Q3 2020

Interim Report

October 27, 2020

Adevinta Highlights

Highlights of Q3 2020

Agreement to acquire eBay Classifieds Group

- Unprecedented-scale pure player in online classifieds with leading market positions
- Combination of best-in-class assets and expertise
- High synergy extraction potential with estimated €134-165m impact on EBITDA in year 3

Improving trends confirmed

- Further recovery in operational KPIs
- Total revenues[1] up 1.6%
- Positive organic growth in France (+8%) and Brazil (+4%)
- Online classifieds revenues[1] increased 5%
- Display advertising revenues[1] decreased 4%

EBITDA[1] margin exceptionally high, driven by cost saving initiatives, delayed expenses and positive one-offs

- Margin[1] up 120bps yoy
- Improving margins in Brazil and Global Markets
- Lower HQ and other costs

Significant strategic developments in the current portfolio

- Final CADE approval received for Grupo Zap acquisition
- Further optimization of Global Markets portfolio

Strengthened financial position

- Refinancing of Adevinta's debt completed ahead of acquisitions
- Attractive financing conditions obtained
- Strong rating profile

Rolv Erik Ryssdal, CEO

I am truly excited that we reached in July an agreement to acquire eBay Classifieds Group. This transaction will create the world's leading online classifieds company with the most diversified and complementary portfolio of marketplaces across the globe. Following the acquisition we will benefit from number 1 market positions across 17 countries, covering 1 billion people and we will be uniquely positioned to accelerate the growth and development of our markets. It will allow us to create more value in the years to come through the combination of best-in-class assets and expertise and through the generation of substantial and sustainable synergies.

As expected, Q3 performance confirmed the trend that we had seen throughout Q2, with improving momentum in operational KPIs, translating into revenues. We posted positive growth in the quarter. We continued to implement strong cost saving initiatives throughout the quarter and benefited from the phase-out of expenses, driving exceptional year-on-year growth in EBITDA margin despite the dilutive impact of acquisitions. We expect Q4 profitability to reflect the catch up and acceleration of investment in marketing and product and technology, while remaining confident in our longer-term EBITDA margin improvement potential.

We see strong growth opportunities in the industry arising from accelerated digital consumer trends and increasing need for efficient online solutions. Our leading positions have been confirmed through the crisis. Strong client relationships and enhanced product offering will continue to support business development although macro environment remains uncertain.

---

[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.

	Third quarter		(€ million)	YTD		
yoy%	2019	2020		2020	2019	yoy%
2%	**180.3**	**183.3**	**Operating revenues incl. JVs**	**527.0**	**539.3**	**-2%**
6%	**54.1**	**57.1**	**EBITDA incl. JVs**	**142.2**	**153.7**	**-7%**
	30%	31%	EBITDA margin incl. JVs	27%	28%	
			Operating revenues - segments			
17%	85.7	100.1	France	283.6	255.9	11%
-7%	45.3	41.9	Spain	121.3	135.1	-10%
-27%	22.0	16.0	Brazil	48.8	62.8	-22%
-9%	40.9	37.1	Global Markets	106.4	122.1	-13%
			EBITDA - segments			
4%	48.3	50.2	France	138.0	141.6	-3%
-7%	16.0	14.8	Spain	39.4	44.2	-11%
11%	3.4	3.8	Brazil	10.8	1.2	>100 %
-1%	6.5	6.4	Global Markets	9.9	14.5	-32%
			Cash flow			
-8%	36.8	33.8	Net cash flow from operating activities	89.8	107.7	-17%

Key consolidated financial figures

	Third quarter		(€ million)	YTD		
yoy%	2019	2020	Consolidated financial figures	2020	2019	yoy%
3%	**165.4**	**171.1**	**Operating revenues - segments**	**490.6**	**496.0**	**-1%**
17%	85.7	100.1	France	283.6	255.9	11%
-7%	45.3	41.9	Spain	121.3	135.1	-10%
-27%	22.0	16.0	Brazil	48.8	62.8	-22%
-9%	40.9	37.1	Global Markets	106.4	122.1	-13%
-56%	2.3	1.0	Other and Headquarters	5.5	9.5	-42%
19%	(30.8)	(25.0)	Eliminations	(75.0)	(89.5)	16%
5%	**51.7**	**54.1**	**Gross operating profit (EBITDA) - segments**	**132.9**	**150.0**	**-11%**
4%	48.3	50.2	France	138.0	141.6	-3%
-7%	16.0	14.8	Spain	39.4	44.2	-11%
11%	3.4	3.8	Brazil	10.8	1.2	>100 %
-1%	6.5	6.4	Global Markets	9.9	14.5	-32%
16%	(17.8)	(15.1)	Other and Headquarters	(46.6)	(44.1)	-6%
-24%	(4.8)	(6.0)	Eliminations	(18.6)	(7.5)	-149%

Operational Development

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

Adevinta Overview

	Third quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**ADEVINTA**	**2020**	**2019**	**yoy%**
3%	**165.4**	**171.1**	**Operating revenues**	**490.6**	**496.0**	**-1%**
-18%	14.9	12.2	Proportional revenues from JVs	36.4	43.3	-16%
2%	**180.3**	**183.3**	**Operating revenues incl. JVs**	**527.0**	**539.3**	**-2%**
5%	**51.7**	**54.1**	**EBITDA**	**132.9**	**150.0**	**-11%**
9%	52.2	57.0	- of which Developed phase	143.0	155.7	-8%
-460%	(0.5)	(2.9)	- of which Investment phase	(10.1)	(5.7)	-77%
	31%	32%	EBITDA margin	27%	30%	
26%	2.4	3.0	Proportional EBITDA from JVs	9.3	3.7	>100 %
6%	**54.1**	**57.1**	**EBITDA incl. JVs**	**142.2**	**153.7**	**-7%**
	30%	31%	EBITDA margin incl. JVs	27%	28%	

Revenues, including JVs, increased 1.6% in Q3 2020 compared to Q3 2019 (corresponding to a 2.6% decrease excluding L'Argus). The recovery in the performance noticed throughout the second quarter has continued into the third quarter, achieving a positive growth in all months in Q3. Classifieds revenues turned up 4.6% in the quarter while display advertising revenues decreased 4.3% year-on-year. L'Argus acquisition added 4.2 points to total revenue growth but changes in exchange rate had a negative 2.6 point impact.

Gross operating profit (EBITDA) including JVs increased by 6% yoy. The negative impact of COVID-19 in our main markets was mitigated by strong cost reduction initiatives implemented throughout the group and favorable phasing as some marketing expenses and talent hirings only started to ramp-up at the very end of the quarter.

France

	Third quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**France**	**2020**	**2019**	**yoy%**
17%	85.7	100.1	Operating revenues	283.6	255.9	11%
33%	37.4	49.9	Operating expenses	145.6	114.3	27%
4%	48.3	50.2	EBITDA	138.0	141.6	-3%
	56%	50%	EBITDA margin	48%	55%	

Revenues in France increased by 17% in the third quarter (or 8% excluding L'Argus), showing good resilience in the challenging business environment implied by the COVID-19. Total classifieds revenues grew 24% compared to last year (including contribution from L'Argus), driven by the cars and real estate verticals and the ramp up of transactional. Advertising revenues remained subdued below previous year level due to a strong slowdown in September driven by the challenging context.

EBITDA margin decreased 6 pp impacted by the dilutive impact of acquisitions, further investment in marketing and in the transactional model ahead of revenue generation. Those were partially offset by strict cost control measures and limited year-on-year increase in personnel costs due to slower-than-expected pace of hirings ramp-up.

Traffic continued to develop positively, having achieved a +24% year-on-year growth. Similar trends were observed in leads.

In Q3 we continued to ramp-up a full transactional solution. The number of daily transactions continued accelerating led by improvements in user experience, deployment of multi-delivery service and promotional actions. Our holiday rental offer was enriched with Locasun inventory and the attractive commercial offer for hotels. We continue to improve the experience for cars payment solutions leading to an increase in the number of monthly transactions. We also improved our offering in real estate with the mandate acquisition and smart bumps and in advertising, with new special operations products in mobile format.

Spain

	Third quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**Spain**	**2020**	**2019**	**yoy%**
-7%	45.3	41.9	Operating revenues	121.3	135.1	-10%
-7%	29.2	27.1	Operating expenses	81.9	91.0	-10%
-7%	16.0	14.8	EBITDA	39.4	44.2	-11%
	35%	35%	EBITDA margin	32%	33%	

Revenues in Spain saw negative growth of -7% in Q3 compared to Q3 2019 although strongly recovering from Q2. Classifieds revenues were down 10% compared to Q3 2019. Real estate market was gradually recovering after the hit in Q2, although still below pre-covid levels. The jobs market was impacted by lower volumes given the decrease in signed employment contracts and the most recent expectations for the economy contraction. On the other hand, we saw the car market back to growth led by higher ARPU thanks to the successful migration of customers to new product offering and benefiting from a good momentum in used car sales.

Display advertising increased by 5% year-over-year driven by programmatic revenues due to successful initiatives to improve sold inventory and benefiting from traffic growth.

The EBITDA margin in Q3 remained stable compared to last year, despite the decline in revenues, due to solid cost control measures, such as reductions in marketing investment and administrative costs and stable personnel costs.

Traffic reached double digit growth in Q3, growing in all verticals, mainly driven by our real estate and motor marketplaces. Liquidity and private content were also above last year led by increasing traction of our generalist Milanuncios.

In Q3 we launched a hybrid listing combining grid and map view and implemented a unique back-office tool in our real estate marketplaces, as well as employee reviews and content aggregator in Jobs. We have successfully deployed the payment and delivery solution for shippable items in consumer goods, and a new tool for professional customers in Milanuncios.

Brazil

	Third quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**Brazil**	**2020**	**2019**	**yoy%**
-27%	22.0	16.0	Operating revenues	48.8	62.8	-22%
-34%	18.6	12.2	Operating expenses	38.0	61.6	-38%
11%	3.4	3.8	EBITDA	10.8	1.2	>100 %
	16%	24%	EBITDA margin	22%	2%	

Strong depreciation of brazilian real against euro compared to Q3 2019 continued to impact total revenue growth. However, operational revenue in the Brazil segment was back to growth in the quarter and increased by 4% in local currency driven by OLX.com.br acceleration towards the end of the quarter.

OLX.com.br in Brazil, which is a 50% owned joint venture, increased revenue in Q3 by 5% in local currency, driven by solid performance in indirect advertising and value added services, including new partnership in real estate and C2C financing in cars. In addition, classifieds revenues benefited from successful initiatives to improve clients satisfaction and enhance new sales. The national roll out of the transactional model took place during Q3.

Operational KPIs continued to be high in traffic and liquidity while supply was steadily increasing.

Infojobs.com.br in Brazil decreased its operational revenues by -10% in local currency; revenue from Professionals and Advertising were the main affected business lines due to the pandemic of Covid-19. Nonetheless, the trend improved month over month reducing the negative gap compared to Q3 2019.

In Q3, cumulative EBITDA increased by €0.2 million when compared to Q3 2019. OLX Brazil contributed positively, partly offset by InfoJobs Brazil due to revenue shortfall. OLX Brazil was positively impacted by a one-off tax credit over marketing expenses from previous years and the variation of the management long-term incentive in OLX Brazil. Even excluding those, EBITDA margin would have been improving compared to Q3 2019, as a result of the revenue increase and favorable phasing of marketing expenses, while we continued to invest in product & tech resources.

In Q3 we have increased safety through a new detection model for professional account take over. Besides, we have improved satisfaction through an upgraded real estate product for developers and trials with images on chat, among other initiatives. We received final approval from the antitrust authorities to the Grupo Zap acquisition and we expect to close the transaction in the coming weeks.

Global Markets

	Third quarter		(€ million)	YTD		
yoy%	**2019**	**2020**	**Global Markets**	**2020**	**2019**	**yoy%**
-9%	40.9	37.1	Operating revenues	106.4	122.1	-13%
-11%	34.4	30.7	Operating expenses	96.5	107.5	-10%
-1%	6.5	6.4	EBITDA	9.9	14.5	-32%
	16%	17%	EBITDA margin	9%	12%	

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 -9% compared to Q3 2019 (or -7% at constant currency) showing strong signs of recovery throughout the quarter amongst the challenging COVID-19 context led by Ireland and Willhaben. Classifieds revenues were down -7% year-on-year although improving throughout the quarter. Revenues in advertising were also down by -7% despite strong signs of recovery in September.

Q3 2020 EBITDA was flat year-on-year at €6.4 million as overall cost reductions and small positive one-off in Hungary offset the revenue decline and the further investment in Shpock as part of the transformation to a transactional model. Italy, willhaben, Ireland and Hungary all increased EBITDA when compared to Q3 2019 as revenues recovered and investment in personnel and marketing remained conservative on the back of the COVID-19 context.

During Q3 we announced the agreement to divest our investment phase operations in Colombia, Morocco and Tunisia. We will continue to assess the market opportunity and will adapt our investment efforts accordingly.

In Italy, we continued to focus on transformation with positive results such as growth in both traffic and content. In Motor we continued to gain share in content and dealers whilst Advertising performed well throughout the quarter with a good uplift in programmatic. Jobs revenue remained below prior year levels due to market contraction.

In willhaben, we have seen a strong recovery, with year-on-year growth in traffic and content and good lead generation in the verticals, although the Jobs vertical is still yet to recover to pre-COVID levels. Paylivery, a peer-to-peer payment and delivery service that was rolled out in Q2, continued to gain traction in Q3.

In Ireland, we also have seen year-on-year growth in traffic and content. We continued to focus on preserving relationships with Real Estate professional clients with commercial measures to provide support during the quarter proving successful in growing our agent market share beyond pre-Covid levels.

In Hungary, we continued to improve our transactional offering and have seen a resilient recovery in the Motor vertical. Jobs revenue remained below prior year levels due to unfavourable market environment.

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 €(2.9) million in Q3 compared to €(0.5) million in Q3 2019 mainly driven by investment in the transactional shift in Shpock which continued throughout the quarter and to a lesser extent Mexico and Chile with cost reductions unable to fully offset the revenue shortfalls.

Shpock continued to show accelerated growth in the transactional model during Q3 and we anticipate investment in marketing to ramp up significantly in Q4.

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 2.7 million euros year-on-year, to 15.1 million euros. They benefited from hosting costs optimization and administrative costs reduction such as travel expense and third-party services due to the Covid-19 context and restrictions.

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.

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 number 1 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 remain confident in the resilience of our business and in our sustainable growth profile. Inherent operational leverage is strong in some geographies while the group will continue to invest in product & tech. This supports our long-term objectives for the current Adevinta portfolio. In addition we expect the eBay Classifieds acquisition to drive substantial and sustainable revenue and cost synergies with an estimated run-rate EBITDA impact of 134 to 165 million euros in the third year following its closing. Our strategic and financial targets for the combined entity will be unveiled subsequently.

As expected our performance has continued to improve in Q3, benefiting from positive market dynamics following the end of lockdowns, especially in the motor space, and from favorable customer trends, including accelerated adoption of transactional solutions. Looking ahead we remain cautious on the short-term perspectives in the context of growing restrictions in our key markets, shrinking clients' stock and rising unemployment rates due to macroeconomic uncertainty. The advertising market remains weak and the impact on group revenues is typically higher in Q4 due to seasonality. In Q3 we have successfully managed our cost base to mitigate the adverse impact of the crisis through savings initiatives and phase-out of expenses, leading to an exceptionally high level of EBITDA margin. We will catch up and accelerate investment in marketing and product and tech resources as from Q4 in order to drive future growth, secure our positions and seize opportunities that will arise from the crisis, leading to a decrease in EBITDA margin.

Group Overview

Operating profit

Revenue increased by 3% in Q3 2020, compared to Q3 2019, driven by organic and external growth in France offset by year-on-year decrease in other segments despite improving trends. Operating expenses increased by 3% in Q3 2020, compared to Q3 2019. Personnel expenses increased moderately 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. Other operating expenses retracted year-on-year due to further cost saving initiatives in the quarter. As a result gross operating profit (EBITDA) increased by 5% in Q3 2020, compared to Q3 2019.

Share of profit (loss) of joint ventures and associates decreased from €1.1 million in Q3 2019 to €(0.9) million in Q3 2020 mainly driven by lower results in Brazil, largely explained by costs related to the Grupo Zap acquisition process. Other income and expenses increased from €(1.4) million in Q3 2019 to €(24.9) million in Q3 2020 mainly due to increase in acquisition-related costs. Other income and expenses are disclosed in note 4.

Operating profit (loss) in Q3 2020 amounted to €13.6 million (€41.0 million in Q3 2019). Please also refer to note 3 and note 4 to the condensed consolidated financial statements.

Net profit and earnings per share

Financial expenses include a €(23.9) million foreign exchange loss, mainly due to the depreciation of the BRL against the EUR (compared to a €(1.4) million foreign exchange loss in Q3 2019) and mostly driven by a decrease in fair value of derivatives amounting to €(21.5) million, from which €(12.9) million are related to the acquisition of Grupo Zap and €(8.6) million are related 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 30.9% for the first three quarters of 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 (118)% in Q3 2020, compared to 42% in Q3 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 Q3 2020 is €(0.04) compared to €0.03 in Q3 2019. Adjusted earnings per share in Q3 2020 is €(0.00) compared to €0.03 in Q3 2019.

Financial position

The carrying amount of the Group's assets increased by €139.2 million to €2,259.0 million during 2020 and the Group's net interest-bearing debt decreased by €3.0 million to €193.7 million (see specification in Definitions and reconciliations below). The Group's equity ratio is 57% as at 30 September 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 (from which, €84.6 million are included in other non-current liabilities and €16.6 million are included in other current liabilities) have increased by €34.7 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 €(67.5) million, which has increased current liabilities related to financial derivatives by the same amount.

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, €64.9 million have been recognised as foreign exchange losses in 2020, €56.3 million through OCI and €8.6 million as a financial expense.

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 €6.3 million. This effect has been offset by an increase in other non-current liabilities of €6.7 million related to the fair value change of the swap derivative.

Cash flow

Net cash flow from operating activities was €89.8 million for the first three quarters of 2020, compared to €107.7 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 €(44.6) million for the first three quarters of 2020, compared to €(52.1) 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 €212.2 million for the first three quarters of 2020, compared to €(23.7) 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 2019 Adevinta had a cash outflow to increase the ownership interest in Spain to 100% and settling net financing from Schibsted which was partly offset by obtaining external financing.

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 30 September 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 30 September 2020, but the impact is not expected to be 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 some deal contingent hedges to fix 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 will publish a listing prospectus for the listing of the new shares issued to eBay on the Oslo Stock Exchange.

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 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. Final approval by Brazil’s Antitrust Agency (CADE) was received in October 2020. closing is expected to take place shortly.

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 three quarters 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 September 2020 net interest-bearing debt of €193.7 million and €726.7 million total liquidity available. Please refer to note 8 on new senior secured term loan B facility and senior secured notes.

Condensed Consolidated Financial Statements

Condensed consolidated income statement

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Operating revenues	**171.1**	**165.4**	**490.6**	**496.0**
Personnel expenses	(61.8)	(58.2)	(190.5)	(168.8)
Other operating expenses	(55.2)	(55.6)	(167.2)	(177.2)
Gross operating profit (loss)	**54.1**	**51.7**	**132.9**	**150.0**
Depreciation and amortisation	(14.7)	(10.4)	(43.3)	(32.1)
Share of profit (loss) of joint ventures and associates	(0.9)	1.1	1.5	1.6
Impairment loss	-	(0.0)	0.0	(0.3)
Other income and expenses	(24.9)	(1.4)	(29.4)	(8.9)
Operating profit (loss)	**13.6**	**41.0**	**61.7**	**110.3**
Net financial items	(26.3)	(2.6)	(93.8)	(3.7)
Profit (loss) before taxes	**(12.7)**	**38.4**	**(32.1)**	**106.6**
Taxes	(15.0)	(16.2)	(35.7)	(43.2)
Profit (loss)	**(27.7)**	**22.2**	**(67.8)**	**63.4**
Profit (loss) attributable to:				
Non-controlling interests	0.9	0.9	0.0	2.0
Owners of the parent	(28.6)	21.3	(67.8)	61.4
Earnings per share in €:				
Basic	(0.04)	0.03	(0.10)	0.09
Diluted	(0.04)	0.03	(0.10)	0.09

Condensed consolidated statement of comprehensive income

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Profit (loss)	**(27.7)**	**22.2**	**(67.8)**	**63.4**
Net gain/(loss) on cash flow hedges	(56.3)	-	(56.3)	-
Items not to be reclassified subsequently to profit or loss	**(56.3)**	**-**	**(56.3)**	**-**
Exchange differences on translating foreign operations	(19.9)	(15.4)	(119.9)	(4.5)
Net gain/(loss) on cash flow hedges	(1.3)	-	(2.9)	-
Change in fair value of financial instruments	(0.3)	-	(0.3)	-
Items to be reclassified subsequently to profit or loss	**(21.5)**	**(15.4)**	**(123.1)**	**(4.5)**
Other comprehensive income	**(77.8)**	**(15.4)**	**(179.4)**	**(4.5)**
Comprehensive income	**(105.5)**	**6.8**	**(247.2)**	**58.9**
Comprehensive income attributable to:				
Non-controlling interests	1.4	0.8	2.5	2.0
Owners of the parent	(106.9)	6.0	(249.7)	56.9

Condensed consolidated statement of financial position

	30 September	31 December
€ million	**2020**	**2019**
Intangible assets	1,364.2	1,394.8
Property, plant and equipment and right-of-use assets	111.7	85.9
Investments in joint ventures and associates	266.6	381.1
Other non-current assets	24.0	16.4
Non-current assets	**1,766.5**	**1,878.1**
Trade receivables and other current assets	131.9	169.9
Cash and cash equivalents	326.7	71.8
Assets held for sale	33.9	-
Current assets	**492.5**	**241.7**
Total assets	**2,259.0**	**2,119.8**
Equity attributable to owners of the parent	1,276.3	1,524.4
Non-controlling interests	17.4	14.4
Equity	**1,293.7**	**1,538.8**
Non-current interest-bearing borrowings	194.7	201.7
Other non-current liabilities	188.0	147.9
Non-current liabilities	**382.7**	**349.5**
Current interest-bearing borrowings	224.4	0.3
Other current liabilities	351.1	231.2
Liabilities directly associated with assets held for sale	7.1	-
Current liabilities	**582.6**	**231.5**
Total equity and liabilities	**2,259.0**	**2,119.8**

Condensed consolidated statement of cash flow

€ million	Third quarter 2020	Third quarter 2019	First three quarters 2020	First three quarters 2019
Profit (loss) before taxes	(12.7)	38.4	(32.1)	106.6
Depreciation, amortisation and impairment losses	14.8	10.4	43.3	32.4
Share of loss (profit) of joint ventures and associates, net of dividends received	0.9	(1.1)	(1.5)	(1.6)
Dividends received from joint ventures and associates	2.2	1.4	2.2	1.4
Taxes paid	(9.2)	(13.4)	(23.0)	(40.1)
Sales losses (gains) non-current assets and other non-cash losses (gains)	(1.7)	(0.3)	(2.4)	(0.3)
Net loss on derivative instruments at fair value through profit or loss	21.5	-	76.1	-
Other non-cash items and changes in working capital and provisions	18.0	1.6	27.2	9.4
Net cash flow from operating activities	**33.8**	**36.8**	**89.8**	**107.7**
Development and purchase of intangible assets and property, plant and equipment	(10.3)	(10.7)	(32.9)	(33.5)
Acquisition of subsidiaries, net of cash acquired	-	(0.6)	(7.5)	(10.9)
Proceeds from sale of intangible assets and property, plant and equipment	-	(0.0)	-	0.0
Proceeds from sale of subsidiaries, net of cash sold	-	0.0	0.2	0.0
Net sale of (investment in) other shares	(1.2)	(1.7)	(4.7)	(8.7)
Net change in other investments	0.8	1.3	0.3	1.0
Net cash flow from investing activities	**(10.7)**	**(11.8)**	**(44.6)**	**(52.1)**
Net cash flow before financing activities	**23.1**	**(25.1)**	**45.2**	**55.5**
Net change in interest-bearing loans and borrowings	0.8	0.0	223.9	148.7
Change in ownership interests in subsidiaries	-	(0.1)	-	(100.2)
Capital increase	-	0.0	-	7.8
IFRS 16 lease payments	(3.4)	(2.9)	(9.7)	(9.1)
Dividends paid to non-controlling interests	-	0.0	-	0.0
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	**(2.6)**	**(2.9)**	**212.2**	**(23.7)**
Cash and cash equivalents related to the disposal group (see note 2)	(1.7)	-	(1.7)	-
Effects of exchange rate changes on cash and cash equivalents	(0.4)	(0.0)	(0.8)	(0.0)
Net increase (decrease) in cash and cash equivalents	**18.4**	**22.1**	**254.9**	**31.8**
Cash and cash equivalents at start of period	308.3	64.9	71.8	55.1
Cash and cash equivalents at end of period	**326.7**	**86.9**	**326.7**	**86.9**

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	(249.7)	2.5	(247.2)
Transactions with the owners	1.6	0.5	2.1
Capital increase	*-*	*0.3*	*0.3*
Share-based payment	*2.6*	*-*	*2.6*
Change in treasury shares	*(0.8)*	*-*	*(0.8)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0.2)*	*0.2*	*-*
Equity as at 30 September 2020	**1,276.3**	**17.4**	**1,293.7**

€ 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	56.9	2.0	58.9
Transactions with the owners	146.8	0.8	147.6
Capital increase	*144.4*	*-*	*144.4*
Share-based payment	*0.6*	*0.0*	*0.6*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.8)*	*0.8*	*(1.0)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 30 September 2019	**1,520.8**	**16.7**	**1,537.5**

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

At the end of July 2020 Adevinta has received an offer from Frontier Digital Ventures (FDV) to sell the subsidiaries, Avito (Morocco), Tayara (Tunisia) and Fincaraiz (Colombia) and, as mentioned in note 8, an agreement has been signed with FDV on 8 October 2020 for the sale of these subsidiaries. All three subsidiaries will be disposed of together as a group in a single transaction. The business of the disposal group is 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 does not represent a separate major line of business, thus does not qualify as discontinued operations.

The following assets and liabilities were reclassified as held for sale as at 30 September 2020:

Assets and liabilities classified as held for sale	30 September 2020	31 December 2019
Assets classified as held for sale		
Intangible assets	25.0	-
Trade receivables	5.7	-
Other assets	1.4	-
Cash and cash equivalents	1.7	-
Total assets of the disposal group held for sale	**33.9**	**-**
Liabilities directly associated with assets classified as held for sale		
Other liabilities	7.1	-
Total liabilities of the disposal group held for sale	**7.1**	**-**

The cumulative foreign exchange losses recognised in other comprehensive income in relation to the disposal group as at 30 September 2020 were €0.3 million.

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 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 (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

Third quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	99.8	41.9	16.0	37.0	0.6	(24.2)	171.1
Operating revenues from other segments	0.3	-	-	0.1	0.4	(0.8)	-
Operating revenues	**100.1**	**41.9**	**16.0**	**37.1**	**1.0**	**(25.0)**	**171.1**
Gross operating profit (loss) excl. Investment phase	50.2	14.8	3.8	9.3	(15.1)	(6.0)	57.0
Gross operating profit (loss)	50.2	14.8	3.8	6.4	(15.1)	(6.0)	54.1
Operating profit (loss)	**44.9**	**11.4**	**(1.8)**	**3.3**	**(43.9)**	**(0.3)**	**13.6**

First three quarters 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	282.9	121.3	48.8	105.9	4.3	(72.6)	490.6
Operating revenues from other segments	0.7	-	-	0.5	1.2	(2.4)	-
Operating revenues	**283.6**	**121.3**	**48.8**	**106.4**	**5.5**	**(75.0)**	**490.6**
Gross operating profit (loss) excl. Investment phase	138.0	39.4	10.8	20.0	(46.6)	(18.6)	143.0
Gross operating profit (loss)	138.0	39.4	10.8	9.9	(46.6)	(18.6)	132.9
Operating profit (loss)	**119.5**	**30.3**	**2.2**	**7.3**	**(92.6)**	**(5.0)**	**61.7**

Third quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	85.6	45.3	22.0	40.2	2.1	(29.8)	165.4
Operating revenues from other segments	0.2	-	-	0.6	0.2	(1.0)	-
Operating revenues	**85.7**	**45.3**	**22.0**	**40.9**	**2.3**	**(30.8)**	**165.4**
Gross operating profit (loss) excl. Investment phase	48.3	16.0	3.4	7.0	(17.8)	(4.8)	52.2
Gross operating profit (loss)	48.3	16.0	3.4	6.5	(17.8)	(4.8)	51.7
Operating profit (loss)	**44.8**	**13.5**	**2.5**	**4.0**	**(22.0)**	**(1.9)**	**41.0**

First three quarters 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	255.6	135.1	62.8	121.0	7.7	(86.3)	496.0
Operating revenues from other segments	0.4	-	-	1.0	1.8	(3.2)	-
Operating revenues	**255.9**	**135.1**	**62.8**	**122.1**	**9.5**	**(89.5)**	**496.0**
Gross operating profit (loss) excl. Investment phase	141.6	44.2	1.2	20.2	(44.1)	(7.5)	155.7
Gross operating profit (loss)	141.6	44.2	1.2	14.5	(44.1)	(7.5)	150.0
Operating profit (loss)	**131.4**	**35.4**	**(1.3)**	**6.5**	**(59.2)**	**(2.4)**	**110.3**

Operating revenues by category:

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Advertising revenues	29.9	31.0	81.8	96.1
Classifieds revenues	139.3	130.2	401.4	387.3
Other operating revenues	1.9	4.2	7.4	12.5
Operating revenues	**171.1**	**165.4**	**490.6**	**496.0**

Disaggregation of revenues by category:

Third quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	16.6	5.6	0.1	7.6	-	29.9
Classified revenues	82.2	36.3	1.0	19.7	0.1	139.3
Other revenues	1.0	-	-	0.1	0.4	1.5
Revenues from contracts with customers	**99.8**	**41.9**	**1.1**	**27.4**	**0.5**	**170.7**
Revenues from lease contracts, government grants and others	0.0	-	-	0.3	0.1	0.4
Operating revenues from external customers	**99.8**	**41.9**	**1.1**	**27.7**	**0.6**	**171.1**

First three quarters 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	44.9	14.9	0.4	21.6	-	81.8
Classified revenues	235.4	106.4	3.2	56.3	0.1	401.4
Other revenues	2.6	-	-	0.2	2.0	4.8
Revenues from contracts with customers	**282.9**	**121.3**	**3.6**	**78.1**	**2.1**	**488.0**
Revenues from lease contracts, government grants and others	0.0	-	-	0.4	2.2	2.6
Operating revenues from external customers	**282.9**	**121.3**	**3.6**	**78.5**	**4.3**	**490.6**

Third quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	16.9	5.4	0.3	8.5	-	31.0
Classified revenues	66.4	40.5	1.5	21.8	0	130.2
Other revenues	2.3	(0.6)	-	0.2	1.7	3.6
Revenues from contracts with customers	**85.5**	**45.3**	**1.7**	**30.6**	**1.8**	**164.9**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	0.4	0.5
Operating revenues from external customers	**85.6**	**45.3**	**1.7**	**30.7**	**2.1**	**165.4**

First three quarters 2019	France	Spain	Brazil	Global	Other /	Total

€ million				Markets	Headquarters	
Advertising revenues	51.4	16.5	0.7	27.5	-	96.1
Classified revenues	200.4	118.6	4.4	63.8	0.1	387.3
Other revenues	3.7	0.1	-	0.6	6.6	11.0
Revenues from contracts with customers	**255.5**	**135.1**	**5.1**	**92.0**	**6.7**	**494.4**
Revenues from lease contracts, government grants and others	0.0	-	-	0.3	1.2	1.5
Operating revenues from external customers	**255.6**	**135.1**	**5.1**	**92.3**	**7.9**	**496.0**

Note 4. Other Income and Expenses

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Restructuring costs	(0.6)	(0.5)	(1.6)	(3.9)
Gain (loss) on sale of subsidiaries, joint ventures and associates	1.6	0.4	2.3	0.4
Gain (loss) on sale of intangible assets, property, plant and equipment and investment property	-	(0.0)	0.0	(0.0)
Gain (loss) on amendment of pension plans	-	0.0	-	0.0
Acquisition-related costs	(23.9)	(0.4)	(26.2)	(0.7)
Integration-related costs	(1.5)	0.0	(1.5)	0.0
IPO-related costs	(0.5)	(0.9)	(2.3)	(4.9)
Other	(0.0)	0.0	(0.1)	0.1
Total other income and expenses	**(24.9)**	**(1.4)**	**(29.4)**	**(8.9)**

Acquisition-related costs of €(26.2) million and integration-related costs of €(1.5) million mainly related to the upcoming acquisition of eBay Classifieds Group.

IPO-related costs of €(2.3) million mainly related to the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019.

Note 5. Net Financial Items

	Third quarter		First three quarters	
€ million	**2020**	**2019**	**2020**	**2019**
Net interest income (expenses)	(1.3)	(0.9)	(3.5)	(4.8)
Net foreign exchange gain (loss)	(23.9)	(1.4)	(87.0)	2.0
Net other financial income (expenses)	(1.1)	(0.2)	(3.3)	(0.8)
Net financial items	**(26.3)**	**(2.6)**	**(93.8)**	**(3.7)**

Pursuant to 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 €(67.5) million, which has increased current liabilities related to financial derivatives by the same amount.

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, €64.9 million have been registered as foreign exchange losses, €56.3 million through OCI and €8.6 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 30 September 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 €6.8 million for the first three quarters of 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 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 September 2020 net interest-bearing debt of €193.7 million and €726.7 million total liquidity available. Please refer to note 8 on new senior secured term loan B facility and senior secured notes.

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 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 three quarters 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

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 Q3 with €0.9 million, but negatively to the cash flow from operating activities in Q3 with €(7.5) million, as the deferred payments from Q2 were paid during Q3 and these payments exceed the deferrals in Q3.

Note 8. Events After the Balance Sheet Date

Agreement to acquire Grupo ZAP

On 1 October 2020, the Brazil's Antitrust Agency (CADE) issued the formal approval for the transaction and we expect the acquisition to close before the end of 2020 or in early 2021.

Agreement to sell Avito, Tayara and Fincaraiz

On 8 October 2020, Adevinta signed an agreement to sell the subsidiaries, Avito (Morocco), Tayara (Tunisia) and Fincaraiz (Colombia) as a group in a single transaction to Frontier Digital Ventures (FDV), a company specializing in online marketplaces in emerging markets. The sale will be recognized in Q4, when the transaction is expected to be closed.

New senior secured Term Loan B facility and Senior Secured Notes

On 22 October 2020, Adevinta announced that it has priced:

- an offering of approximately €1,060 million aggregate principal amount of senior secured notes (the "Notes"). The Notes consist of two tranches:€660 million aggregate principal amount of Notes due 2025, bearing interest at a rate of 2.625% per annum and €400 million aggregate principal amount of Notes due 2027 at a rate of 3.000% per annum. The Notes are expected to be issued on 5 November 2020, subject to customary closing conditions.

- a new senior secured Term Loan B facility consisting of a €900 million EUR-denominated tranche (the "EUR TLB") and a $506 million US$ denominated tranche (the "USD TLB). 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 will be placed into a segregated escrow account pledged in favour 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.

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. This has been added as a new APM in Q3 to permit a more complete and comprehensive analysis 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 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. In Q3 2020 lease liabilities have been included in net interest bearing debt as this will provide more relevant information to the users.
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 (sold in Q2 2020) • Tunisia: Tayara	• Indonesia: OLX • Portugal: Custo Justo (associate from Q3 2018)

	Third quarter		First three quarters	
Reconciliation of EBITDA (before other income and expenses, impairment, joint ventures and associates) (€ million)	**2020**	**2019**	**2020**	**2019**
Gross operating profit (loss)	**54.1**	**51.7**	**132.9**	**150.0**
= EBITDA (before other income and expenses, impairment, JVs and associates)	54.1	51.7	132.9	150.0

	Third quarter		First three quarters	
Reconciliation of Operating revenues and EBITDA excl. Investment phase and in accordance with financial statements (€ million)	**2020**	**2019**	**2020**	**2019**
Operating revenues	**171.1**	**165.4**	**490.6**	**496.0**
Operating revenues Investment phase	5.4	7.0	15.9	21.3
Operating revenues excl. Investment phase	165.7	158.4	474.7	474.7
Gross operating profit (loss)	**54.1**	**51.7**	**132.9**	**150.0**
EBITDA Investment phase	(2.9)	(0.5)	(10.1)	(5.7)
EBITDA excl. Investment phase	57.0	52.2	143.0	155.7

Underlying tax rate (€ million)	Third quarter 2020	Third quarter 2019	First three quarters 2020	First three quarters 2019
Profit (loss) before taxes	(12.7)	38.4	(32.1)	106.6
Share of profit (loss) of joint ventures and associates	0.9	(1.1)	(1.5)	(1.6)
Other losses for which no deferred tax benefit is recognised	59.5	8.6	151.6	25.4
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	4.3	(0)	(2.3)	(0)
Impairment losses	-	-	-	-
Adjusted tax base	**52.0**	**45.5**	**115.7**	**130.0**
Taxes	15.0	16.2	35.7	43.2
Underlying tax rate	28.8%	35.6%	30.9%	33.2%

Liquidity reserve	30 September 2020	31 December 2019
Cash and cash equivalents	326.7	71.8
Unutilised drawing rights on credit facilities	400.0	100.0
Liquidity reserve	**726.7**	**171.8**

Net interest-bearing debt	30 September 2020	31 December 2019
Non-current interest-bearing borrowings	194.6	201.7
Lease liabilities, non-current	84.6	53.2
Total non-current liabilities	**279.2**	**254.9**
Current interest-bearing borrowings	224.6	0.3
Lease liabilities, current	16.6	13.3
Total current liabilities	**241.2**	**13.6**
Interest-bearing debt	**520.4**	**268.5**
Cash and cash equivalents	(326.7)	(71.8)
Net interest-bearing debt	**193.7**	**196.7**

Earnings per share - adjusted	Third quarter 2020	Third quarter 2019	First three quarters 2020	First three quarters 2019
Profit (loss) attributable to owners of the parent	(28.6)	21.3	(67.8)	61.4
Other income and expenses	24.9	1.4	29.4	8.9
Impairment loss	-	0.0	-	0.3
Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	1.2	(0.2)	(0.7)	(0.7)
Profit (loss) attributable to owners of the parent - adjusted	**(2.5)**	**22.5**	**(39.1)**	**70.0**
Earnings per share – adjusted (EUR)	(0.00)	0.03	(0.06)	0.10
Diluted earnings per share – adjusted (EUR)	(0.00)	0.03	(0.06)	0.10

Currency rates used when converting profit or loss	Third quarter 2020	Third quarter 2019	First three quarters 2020	First three quarters 2019
Pound sterling (GBP)	1.1050	1.1089	1.1314	1.1331
Brazilian Real (BRL)	0.1592	0.2269	0.1776	0.2293

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