)	-
Items to be reclassified subsequently to profit or loss	**(18.1)**	**1.2**	**(101.6)**	**10.9**
Other comprehensive income	**(18.1)**	**1.2**	**(101.6)**	**10.9**
Comprehensive income	**(21.3)**	**19.4**	**(141.7)**	**52.1**
Comprehensive income attributable to:				
Non-controlling interests	2.2	0.6	1.1	1.1
Owners of the parent	(23.5)	18.8	(142.8)	50.9

Condensed consolidated statement of financial position

	30 June	31 December
€ million	**2020**	**2019**
Intangible assets	1,390.1	1,394.8
Property, plant and equipment and right-of-use assets	117.5	85.9
Investments in joint ventures and associates	289.2	381.1
Other non-current assets	24.0	16.4
Non-current assets	**1,820.8**	**1,878.1**
Trade receivables and other current assets	153.0	169.9
Cash and cash equivalents	308.3	71.8
Current assets	**461.3**	**241.7**
Total assets	**2,282.1**	**2,119.8**
Equity attributable to owners of the parent	1,381.3	1,524.4
Non-controlling interests	15.9	14.4
Equity	**1,397.2**	**1,538.8**
Non-current interest-bearing borrowings	198.2	201.7
Other non-current liabilities	187.8	147.9
Non-current liabilities	**386.0**	**349.5**
Current interest-bearing borrowings	223.9	0.3
Other current liabilities	275.0	231.2
Current liabilities	**498.9**	**231.5**
Total equity and liabilities	**2,282.1**	**2,119.8**

Condensed consolidated statement of cash flow

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Profit (loss) before taxes	5.6	31.4	(19.3)	68.2
Depreciation, amortisation and impairment losses	14.9	10.4	28.6	22.0
Share of loss (profit) of joint ventures and associates, net of dividends received	(2.0)	3.8	(2.4)	(0.5)
Dividends received from joint ventures and associates	0.0	0.0	0.0	0.0
Taxes paid	(13.2)	(14.3)	(13.8)	(26.7)
Sales losses (gains) non-current assets and other non-cash losses (gains)	(0.7)	0.0	(0.7)	0.0
Net loss on derivative instruments at fair value through profit or loss	12.6	-	54.6	0.0
Other non-cash items and changes in working capital and provisions	(3.9)	(11.5)	9.0	7.8
Net cash flow from operating activities	**13.3**	**19.8**	**56.0**	**70.8**
Development and purchase of intangible assets and property, plant and equipment	(11.3)	(13.2)	(22.6)	(22.8)
Acquisition of subsidiaries, net of cash acquired	0.0	(10.3)	(7.5)	(10.3)
Proceeds from sale of intangible assets and property, plant and equipment	0.0	(0.2)	0.0	0.0
Proceeds from sale of subsidiaries, net of cash sold	0.2	0.0	0.2	0.0
Net sale of (investment in) other shares	(2.8)	(0.8)	(3.5)	(7.0)
Net change in other investments	(0.6)	0.1	(0.5)	(0.2)
Net cash flow from investing activities	**(14.5)**	**(24.5)**	**(33.9)**	**(40.4)**
Net cash flow before financing activities	**(1.2)**	**(4.7)**	**22.1**	**30.5**
Net change in interest-bearing loans and borrowings	223.8	148.6	223.1	148.6
Change in ownership interests in subsidiaries	0.0	0.0	0.0	(100.1)
Capital increase	0.0	7.8	0.0	7.8
IFRS 16 lease payments	(2.7)	(3.2)	(6.3)	(6.2)
Dividends paid to non-controlling interests	0.0	0.0	0.0	0,0
Net financing from (to) Schibsted ASA	0.0	(136.7)	0.0	(70.9)
Net sale (purchase) of treasury shares	(2.0)	-	(2.0)	-
Net cash flow from financing activities	**219.1**	**16.5**	**214.8**	**(20.8)**
Effects of exchange rate changes on cash and cash equivalents	0.9	(0.0)	(0.4)	(0.0)
Net increase (decrease) in cash and cash equivalents	**218.8**	**11.8**	**236.5**	**9.7**
Cash and cash equivalents at start of period	89.5	53.0	71.8	55.1
Cash and cash equivalents at end of period	**308.3**	**64.9**	**308.3**	**64.9**

Condensed consolidated statement of changes in equity

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	59.0	3.0	62.0
Transactions with the owners	148.4	(2.6)	145.8
Capital increase	*144.7*	*-*	*144.7*
Share-based payment	*2.0*	*-*	*2.0*
Dividends paid to non-controlling interests	*-*	*(3.6)*	*(3.6)*
Business combinations	*-*	*0.2*	*0.2*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.9)*	*0.8*	*(1.1)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 31 December 2019	**1,524.4**	**14.4**	**1,538.8**
Comprehensive income	(142.8)	1.1	(141.7)
Transactions with the owners	(0.3)	0.4	0.1
Share-based payment	*0.9*	*-*	*0.9*
Change in treasury shares	*(0.8)*	*-*	*(0.8)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0.4)*	*0.4*	*-*
Equity as at 30 June 2020	**1,381.3**	**15.9**	**1,397.2**

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	50.9	1.1	52.1
Transactions with the owners	145.8	0.3	146.1
Capital increase	*144.4*	*-*	*144.4*
Share-based payment	*(0.9)*	*0.0*	*(0.9)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.4)*	*0.3*	*(1.0)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 30 June 2019	**1,513.8**	**15.4**	**1,529.2**

Notes

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

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

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

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

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

Operating segments

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

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

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

Note 2. Operating Segment Disclosures

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

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

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

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

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

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

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

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

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

Operating revenues and profit (loss) by operating segments

Second quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	85.7	33.0	13.4	31.9	2.3	(21.3)	145.0
Operating revenues from other segments	0.3	-	-	0.2	0.1	(0.6)	-
Operating revenues	**86.0**	**33.0**	**13.4**	**32.1**	**2.4**	**(21.9)**	**145.0**
Gross operating profit (loss) excl. Investment phase	40.8	10.8	4.6	5.5	(11.5)	(7.6)	42.6
Gross operating profit (loss)	40.8	10.8	4.6	1.6	(11.5)	(7.6)	38.7
Operating profit (loss)	**33.7**	**8.0**	**3.6**	**4.8**	**(24.5)**	**(3.2)**	**22.4**

First half 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	183.1	79.4	32.7	68.9	3.6	(48.2)	319.5
Operating revenues from other segments	0.4	-	-	0.4	0.9	(1.7)	-
Operating revenues	**183.5**	**79.4**	**32.7**	**69.3**	**4.5**	**(49.9)**	**319.5**
Gross operating profit (loss) excl. Investment phase	87.8	24.5	7.0	10.8	(31.5)	(12.6)	86.0
Gross operating profit (loss)	87.8	24.5	7.0	3.6	(31.5)	(12.6)	78.8
Operating profit (loss)	**74.6**	**18.9**	**4.0**	**3.9**	**(48.7)**	**(4.6)**	**48.1**

Second quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	88.3	46.0	20.3	41.6	2.4	(28.4)	170.3
Operating revenues from other segments	0.1	-	-	0.2	0.6	(0.8)	0.0
Operating revenues	**88.5**	**46.0**	**20.3**	**41.8**	**3.0**	**(29.2)**	**170.3**
Gross operating profit (loss) excl. Investment phase	48.2	15.5	(7.0)	6.7	(14.2)	4.7	54.0
Gross operating profit (loss)	48.2	15.5	(7.0)	5.1	(14.2)	4.7	52.3
Operating profit (loss)	**44.7**	**11.8**	**(7.8)**	**1.4**	**(20.5)**	**2.7**	**32.3**

First half 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	170.0	89.9	40.8	80.8	5.6	(56.5)	330.6
Operating revenues from other segments	0.2	-	-	0.4	1.6	(2.2)	0.0
Operating revenues	**170.2**	**89.9**	**40.8**	**81.2**	**7.2**	**(58.7)**	**330.6**
Gross operating profit (loss) excl. Investment phase	93.3	28.1	(2.2)	13.2	(26.2)	(2.7)	103.5
Gross operating profit (loss)	93.3	28.1	(2.2)	8.0	(26.2)	(2.7)	98.3
Operating profit (loss)	**86.5**	**21.9**	**(3.8)**	**2.5**	**(37.3)**	**(0.6)**	**69.3**

Operating revenues by category:

€ million	Second quarter 2020	Second quarter 2019	First half 2020	First half 2019
Advertising revenues	23.3	34.7	51.9	65.1
Classifieds revenues	118.6	132.2	262.1	257.2
Other operating revenues	3.1	3.5	5.5	8.3
Operating revenues	**145.0**	**170.3**	**319.5**	**330.6**

Disaggregation of revenues by category:

Second quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	12.6	4.2	0.1	6.4	-	23.3
Classified revenues	72.3	28.8	0.9	16.5	0.1	118.6
Other revenues	0.8	-	-	0.0	0.6	1.4
Revenues from contracts with customers	**85.7**	**33.0**	**1.0**	**22.9**	**0.7**	**143.3**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	1.6	1.7
Operating revenues from external customers	**85.7**	**33.0**	**1.0**	**23.0**	**2.3**	**145.0**

First half 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	28.4	9.3	0.3	13.9	-	51.9
Classified revenues	153.1	70.1	2.2	36.6	0.1	262.1
Other revenues	1.6	-	-	0.2	1.6	3.4
Revenues from contracts with customers	**183.1**	**79.4**	**2.5**	**50.7**	**1.7**	**317.4**
Revenues from lease contracts, government grants and others	0.0	-	-	0.2	1.9	2.1
Operating revenues from external customers	**183.1**	**79.4**	**2.5**	**50.9**	**3.6**	**319.5**

Second quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	18.6	6.2	0.2	9.7	-	34.7
Classified revenues	69.1	39.7	1.5	21.8	-	132.1
Other revenues	0.6	0.1	-	0.2	2.1	3.0
Revenues from contracts with customers	**88.3**	**46.0**	**1.7**	**31.7**	**2.1**	**169.8**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	0.4	0.5
Operating revenues from external customers	**88.3**	**46.0**	**1.7**	**31.8**	**2.5**	**170.3**

First half 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	34.5	11.1	0.5	19.0	-	65.1
Classified revenues	134.1	78.1	2.9	42.1	-	257.2
Other revenues	1.4	0.7	-	0.3	5.0	7.4
Revenues from contracts with customers	**170.0**	**89.9**	**3.4**	**61.4**	**5.0**	**329.7**
Revenues from lease contracts, government grants and others	0.0	-	-	0.2	0.7	0.9
Operating revenues from external customers	**170.0**	**89.9**	**3.4**	**61.6**	**5.7**	**330.6**

Note 3. Other Income and Expenses

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Restructuring costs	(0.3)	(2.7)	(0.9)	(3.4)
Gain (loss) on sale of subsidiaries, joint ventures and associates	0.7	-	0.7	0.0
Gain (loss) on sale of intangible assets, property, plant and equipment and investment property	0.0	(0.0)	0.0	(0.0)
Gain (loss) on amendment of pension plans	-	-	-	0.0
Acquisition-related costs	(1.9)	(0.3)	(2.3)	(0.3)
IPO-related costs	(1.8)	(2.9)	(1.8)	(4.0)
Other	(0.1)	0.1	(0.2)	0.1
Total other income and expenses	**(3.4)**	**(5.8)**	**(4.5)**	**(7.5)**

IPO-related costs of €(1.8) million mainly related to the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019.

Note 4. Net Financial Items

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Net interest income (expenses)	(1.2)	(1.0)	(2.2)	(3.9)
Net foreign exchange gain (loss)	(14.7)	0.6	(63.1)	3.4
Net other financial income (expenses)	(0.9)	(0.5)	(2.1)	(0.6)
Net financial items	**(16.8)**	**(0.9)**	**(67.4)**	**(1.0)**

As a result of the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about R$2.9 billion which will be funded equally by each joint venture partner, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure of the firm commitment of the Grupo Zap acquisition by hedging the acquisition amount in €. As hedge accounting is not applied to this currency hedge, the change in fair value of these derivatives has resulted in an unrealised foreign exchange loss of €(54.6) million in the first half-year 2020.

Note 5. Contingent Liabilities

Digital Services Tax in France

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

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

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

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

• €750 million of worldwide revenue; and,

• €25 million of revenue generated in France.

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

Due to the complexity of the law the assessment of whether DST is applicable to Adevinta Group is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as per 30 June 2020.

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

Should the interactions with the French Tax Authorities and other actions conclude differently, the DST amounts applicable to Adevinta are not expected to exceed €9.0 million for 2019 and €4.3 million for the first half-year of 2020. Management will continue to work with the French tax authorities to obtain further clarification on this matter.

Note 6. Other Matters

COVID-19

The COVID-19 outbreak is currently affecting the world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the near term, financial performance will be affected negatively, but it is still too early to predict the full impact that COVID-19 will have on the business.

Adevinta had at the end of June 2020 low net interest-bearing debt and €708.3 million total liquidity available. Adevinta still considers liquidity and refinancing risk to be low.

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

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

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

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

Management has based its current estimates of future cash flows on the expectation that the businesses will recover from COVID-19 in early 2021 and the discount rates are based on an expected stabilization of volatility, risk premiums and interest rates at levels prior to the COVID-19 outbreak. However, management believes it is still too early to predict the full impact that COVID-19 will have on the business and financial markets as the situation is still developing although appropriate measures are being applied to ensure business continuity. Should management's current expectations not be met then that could result in impairment losses.

Based on the current estimates, no impairment loss is recognised for the first half-year of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to longer term, it may have an impact on assumptions applied for calculating the recoverable amount for fixed and intangible assets, including goodwill. Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of COVID-19 is obtained.

Government measures

For contributions received accounted for as government grants related to income under IAS 20, the accounting policy of Adevinta is to recognise such grants when there is reasonable assurance that the conditions attaching to the grant will be complied with and that the grants will be received.

The grants are recognised in income unless directly related to specific items of expense.

Adevinta has made use of certain measures implemented by governments in different territories to mitigate the effect of COVID-19. Such measures primarily relate to employees being temporarily laid off in Spain and France and delays in payment terms of taxes and other levies.

These measures contributed positively to operating profit and cash flow from operating activities which included the deferral of social contributions and VAT payments with €2.6 million and €7.7 million respectively.

Statement by the Board of Directors and CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half-year of 2020 has been prepared in accordance with IAS 34 Interim Financial Statements, as endorsed by the EU, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group taken as a whole.

To the best of our knowledge we confirm that the interim management report includes a fair review of important events during the accounting period, and their impact on the financial statements for the first half-year, together with a description of the principal risks and uncertainties that the company is facing during the next accounting period and any major transactions with related parties.

Oslo, 15 July 2020

Adevinta ASA's Board of Directors

Orla Noonan Board Chair	Kristin Skogen Lund	Terje Seljeseth
Sophie Javary	Peter Brooks-Johnson	Fernando Abril-Martorell Hernández
	Rolv Erik Ryssdal CEO	

Definitions and Reconciliations

The consolidated financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the company presents alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below:

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

Liquidity reserve	Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.	Management believes that liquidity reserve shows the total liquidity available for meeting current or future obligations.
Net interest-bearing debt	Net interest-bearing debt is defined as interest bearing liabilities less cash and cash equivalents and cash pool holdings. IFRS 16 leasing liabilities are not included in net interest bearing debt.	Management believes that net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the statement of financial position. The use of net interest-bearing debt does not necessarily mean that the cash and cash equivalent and cash pool holdings are available to settle all liabilities in this measure.
Earnings per share adjusted (EPS (adj.))	Earnings per share adjusted for other income and expenses, impairment loss, non-controlling interests related to other income and expenses and impairment loss and taxes.	The measure is used for comparing earnings to shareholders adjusted for income and expenses related transactions and events net of tax not considered by management to be part of operating activities. Management believes the measure enables an evaluation of value created to shareholder excluding effects of non-operating events and transactions.
Revenues adjusted for currency fluctuations	Growth rates on revenue adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation.
Organic revenue growth	Revenue growth adjusted for the effects of currency movements and changes in the scope of consolidation	Enables comparability of development in revenues over time excluding the effect of currency fluctuation and changes in consolidation scope

Developed Phase and Investment Phase

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

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

	Second quarter		First half	
Reconciliation of Operating revenues and EBITDA excl. Investment phase and in accordance with financial statements (€ million)	**2020**	**2019**	**2020**	**2019**
Operating revenues	**145.0**	**170.3**	**319.5**	**330.6**
Operating revenues Investment phase	4.8	7.4	10.7	14.2
Operating revenues excl. Investment phase	140.2	162.9	308.8	316.3
Gross operating profit (loss)	**38.7**	**52.3**	**78.8**	**98.3**
EBITDA Investment phase	(3.9)	(1.7)	(7.2)	(5.2)
EBITDA excl. Investment phase	42.6	54.0	86.0	103.5

	Second quarter		First half	
Underlying tax rate (€ million)	**2020**	**2019**	**2020**	**2019**
Profit (loss) before taxes	5.6	31.4	(19.3)	68.2
Share of profit (loss) of joint ventures and associates	(2.0)	3.8	(2.4)	(0.5)
Other losses for which no deferred tax benefit is recognised	27.9	6.8	92.1	16.8
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(6.6)	-	(6.6)	-
Impairment losses	-	-	-	-
Adjusted tax base	**24.9**	**42.0**	**63.8**	**84.5**
Taxes	8.8	13.2	20.8	27.0
Underlying tax rate	35.3%	31.4%	32.6%	32.0%

	30 June	31 December
Liquidity reserve	**2020**	**2019**
Cash and cash equivalents	308.3	71.8
Unutilised drawing rights on credit facilities	400.0	100.0
Liquidity reserve	**708.3**	**171.8**

	30 June	31 December
Net interest-bearing debt	**2020**	**2019**
Non-current interest-bearing borrowings	198.2	201.7
Non-current interest-bearing borrowings	**198.2**	**201.7**
Current interest-bearing borrowings	223.9	0.3
Cash and cash equivalents	(308.3)	(71.8)
Net interest-bearing debt	**113.8**	**130.2**

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

	Second quarter		First half	
Earnings per share - adjusted	**2020**	**2019**	**2020**	**2019**
Profit (loss) attributable to owners of the parent	(3.2)	17.6	(39.3)	40.1
Other income and expenses	3.4	5.8	4.5	7.5
Impairment loss	0.0	(0.0)	0.0	0.3
Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	(1.8)	(0.4)	(1.9)	(0.4)
Profit (loss) attributable to owners of the parent - adjusted	**(1.6)**	**23.0**	**(36.7)**	**47.5**
Earnings per share – adjusted (EUR)	(0.00)	0.03	(0.05)	0.07
Diluted earnings per share – adjusted (EUR)	(0.00)	0.03	(0.05)	0.07

	Second quarter		First half	
Currency rates used when converting profit or loss	**2020**	**2019**	**2020**	**2019**
Pound sterling (GBP)	1.1278	1.1437	1.1445	1.1452
Brazilian Real (BRL)	0.1691	0.2272	0.1868	0.2305

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Financial Calendar

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