INFORMATION MEMORANDUM

October 19, 2020

This Information Memorandum (the "Information Memorandum") presents information regarding Adevinta ASA's agreement to acquire eBay Classifieds Group ("eCG"), the global classifieds group of eBay Inc., and other information relating to Adevinta and eGC including financial information. This information was prepared in connection with the financing of the acquisition.

This Information Memorandum is not a prospectus and has neither been reviewed nor approved by the Norwegian Financial Supervisory Authority ("NFSA"), Oslo Børs or any other governmental or regulatory authority.

This Information Memorandum is neither an offer to sell nor the solicitation of an offer to buy any securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering, solicitation or sale would be unlawful. None of the securities referenced herein have been, and will not be, registered under the U.S. Securities Act of 1933, as amended and may not be offered or sold in the United States or to US persons except pursuant to an applicable exemption from registration under that act.

This Information Memorandum is published on October 19, 2020. The publication of this Information Memorandum shall under no circumstance create any implication that the information contained herein is correct as of any time subsequent to the date of this Information Memorandum.

This Information Memorandum is subject to Norwegian law. Any dispute arising in respect of this Information Memorandum is subject to the exclusive jurisdiction of the Norwegian courts with Oslo District Court as legal venue in the first instance.

CERTAIN DEFINITIONS

In this information memorandum, unless otherwise stated herein or the context otherwise requires, the terms:

- "we," "us," "our," "Adevinta", "Company" and the "Group" refer to the Issuer, together with its subsidiaries and, where the context requires, the combined business following completion of the Acquisition;
- "€600 million multi-currency term loan and revolving credit facility" refers to our €400 million RCF and €200 million term loan;
- "Acquisition" refers to the acquisition of eBay Classifieds (or, when describing the obligations of Adevinta and eBay as set forth in the Transaction Agreement (as defined herein), eCG) by Adevinta;
- "Adevinta Finance" refers to Adevinta Finance AS, a limited liability company incorporated under the laws of Norway;
- "Adevinta Oak" refers to Adevinta Oak Holdings B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 80411959 and a wholly owned subsidiary of Adevinta;
- "Adevinta Spain" refers to Adevinta Spain, S.L., a limited liability company incorporated under the laws of Spain and a wholly-owned subsidiary of the Company;
- "AWS" refers to Amazon Web Services, a third-party cloud service provider;
- "Brexit" refers to the exit of the United Kingdom from the European Union on January 31, 2020;
- "Bridge Facility" refers to the senior secured term loan facility to be established under the Bridge Facility Agreement in an aggregate principal amount of $330.0 million (or equivalent), which is expected to be cancelled on or prior to the Completion Date;
- "Bridge Facility Agreement" refers to the senior secured bridge facility agreement to be entered into prior to the Completion Date between, inter alios, Adevinta and the lenders named therein, providing for the Bridge Facility;
- "Classifieds Entities" refers to Gumtree AU, eBayK, Marktplaats and Gumtree.com as further described in "*Certain Relationships and Related Party Transactions—eBay—TreeBay Arrangement*";
- "Classifieds Indebtedness" refers to the indebtedness eBay Classifieds Holding B.V. will incur as a borrower under the Senior Credit Facilities Agreement by drawing down $1.2 billion (or equivalent) under the Term Facilities prior to completion of the Acquisition;
- "combined business" refers to the combined business of Adevinta and eBay Classifieds, following completion of the Acquisition;
- "Completion Date" refers to the date on which the Acquisition is consummated;
- "Contribution" refers to the transfer of shares in eBay Classifieds Holding B.V., indirectly through eBay International Holding GmbH, to Adevinta in exchange for voting and non-voting shares in Adevinta, subject to a net debt adjustment (to be settled in cash);
- "COVID-19" refers to the outbreak of the novel strain of the coronavirus identified in late 2019 and characterized as a pandemic by the World Health Organization in March 2020;
- "Danish Acquisition" refers to the expected purchase of the Danish Entity by Schibsted from Adevinta;
- "Danish Entity" refers to eBay Scandinavia ApS, a subsidiary of eBay Classifieds incorporated in Denmark;
- "DistilledSCH" refers to our 50/50 joint venture with the Irish-owned company Distilled Media;
- "eBay" refers to eBay Inc., a Delaware corporation, listed on the Nasdaq Global Select Market.
- "eBay Canada" means eBay Canada Limited, a subsidiary of eBay as further described in "*Certain Relationships and Related Party Transactions—eBay—Kijiji Canada Advertising Arrangement*";

- "eBay Classifieds" refers to eBay Mobile Labs LLC, eBay Services Mexico, S. de R.L. de C.V. and eBay Classifieds Holding B.V. and its subsidiaries, which include, among others Mobile.de and excludes the Danish Entity;
- "eBay Group" refers to eBay and the certain subsidiaries of eBay that will receive Adevinta shares in the Acquisition as further described in "*Certain Relationships and Related Party Transactions—eBay—Liquidity and Information Rights Agreement*";
- "eBay Marketplaces" means eBay Marketplaces GmbH, a subsidiary of eBay as further described in "*Certain Relationships and Related Party Transactions—eBay—BayTree Arrangement*";
- "eBay Motors Group" refers to Gumtree.com and Motors.co.uk in a joint proposition with eBay UK;
- "eBay UK" means eBay (UK) Limited, a subsidiary of eBay as further described in "*Certain Relationships and Related Party Transactions—eBay—eBay Motors Group Joint Proposition*";
- "eBayK" means eBay Kleinanzeigen GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany and registered with the commercial register (*Amtsgericht*) at the local court of Potsdam under registration number HRB 18681 P;
- "eCG" refers to eBay Classifieds, including the Danish Entity;
- "EUR Term Facility" refers to the Euro denominated senior secured term loan facility to be established under the Senior Credit Facilities Agreement in an aggregate principal amount of €900.0 million;
- "GDPR" refers to Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016;
- "German Bidco" refers to a German subsidiary of Adevinta Finance AS that is intended to be incorporated following the Issue Date and intended to be the direct parent of Mobile.de following completion of the Acquisition;
- "Grupo ZAP" refers to Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, which OLX Brazil entered into an agreement to acquire in March 2020;
- "Intellectual Property Matters Agreement" refers to the agreement between us and eBay to be entered into at closing of the Acquisition, under which (A) eBay assigns to us certain software rights and grants to us and our subsidiaries (i) non-exclusive licenses to certain software rights for internal use in certain jurisdictions for a limited term; (ii) exclusive licenses to certain eBay marks for a limited term to be used substantially in the manner used by eBay Classifieds as of closing of the Acquisition; (iii) the right to exclusively control certain domains containing eBay marks for a limited term; and (iv) a non-exclusive license to any eBay retained patents or other intellectual property that are used in eBay Classifieds' business as of closing of the Acquisition and (B) we grant to eBay and its subsidiaries (i) a non-exclusive, perpetual license back to the software that is assigned to us for use in certain jurisdictions and (ii) a non-exclusive license to any other intellectual property owned by eBay Classifieds that is used in eBay's retained business.
- "IPO" refers to the initial public offering of Adevinta in 2019;
- "Issue Date" refers to the date on which the Notes are issued;
- "Issuer" refers to Adevinta ASA;
- "Kijiji Canada" refers to Kijiji Canada Limited, a limited liability company incorporated under the laws of Canada, a wholly-owned subsidiary of Marktplaats and which will be a wholly owned subsidiary of the Company following completion of the Acquisition;
- "LBC France" refers to LBC France SASU, a simplified joint-stock company incorporated under the laws of France and a subsidiary of Adevinta France SAS;
- "OLX Brazil" refers to Silver Brazil JVCO B.V., our 50/50 joint venture together with OLX B.V., a subsidiary of Prosus N.V., a consumer internet company and global technology investor in Europe;
- "Marktplaats" refers to Marktplaats B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 28058712, a wholly owned subsidiary of eBay Classifieds Holding B.V. (a private limited liability company incorporated under the laws of the Netherlands,

registered with the Dutch trade register under number 69841969) and which will be a wholly owned subsidiary of the Company following completion of the Acquisition;

- "Mobile.de" refers to Mobile.de GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany and, registered with the commercial register at the local court (*Amtsgericht*) of Potsdam under registration number HRB 18517 P, a wholly owned subsidiary of eBay Classifieds Holding B.V. and which will be a wholly owned subsidiary of the Company following completion of the Acquisition;
- "Notes" refers to €1,060.3 million Senior Secured Notes comprising € million aggregate principal amount of % Senior Secured Notes due 2025 and € million aggregate principal amount of % Senior Secured Notes due 2027;
- "Paying Agent" refers to Citibank, N.A., London Branch, in its capacity as paying agent;
- "Revolving Facility" refers to the senior secured multi-currency revolving credit facility in an aggregate principal amount of €450 million (equivalent) under the Senior Credit Facilities Agreement;
- "Registrar" refers to Citibank, N.A., London Branch, in its capacity as the registrar;
- "Schibsted" refers to Schibsted ASA, which owned 100% of our shares prior to our spin-off in April 2019 and which will own approximately 39.5% of our voting shares (33.1% of our shares) following the Acquisition;
- "Schibsted Group" refers to Schibsted and its subsidiaries, excluding Adevinta;
- "Schibsted Loan" refers to the short-term loan proposed to be provided by a member of the Schibsted Group to Adevinta or one of its subsidiaries in a principal amount not less than the principal amount of the Bridge Facility.
- "Schibsted Nordic" refers to Schibsted Nordic Marketplaces AS, a subsidiary of Schibsted, a limited liability company incorporated in Norway;
- "SCM Local SASU" refers to SCM Local SASU, a simplified joint-stock company incorporated under the laws of France and a subsidiary of Adevinta France SAS;
- "Securities Act" refers to the U.S. Securities Act of 1933, as amended;
- "Senior Credit Facilities Agreement" refers to the senior credit facilities agreement to be dated on or prior to the Issue Date between, inter alios, Adevinta and the lenders named therein, providing for Senior Credit Facilities;
- "Senior Credit Facilities" refers to, collectively, (a) the Term Facilities and (b) the Revolving Facility;
- "Significant Shareholder" refers to each of Schibsted and eBay;
- "Term Facilities" refers to, collectively, the USD Term Facility and the EUR Term Facility;
- "Transactions" refers to the consummation of the Acquisition, the offering of the Notes, utilization of the Term Facilities and the repayment of our €600 million multi-currency term loan and revolving credit facility and our Grupo ZAP Bridge Term Loan Facilities;
- "Transfer Agent" refers to Citibank, N.A., London Branch, in its capacity as transfer agent;
- "Transition Service Agreement" has the meaning ascribed to such term under "*Certain Relationships and Related Party Transactions—eBay—Transition Service Agreement*";
- "Trustee" refers to Citibank, N.A., London Branch, in its capacity as trustee;
- "USD Term Facility" refers to the USD denominated senior secured term loan facility to be established under the Senior Credit Facilities Agreement in an aggregate principal amount of $500.0 million; and
- "Willhaben" refers to our 50/50 joint venture with Styria Medien AG in Austria.

Glossary

In this information memorandum, unless otherwise stated herein or the context otherwise requires, we use the terms set out below as follows:

ARPU . . . Average revenues per professional user;

CAGR . . . compound annual growth rate;

C2C . . . consumer-to-consumer;

C2B . . . consumer-to-business;

CMP . . . Consent Management Platform;

CPM . . . cost per mille (i.e. the amount an advertiser pays a website per 1,000 visitors who see its advertisements);

customers . . . professional and private listers on our classifieds sites, as well as advertising customers;

Developed Phase Operations . . . Adevinta's operations in:

(a) Consolidated subsidiaries:

- France: leboncoin, MB Diffusion, A Vendre a Louer, Videdressing, Locasun, PayCar, L'Argus and Pilgo;
- Spain: Coches.net, Motos.net, Fotocasa, Vibbo, Milanuncios, InfoJobs, habitaclia;
- Italy: Subito and InfoJobs;
- Ireland: Daft, DoneDeal and Adverts;
- Hungary: Hasznaltauto and Jofogas;
- Colombia: Fincaraiz (agreement to divest entered into in October 2020);
- Brazil: Infojobs;

(b) Joint ventures and associates:

- Austria: Willhaben;
- Brazil: OLX, Anapro;
- France: Younited;

FTE . . . full time employee;

General and Administrative . . . General and Administrative department

Investment Phase Operations . . . Adevinta's operations in:

(a) Consolidated subsidiaries:

- Shpock in markets: Austria, Germany, United Kingdom;
- Chile: Yapo;
- Mexico: Segundamano;
- Morocco: Avito (agreement to divest entered into in October 2020);
- Belarus: Kufar;
- Dominican Republic: Corotos (divested in June 2020);

- Tunisia: Tayara (agreement to divest entered into in October 2020);

(b) Joint ventures and associates:

- Indonesia: OLX;
- Portugal: Custo Justo (associate from Q3 2018);

KPI . . . . key performance indicator;

listings . . . . the number of classifieds listings on classifieds sites; and "listing" means when listers post their inventory on an online classified marketplace;

monetization . . . . charging for the services provided on our platforms;

P&T . . . . Product & Technology department;

"professional customers", "professionals", "agent" or "dealers" . . . . professional users who list their inventory on online classified marketplaces, such as real estate agents, car dealers and job recruiters;

SME . . . . small-to-medium enterprise;

TAM . . . . Total Addressable Market;

traffic . . . . the total number of visits on all platforms including mobile, web, desktop and apps;

transactional model(s) . . . . facilitating delivery and payment solutions on online classifieds sites. As discussed under "*Summary—Strategy*", the introduction of transactional models is part of our strategy to accelerate the monetization of our online classifieds sites;

user(s)/consumer(s) . . . . people accessing and using classifieds sites;

visits . . . . total visits is the sum of all visits to the analyzed domain, within the time period analyzed. A visit (session) is calculated for a website if a visitor accesses one or more pages. Subsequent page views are included in the same visit until the user is inactive for more than 30 minutes; and

yoy . . . . year-on-year.

Forward-Looking Statements

This information memorandum includes statements that are, or may be deemed to be, "forward-looking statements", including those under the captions "*Summary—Strategy*," "*Business*" with respect to our future financial position and business opportunities. Some of these statements can be identified as "forward-looking statements" by the use of forward-looking terminology including terms such as "aim," "annualized," "anticipate," "assume," "believe," "should," "likely," "believe," "estimate," "expect," "intend," "continue," "could," "may," "plan," "potential," "project," "seek," "target," "will," or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this information memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our expected results of operations, financial condition, outlook and projections, liquidity and future committed capital expenditures, prospects, growth, strategies, expected trends in the industries in which we operate, the Acquisition and eBay Classifieds and expected benefits and synergies from the Acquisition, and expected timing to realize such synergies, our plans to integrate and strategies for the combined businesses, financing for the Acquisition, market outlook and trends, and assumptions that relate to our future prospects, developments and business strategies, and the impact of COVID-19.

Such statements are made on the basis of assumptions and expectations that we believe to be reasonable as of the date of this information memorandum, but may prove to be erroneous. Such forward-looking statements involve known and unknown risks and uncertainties and other factors which may cause our actual results, financial condition, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include:

- competition in the online classifieds market;
- the ability to maintain and enhance our existing brands and to develop new brands;
- the ability to successfully carry out our strategy or achieve our goals and targets, including through acquisitions;
- risks associated with ownership interests in jointly controlled entities and associated entities;
- the continuing effects of COVID-19;
- risks associated with our international operations, including in emerging markets;
- our dependence on third-party service providers;
- risks associated with our developer platforms, which are open to merchants and third-party developers;
- risks associated with information disseminated through our services;
- the effects the general economic conditions in the markets in which we operate have on our business;
- the effects of political conditions in the markets in which we operate have on our business;
- the effects geopolitical events, natural disasters, seasonal factors and other factors may have on our business;
- risks associated with technological changes, evolving industry standards and customers' and consumers' evolving needs and preferences;
- risks associated with changes in advertising trends;
- traffic on our online classifieds sites' dependence on search engine algorithms;
- our ability to maintain and scale our technical infrastructure;
- risks associated with any breaches of our security measures or those of third party payment systems;
- failure to deal effectively with fraudulent activities on our platforms;
- any damages not covered by insurance or exceeding insurance coverage;
- risks associated with our dependence upon retaining and attracting current and prospective highly skilled personnel;
- risks associated with our exposure to fluctuations in foreign currency exchange rates;
- risks associated with our dependence on access to cash flows from our subsidiaries and joint ventures and limitations on accessing these cash flows;
- risks associated with impairments of goodwill and other intangible assets which could affect our results of operations and financial condition;
- risks associated with any failure by us to adequately protect our intellectual property rights;
- increase in our costs and loss rate due to any changes to our programs to protect buyers and sellers;
- risks associated with being unable to access sufficient funding;
- risks associated with the substantial amounts we have invested and will continue to invest, to develop and promote our businesses and platforms;
- risks related to legal restrictions, regulatory requirements and potential litigation or government investigations and proceedings;

- risks relating to the Acquisition and integration of eBay Classifieds into our business; and
- other risk factors more fully described in "Risk Factors" and elsewhere in this information memorandum.

We do not intend, and undertake no obligation, to revise the forward-looking statements included in this information memorandum to reflect any future events or circumstances. Our actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include those discussed under the heading "*Risk Factors*" in this information memorandum.

Currency of Presentation

We maintain our consolidated financial accounts in Euros, and eCG's combined carve-out financial accounts are also in Euros. In this information memorandum, references to "U.S. dollars," "USD," "US $" or "$" are to U.S. dollars, references to "EUR," "€" and "euro" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the treaty establishing the European Community, as amended by the Treaty on the European Union and references to "NOK" are to Norwegian Kroner. Our financial reports are presented in EUR, which is our functional currency, and eCG's financial reports are also presented in EUR. Unless otherwise indicated, all amounts are rounded to the nearest million. Totals in tables may not always equal the sum of the included rounded numbers as a result of rounding. Unless otherwise stated, the translations of other currencies into EUR have been made at the applicable conversion rates in effect for the relevant dates and periods. No representation is made that these amounts have been, could have been or could be converted into such amounts at the rates indicated or at any other rates.

Presentation of Financial Information

The financial information included in this information memorandum is not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations that would apply if the Notes were to be registered under the Securities Act.

Financial data of Adevinta

This information memorandum includes the following historical financial information of the Company:

- our unaudited condensed consolidated interim financial statements as of, and for the six month periods ended, June 30, 2020 and June 30, 2019, which have been prepared in accordance with IFRS applicable to interim financial reporting as adopted by the EU (IAS 34) (the "Adevinta Unaudited Condensed Interim Financial Statements");
- our audited consolidated financial statements of as of, and for the year ended, December 31, 2019, which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, our independent auditors, as set forth in their audit report included elsewhere herein (the "Adevinta Audited Financial Statements for 2019"); and
- our audited combined financial statements as of, and for the years ended, December 31, 2017 and 2018, (the "Adevinta Audited Combined Financial Statements for 2017 and 2018" and together with the Adevinta Audited Financial Statements for 2019, the "Adevinta Audited Financial Statements") which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, our independent auditors, as set forth in their audit report included elsewhere herein. The combined financial statements have been derived from the historical financial information of Schibsted (which was our 100% parent company prior to our spin-off in April 2019) by combining the results of operations, assets and liabilities of the entities forming the Group and making certain allocations of expenses incurred by Schibsted on our behalf. For additional information regarding the basis of preparation with respect to the Adevinta Audited Combined Financial Statements for 2017 and 2018, please see Note 2 of the Adevinta Audited Combined Financial Statements for 2017 and 2018.

Financial data of eCG

This information memorandum includes the following historical financial information of eCG:

- unaudited combined carve-out interim financial statements of eCG as of June 30, 2020 and for the six month periods ended June 30, 2020 and June 30, 2019 which have been prepared in accordance with IFRS applicable to interim financial reporting (IAS 34) (the "eCG Unaudited Interim Financial Statements"); and
- audited combined carve-out financial statements of eCG as of December 31, 2019, 2018 and 2017, and for the years ended, December 31, 2019, 2018 and 2017, which have been prepared in accordance with IFRS as issued by the IASB, and audited by PricewaterhouseCoopers LLP, eCG's independent auditors, as set forth in their audit report included elsewhere herein (the "eCG Audited Financial Statements"). These combined carve-out financial statements have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of eBay using the historical results of operations and historical cost basis of the assets and liabilities of the eCG business. Throughout the years ended December 31, 2019, 2018 and 2017, eCG operated as a part of eBay, and consequently, stand-alone financial statements have not been historically prepared for eCG. The eCG Audited Financial Statements have been prepared on a combined and carve-out basis as they represent a portion of eBay's business which does not solely consist of separate legal entities. The combined carve-out financial statements are prepared on a stand-alone basis as if the operations of eCG had been conducted independently from eBay and present only the historical financial information of the economic activities that comprise the eCG business.

eCG, is eBay Classifieds, including the Danish Entity, which will be sold to Schibsted Nordic following completion of the Acquisition and, as a result, future results for eBay Classifieds may not be fully comparable with the results presented herein. For additional information on the basis of preparation of the combined carve-out financial statements see Note 2 of the eCG Audited Financial Statements.

Pro Forma Financial Information

As part of this information memorandum, we present Unaudited Pro Forma Condensed Consolidated Financial Data for the six month periods ended June 30, 2020 and 2019 and for the year ended December 31, 2019 and as of June 30, 2020. This Unaudited Pro Forma Condensed Consolidated Financial Data is presented to illustrate the effect of the Acquisition and related financings on our consolidated statement of financial position and our consolidated income statement by giving effect to the Acquisition and the associated financings as if they occurred on the first date of each such period, with respect to the pro forma income statement information and June 30, 2020, with respect to the pro forma statement of financial position information. The Unaudited Pro Forma Condensed Consolidated Financial Data has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. The Unaudited Pro Forma Condensed Consolidated Financial Data has also been prepared assuming the combined business will operate on a going concern basis for the foreseeable future. The adjustments made in order to present the Unaudited Pro Forma Condensed Consolidated Financial Data have been made based on available information and assumptions that our management believes are reasonable. The Unaudited Pro Forma Condensed Consolidated Financial Data is for informational purposes only and does not necessarily present what our results would have been had the Acquisition and the associated financings actually occurred on the dates indicated nor should it be used as the basis of projections of our results of operations or financial condition for any future period. The Unaudited Pro Forma Condensed Consolidated Financial Data has not been prepared in accordance with the rules or regulations promulgated by the SEC, including the requirements of Regulation S-X under the Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting Unaudited Pro Forma Condensed Consolidated Financial Data have been audited or reviewed. Please see "*Unaudited Pro Forma Condensed Consolidated Financial Data*" for additional information on such pro forma financial information and a description of the assumptions used in preparing such pro forma financial information. The Unaudited Pro Forma Condensed Consolidated Financial Data should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations of eCG*" and the financial statements included elsewhere in this information memorandum.

LTM Financial Information

Our financial information for the last twelve months ("LTM") presented herein has been derived by adding our unaudited condensed consolidated interim financial information for the six months ended June 30, 2020 to our audited consolidated financial information for the year ended December 31, 2019 and subtracting our unaudited condensed consolidated interim financial information for the six months ended June 30, 2019, all as derived from the financial statements described herein. The LTM financial information of eCG presented herein has been derived by adding the unaudited combined carve-out interim financial information of eCG for the six months ended June 30, 2020 to its audited combined carve-out financial information for the year ended December 31, 2019 and subtracting its unaudited combined carve-out interim financial information for the six months ended June 30, 2019, all as derived from the financial statements of eCG described herein. The unaudited pro forma LTM financial information presented herein has been derived by adding the unaudited pro forma condensed consolidated interim financial information for the six months ended June 30, 2020 to the unaudited pro forma consolidated financial information for the year ended December 31, 2019 and subtracting the unaudited pro forma condensed consolidated interim financial information for the six months ended June 30, 2019, all as derived from the unaudited pro forma financial statements described herein. see "*—Pro Forma Financial Information*."

For a description of certain non-IFRS measures that are presented for LTM see "*—Non-IFRS Financial Measures*."

Non-IFRS Financial Measures

This information memorandum contains non-IFRS measures and ratios for the Group, including EBITDA/Gross operating profit (loss), EBITDA margin and net interest bearing debt, as well as such measures prepared on a pro forma LTM basis (see "*—LTM Financial Information*" and "*—Pro Forma Financial Information*"), that are not required by, or presented in accordance with, IFRS. These non-IFRS measures are defined by us as set out below.

We define "As Adjusted Financial Expense" as Adevinta and eCG's financial expenses as adjusted to give effect to the Transactions. This measure is only presented on an as adjusted basis and management believes the measure enables an evaluation of our cost of borrowing.

We define "As Adjusted Financial Expense Ratio" as Pro forma Further Adjusted EBITDA divided by As Adjusted Financial Expense. This measure is only presented on an as adjusted basis and management believes the measure enables an evaluation of the ability to meet our cost of borrowing.

We define "Cash conversion" as EBITDA less development and purchase of intangible assets and property, plant and equipment (for eCG, capital expenditures), divided by EBITDA. Management believes this measure enables an evaluation of operating performance after taking into account development and purchases of intangible assets, property, plant and equipment.

We define "EBITDA/Gross operating profit (loss)" as earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortization. Management believes the measure enables an evaluation of operating performance, as it 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. This measure is also presented on a pro forma basis, see "*—Pro Forma Financial Information*."

We define "EBITDA incl. JVs" as gross operating profit (loss) including results corresponding to our proportional ownership of Willhaben (Austria) and OLX (Brazil). Management believes the measure enables an evaluation of operating performance, as it reflects the real scale, growth and profitability of Adevinta by showing its performance including the impact of the proportional ownership of our joint ventures. This measure is also presented on a pro forma basis, see "*—Pro Forma Financial Information*."

We define "EBITDA margin" as gross operating profit (loss) divided by operating revenue. Management believes the measure enables an evaluation of operating performance, as this measure shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenue.

We define "EBITDA margin incl. JVs" as gross operating profit (loss) including results corresponding to our proportional ownership of Willhaben (Austria) and OLX (Brazil) divided by operating revenue including the proportional ownership of Willhaben (Austria) and OLX (Brazil). Management believes the measure enables an evaluation of operating performance, as this measure 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, further adjusted to include the proportional ownership of our joint ventures. This measure is also presented on a pro forma basis, see "—*Pro Forma Financial Information.*"

We define "Further Adjusted EBITDA" as EBITDA incl. JVs, further adjusted for the impact of cost synergies in connection with the Acquisition and excluding share based payments of eCG and Adevinta. Further Adjusted EBITDA includes EBITDA of the Danish Entity, which will be acquired by Schibsted after the Completion Date pursuant to the Danish Acquisition. Management believes that Further Adjusted EBITDA is a useful indicator of our operating performance, taking into account the Acquisition-related cost synergies and the reversal of share based payments. This measure is only presented on a pro forma basis (see "—*Pro Forma Financial Information*") to illustrate the expected effects of Acquisition-related cost synergies on the combined business for the historical periods covered herein and illustrate the removal of certain share based payments as the schemes will be superseded.

We define "Further Adjusted EBITDA margin" as Further Adjusted EBITDA, divided by operating revenues including the proportional ownership of Willhaben (Austria) and OLX (Brazil). Management believes the measure enables an evaluation of operating performance, as this measure 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, further adjusted to include the proportional ownership of our joint ventures and Acquisition-related synergies and excluding certain share based payments. This measure is only presented on a pro forma basis (see "—*Pro Forma Financial Information*") to illustrate the expected effects of Acquisition-related cost synergies on the combined business for the historical periods covered herein and illustrate the removal of certain share based payments as the schemes will be superseded.

We define "Net interest bearing debt" as interest-bearing liabilities, including current and non-current lease liabilities, less cash and cash equivalents and cash pool holdings, gross of capitalized arrangement fees. 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.

We define "Net Leverage Ratio" as net interest bearing debt divided by gross operating profit (loss) and, where presented on an as adjusted basis, Total Net Debt divided by Pro forma Further Adjusted EBITDA. Management believes that the net leverage ratio provides investors with an indicator of our ability to meet our debt obligations.

We define "Net Secured Debt" as Total Secured Debt less cash and cash equivalents, gross of capitalized arrangement fees. See "*Capitalization*." This measure is only presented on an as adjusted basis and management believes that it is a useful indicator of the combined business' debt profile.

We define "Operating revenues incl. JVs" as operating revenue including the proportional ownership of Willhaben (Austria) and OLX (Brazil). The measures 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.

We define "Secured Net Leverage Ratio" as Total Secured Debt less cash and cash equivalents divided by Further Adjusted EBITDA. This measure is only presented on an as adjusted basis and management believes that it is a useful indicator of our ability to meet our secured debt obligations.

We define "Total Debt" as our interest bearing debt. This measure is also presented on an as adjusted basis and management believes that it is a useful indicator of our debt profile. See "*Capitalization*."

We define "Total Net Debt" as Total Debt less Cash and cash equivalents. See, "*Capitalization*." This measure is also presented on an as adjusted basis and management believes that it is a useful indicator of our debt profile.

We define "Total Secured Debt" as our aggregate outstanding indebtedness that is secured by a first-ranking lien over the Shared Collateral, which excludes $330.0 million (equivalent) in aggregate principal amount of the Bridge Facility that will be cancelled in full upon the completion of the acquisition of the Danish Entity by the Schibsted Group. See "*Capitalization*." This measure is only presented on an as adjusted basis and management believes that it is a useful indicator of our ability to meet our secured debt obligations.

We believe that the non-IFRS measures presented herein are widely used by investors in comparing performance on a consistent basis, without regard to factors such as depreciation and amortization, which may vary significantly depending upon accounting methods (particularly when acquisitions have occurred) or based on non-operating factors. Accordingly, the Company discloses the non-IFRS measures presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, consistent with how the Group's business performance is evaluated by our management.

The non-IFRS measures presented herein are not measurements of performance under IFRS or other generally accepted accounting principles, and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of our operating performance; or (b) any other measures of performance under generally accepted accounting principles.

The non-IFRS measures presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

For a reconciliation of these measures to the most comparable IFRS measure, see "*Summary—Summary Pro Forma Information*," "*Summary—Adevinta Summary Consolidated and Combined Financial Information and Other Non-Financial Data*" and "*Summary—eCG Summary Combined Financial Information and Other Data*."

Rounding

Certain figures in this information memorandum have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the figures which precede them.

Industry and Market Data

Unless otherwise indicated, information contained in this information memorandum concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on information from various sources, on assumptions that we have made that are based on such data and other similar sources and on our knowledge of the markets for our respective products and services. This data involves a number of assumptions and limitations and you are cautioned not to give undue weight to such estimates. We have not independently verified any third-party information and cannot assure you of its accuracy or completeness. While we believe the market position, market opportunity and market size information included in this information memorandum is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the caption "*Risk Factors*" in this information memorandum. Furthermore, the markets in which we operate and compete may have shifted or changed since the date that each industry report was prepared and in particular, the industry reports may not contemplate the effects of COVID-19. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Trademarks and Tradenames

This information memorandum contains references to our and eBay Classifieds' trademarks and service marks. Solely for convenience, trademarks and trade names referred to in this information memorandum may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. Other trademarks and tradenames appearing in this information memorandum are the property of their respective holders. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

SUMMARY

This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information appearing elsewhere in this information memorandum. You should read this entire information memorandum, including the section entitled "Risk Factors" and the financial statements and related notes, before making an investment decision.

Set forth below is a description of the combined business.

Overview of our Combined Business

Following the closing of the acquisition of eBay Classifieds by Adevinta (the "Acquisition"), we expect to be the world's largest online classifieds company (excluding China) based on revenues generated from online classifieds listings and advertisements. We connect buyers seeking goods or services with a large base of sellers. We own and operate generalist (which cover consumer goods, often alongside motor, real estate and jobs) as well as vertical (which focus on one of the key monetizable categories: motor, real estate and jobs and typically rely heavily on professional sellers paying listing fees as an important revenue stream) online classifieds sites in 20 countries around the world, with several leading market positions in the countries in which we operate based on number of visits, that are accessible via desktop, mobile and dedicated apps. Adevinta and eBay Classifieds are highly complementary businesses and we expect to benefit from significant synergies, including across vertical and generalist online classifieds sites, with pro forma Further Adjusted EBITDA of €570.8 million for the twelve months ended June 30, 2020 (€632.5 million for the year ended December 31, 2019), pro forma operating revenues of €1,561.2 million for the twelve months ended June 30, 2020 (€1,632.3 million for the year ended December 31, 2019) and pro forma Further Adjusted EBITDA Margin of 35% for the twelve months ended June 30, 2020 (37% the year ended December 31, 2019).

Our combined business will have six key markets:

- *Germany (€438.2 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Mobile.de, a leading online classifieds site for the German automotive market and eBayK, one of Europe's largest generalist classifieds platforms and a leader in Germany;
- *France (€356.9 million in pro forma operating revenues for the year ended December 31, 2019)*, which has leading generalist online classifieds sites and expanding verticals (real estate, motor and jobs), and includes leboncoin (a generalist site), A Vendre A Louer (a real estate vertical site), MB Diffusion (operating three vertical online classifieds sites: AgriAffaires, an online classifieds site for new and used agricultural, forestry and winegrowing equipment, MachineryZone, an online classifieds site for new and used construction, transport and handling equipment and Trucks Corner, an online classifieds site for second-hand trucks, semi-trailers and heavy vehicles), Vide Dressing (a general goods vertical online classifieds site), Locasun (a holiday rental and travel specialist online classifieds vertical site) and L'Argus (an automotive vertical site);
- *Spain (€182.0 million in pro forma operating revenues for the year ended December 31, 2019)*, which is based on a multi-brand model with leading market positions in established generalist sites and verticals (real estate, motor and jobs), such as InfoJobs (a vertical site in jobs segment), Fotocasa and Habitaclia (real estate vertical sites), Milanuncios (a generalist site) and Coches.net and Motos.net (motor vertical sites);
- *Netherlands (€131.7 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Marktplaats, one of the leading generalist classifieds sites in the Netherlands, and which has a leading position in the motor categories as well;
- *Canada (€143.6 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Kijiji Canada, Canada's leading generalist classifieds site with strong market positions in motor (through notably Kijiji Autos' separate automotive site) and real estate rentals; and
- *Brazil (€86.0 million in pro forma operating revenues for the year ended December 31, 2019 (with OLX Brazil presented on a 100% consolidated basis; €7.0 million excluding OLX Brazil))*, where we operate through a 50/50 joint venture, with one focused brand, OLX (which in March 2020 entered into an agreement to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil), with leading generalist online classifieds sites and expanding real estate and motor verticals, including Storiaimóveis (a vertical site in real estate) and Autoshift (a motor vertical site), and through a separate majority owned job vertical site (Infojobs);

Our combined business will also operate in *Other Markets* (*€364.2 million in pro forma operating revenues for the year ended December 31, 2019*), which consists of markets with varying levels of maturity comprising Adevinta's Global Markets segment and all of eBay Classifieds' markets other than Germany, the Netherlands and Canada. Our Other Markets include approximately 27 online classifieds sites. We have leading positions in (i) generalist online classifieds sites in Ireland (50/50 joint venture, DistilledSCH), Italy, Hungary, Austria (50/50 joint venture, Willhaben), the UK, Australia, South Africa, Belarus, Morocco and Tunisia, (ii) motor in Ireland, Italy, Austria, Hungary, Morocco, Chile and Tunisia and (iii) real estate in Ireland, Austria, Colombia and Mexico. In October 2020, Adevinta entered into an agreement to divest its online classifieds businesses in Morocco, Tunisia and Colombia, see "*—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia.*"

For a reconciliation of our operating revenue by geography to pro forma operating revenue, see "*—Our Business Strengths—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets.*"

Overview of Operations

Our online classifieds sites have the following categories of primary users: (i) consumers searching for products and services listed on our online classifieds sites; (ii) listers placing inventory for sale, which can in turn be divided into private individuals and professional listers; and (iii) advertisers, i.e. third parties using the online classifieds sites to promote their products and services, for example by purchasing advertising space on a site.

We derive most of our operating revenues from sale of classifieds products and services in the form of various fees, products and add-on products (for example, bulk uploads or individual dashboards for efficient management of a large number of listings) purchased by private and professional listers on our online classifieds sites. Most of our classifieds operating revenues are generated from services and products sold to professional listers, primarily in our vertical categories. Our ability to generate operating revenues depends, to a large extent, on the number of listings and traffic on our sites. Listings and traffic on online classifieds sites are affected by the network effects, whereby listing inventory and user traffic are mutually reinforcing. In particular, external factors such as internet penetration and mobile adoption, the general market conditions of the relevant geographic markets and the industry shift from offline to online channels and from desktop to mobile affect the number and content of listings, online traffic and our ability to monetize our online classifieds sites. Network effects drive profitability: as listings and traffic on our online classifieds sites increase, our operating expenses, such as sales, marketing and personnel expenses, as a percentage of operating revenues decreases. In addition to classified operating revenues, we also sell advertising as well as additional products and services.

For the year ended December 31, 2019, operating revenues from classifieds products and services represented 72% of our pro forma operating revenues, of which the vertical sites (real estate, motor and jobs) represented 85% of our pro forma classifieds operating revenues, while generalist sites/other represented 15% of our pro forma classifieds operating revenues. For a reconciliation of our revenue by category to pro forma operating revenue, see "*—Our Business Strengths—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets.*" In general, professional customers' willingness to pay for listings and additional products and services increases when they are offered products and services that can help them increase leads and sales (e.g., increased visibility or better pricing, better tools for placing new listings or managing existing listings).

Our combined businesses hold a complementary portfolio of assets, as indicated in the chart below, which includes a selection of key countries and brands (including the acquisition of Grupo ZAP, which is expected to close before the end of 2020).

Source: Adevinta, eBay Classifieds Group.

Notes: (1) Selected key countries and brands. (2) The acquisition of Grupo ZAP by OLX Brazil received approval in September 2020 from Brazil's Antitrust Agency (CADE), and is expected to close before the end of 2020.

For information on our pro forma operating revenues by geography and category for the year ended December 31, 2019, see "*—Our Business Strengths—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets.*"

The table below sets out the three key metrics by which we measure our performance by for the year ended December 31, 2019, excluding unconsolidated joint ventures:

	For the year ended December 31, 2019	
	Adevinta	**eCG**
Traffic (Average Monthly Visits)[1] (millions)	**1,025[3]**	**1,388**
Live Listings[2] (thousands)	**67,400[3]**	**68,995**
Operating revenue (€ millions)	**680.3**	**952.0**

(1) The sum of average monthly visits of each of the Company's and eCG's sites (source: management estimates).

(2) The sum of the monthly average of the daily active listings of each of the Company and eCG's sites (source: management estimates).

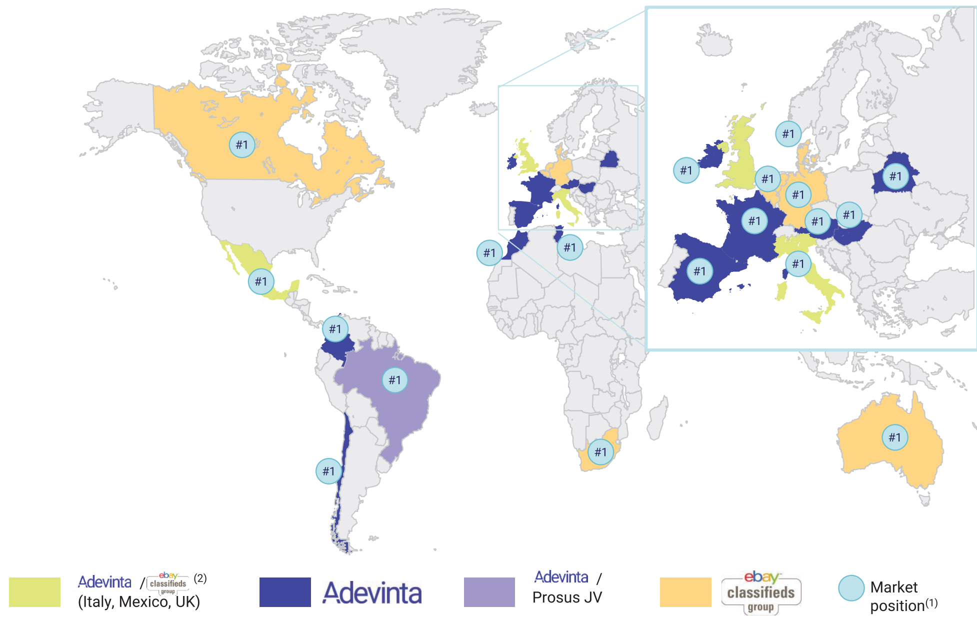
(3) Excl. JVs.

Our Business Strengths

As a combined company, our key business strengths are:

- **Globally scaled pure-play online classifieds leader, with leading market positions.** Following the completion of the Acquisition, we will be the world's largest online classifieds business based on revenues generated from online classifieds listings and advertisements (excluding China), with pro forma operating revenues of €1,561.2 million for the twelve months ended June 30, 2020. Our combined business will have an extensive geographic footprint and leading market positions across 20 countries around the world (including Germany, France, Spain, Brazil, the Netherlands and Canada) based on traffic, operating generalist and vertical online classifieds sites, including real estate, motor and jobs. Our leboncoin site is the leading generalist online classifieds site in France, with 28.7 million average monthly visits, and our Mobile.de site is a leading German motor classifieds site. We generate operating revenue primarily through online classifieds listings and advertisements, and our leading market positions in certain markets enable our online classifieds sites to generate an extensive number of listings and attract significant consumer traffic, which in turn, enables our online classifieds sites to benefit from positive network effects. As more listings are added that attract more consumer traffic to our online classifieds sites, our online classifieds sites attract even more listings.

*Our Countries of Operations with Market Positions**



Source: Adevinta, eBay Classifieds Group.

Notes: In October 2020, Adevinta entered into an agreement to divest its online classifieds businesses in Morocco, Tunisia and Colombia. (1) Market position based on traffic (visits). (2) Germany not included as overlapping geography given immaterial size.

* Includes Morocco, Tunisia and Colombia, which Adevinta agreed to divest in October 2020, see "—*Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia*."

Positive network effects also provide other benefits for us, such as strengthening our online classifieds sites' brand recognition. Additionally, our scale also increases the amount of data that can be gathered from the online classifieds sites, which in turn allows us to develop better data analytics and offer improved services to sellers, improving the value proposition for both customers and users on our online classifieds sites.

In addition, our scale will enable greater focus, investments and efficiencies to further accelerate growth in the geographies in which we operate. Our technology efforts are group-wide, allowing technology developments to be leveraged and deployed across our various online classifieds sites. We also combine the strengths of local product and technology capabilities with the benefits of selective centralized scalable technology components, data and platform services.

- **Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets.** Our combined business will have a diversified geographical and vertical mix. We will have leading positions in several markets and a strong portfolio of brands across the 20 markets (including Morocco, Tunisia and Colombia, which Adevinta agreed to divest in October 2020) in which we operate (see "—*Globally scaled pure-play online classifieds leader, with leading market positions*"), which have a combined population coverage of approximately one billion people. We believe that our diversification reduces our exposure to any single market or segment.

We have a multi-brand strategy with deep vertical positions. The following charts show our leadership positions across generalist and verticals in our major markets:

								[11]	
	Traffic[1]	Ad Listings[2]	Customers[3]	Traffic	Ad Listings	Customers	Traffic	Ad Listings	Customers
Generalist	1 [4]	1 [4]	1 [4]	2 [7]	2 [4]	NA	1 [5,6]	NA	NA
Real estate	1	1	1	2 [7]	1 [9]	1 [9]	1 [6]	3 [5]	2 [5]
Motors	1	1	1	1 [7]	1 [9]	1 [9]	1 [6]	1 [10]	1 [10]
Jobs	4	5	3	1 [7]	NA	NA	1 [10]	NA	NA

Source: Company information.

Notes: (1) Mediametrie—2019 average from January-November. (2) RE: Autobiz—2019 average online ads (part + pro)—sale & rental categories (excl. offices & retail), Motors: Autobiz—2019 average online ads (part + pro)—motors category only (excl. auto equipment & motos), Jobs: Autobiz—2019 average online ads (only pro). (3) Autobiz—2019 average agents for RE, dealers for Motors and Recruiters for Jobs. (4) Company information. (5) Excludes MercadoLibre due to lack of business model comparability to OLX Brazil. (6) Comscore January 2019. (7) Ipsos: 2018 avg. (8) Insights by SimilarWeb (www.similarweb.com)—2019 average. Desktop & Mobile web. (9) Autobiz—2019 avg. (10) Autobiz February 2019. (11) Excluding Grupo ZAP.

The table below illustrates pro forma operating revenues of the combined business by geography for the year ended December 31, 2019.

(In EUR million)	**Adevinta[1]**	**eCG[2]**	**Total (Adevinta +eCG)[3]**	**Percentage of Total[4]**
		Year ended December 31, 2019		
Germany	—	438.2	438.2	27%
France	356.9	—	356.9	22%
Spain	182.0	—	182.0	11%
Netherlands	—	131.7	131.7	8%
Canada	—	143.6	143.6	9%
Brazil	7.0	—	7.0	0.4%
Global/Other Markets	123.8	240.4	364.2	22%
Other/Headquarters	10.6	—	10.6	0.6%
Total	**680.3**	**953.9**	**1,634.2**	**100%**

(1) For Adevinta, this represents operating revenue by segment (external segment revenues) and is calculated based on operating revenue generated by each key market segment (along with other/headquarters and eliminations) for the year ended December 31, 2019, after eliminations.

(2) eCG operating revenue by geography is calculated based on operating revenues based on management accounts generated by business unit in the relevant country site for the year ended December 31, 2019, which is not a measure prepared in accordance with IFRS. The numbers have been translated from USD to EUR using a rate of 1.1. Total eCG operating revenues for the year ended December 31, 2019 (using the audited combined carve-out financial statements of eCG and its combined subsidiaries for the year ended, December 31, 2019, and not the operating revenues that are based on management accounts) were €952 million.

(3) Total (Adevinta + eCG) is calculated based on adding the Adevinta and eCG columns presented together without any further eliminations or adjustments. Total pro forma operating revenues for the year ended December 31, 2019 (using €952 million for total eCG operating revenues for the year ended December 31, 2019 (see footnote 2)) were €1,632.3 million.

(4) Percentage of total (Adevinta + eCG) is calculated by dividing the total (Adevinta + eCG) columns over the total (Adevinta + eCG) operating revenues.

The table below illustrates pro forma operating revenues of the combined business by category for the year ended December 31, 2019.

(In EUR million)	Adevinta[(1)]	eCG[(2)]	Total (Adevinta +eCG)[(3)]	Percentage of Total[(4)]
	Year ended December 31, 2019			
Classifieds:				
Jobs	92.4	19.7	112.1	7%
Motor	175.9	470.7	646.6	40%
Real Estate	205.2	38.1	243.3	15%
Generalist/HQ/Other	71.8	100.6	172.4	10%
Total—Classifieds	545.3	629.1	1,174.4	72%
Advertising	135.0	324.9	459.9	28%
Total	**680.3**	**954.0**	**1,634.3**	**100%**

(1) Adevinta operating revenue by category is calculated based on operating revenue generated by each segment (external segment revenues) for each category for the year ended December 31, 2019.

(2) eCG operating revenue by category is calculated based on operating revenues based on management accounts generated by each business unit for each category for the year ended December 31, 2019, which is not a measure prepared in accordance with IFRS. The numbers have been translated from USD to EUR using a rate of 1.1. Total eCG operating revenues for the year ended December 31, 2019 (using the audited combined carve-out financial statements of eCG and its combined subsidiaries for the year ended, December 31, 2019, and not the operating revenues that are based on management accounts) were €952 million.

(3) Total (Adevinta + eCG) is calculated based on adding the Adevinta and eCG columns presented together without any further eliminations or adjustments. Total pro forma operating revenues for the year ended December 31, 2019 (using €952 million for total eCG operating revenues for the year ended December 31, 2019 (see footnote 2)) were €1,632.3 million.

(4) Percentage of total (Adevinta + eCG) is calculated by dividing the total (Adevinta + eCG) columns over the total (Adevinta + eCG) operating revenues.

As illustrated by the tables above, we will also be present in some of the largest and strongest economies in the world, as well as in some of the fastest growing emerging markets (e.g. Brazil). Our diversified and balanced portfolio, built over time through successful acquisitions and integrations, provides us with the ability to transfer know-how between markets. Our diversification between more mature and less mature businesses, complemented by strong local brands, provide us with significant upside in terms of growth potential and monetization as well as lower customer concentration. We further believe that geographic diversification across well-established and other high-growth markets brings balance between growth and profitability.

- **Resilient Business Model.** We operate under trusted brands with a resilient business model. Our resilience is a result of (i) our exposure to the digital economy, (ii) our leading market positions, which result in our customers turning to us even during challenging economic climates and (iii) the majority of our classifieds revenues being derived from professional listers, whose products and services tend to be subscription-based and who therefore generate relatively predictable cash flows. Professional customers enter into recurring, subscription-based listing packages, under which customers are typically charged on a monthly basis through a fixed fee or based on the number of simultaneous listings and subject to the package being chosen. Further, our operating revenue sources are diversified through a high number of customers, customer categories and markets. See also *"—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets."*

  Our resilience is also demonstrated through our performance despite the COVID-19 pandemic and associated challenging economic environment (see also "*—Recent Developments—COVID-19*"). We are experiencing a strong recovery trajectory from the COVID-19 crisis, which is supported by an accelerated shift to digital both on the consumer and customer front. We successfully implemented cost savings initiatives, which allowed us to mitigate, to a certain extent, the impact on our profits, while we have continued to invest in P&T to support our future growth, with P&T and other initiatives returning to pre-COVID levels. Most operational KPIs have returned to pre-COVID-19 levels. Our traffic and listings have also achieved all-time high levels during the second quarter of 2020. For example, visits, new listings and email replies all continued to grow above 2019 levels for the second quarter of 2020. In addition, our financial performance has recovered faster than expected, especially in France, Germany and the Netherlands, where we experienced positive organic growth in June 2020.

We also believe our positioning at the center of the second-hand economy supports our resilience at a time when consumers are increasingly focused on consuming in a more sustainable and cost-efficient way. For example, our users potentially saved 25.3 million tonnes of carbon dioxide emissions, 1.5 million tonnes of plastic, 9.5 million tonnes of steel and 0.9 million tonnes of alluminium by buying and selling on our marketplaces in 2019 according to The Second Hand Effect Report 2019 prepared by Schibsted, Adevinta and IVL Swedish Environmental Research Institute.

- **Profitable Growth with High Cash Conversion Enhanced by Organic and Strategic Opportunities.** The combined business will have a strong financial profile and profitability, with Pro forma Further Adjusted EBITDA of €570.8 million for the twelve months ended June 30, 2020. Furthermore, with high EBITDA margins and improving operational efficiency, the combined business benefitted from a cash conversion of 87.4% in the year ended December 31, 2019 on a *pro forma* basis due to low capital expenditure requirements (see "*Summary—Cash Conversion Reconciliation*). For example, Adevinta's operating revenues for the year ended December 31, 2019 increased by 14% compared to previous year, supported by continuing strength in real estate and motor verticals in France, strong performance in Spain and leadership positions in traffic and volumes in OLX Brazil enhancing monetization of the core verticals. In addition, eBay Classifieds' operating revenues for Germany, which is eBay Classifieds' largest market, comprising 52% of eBay Classifieds' operating revenues for the twelve months ended June 30, 2020, has grown at a CAGR of 18% from 2017 to 2019.

- **Substantial Synergy Potential.** We expect to benefit from substantial total cost and operating revenue synergy potential in the range of €134 million to €165 million of run-rate EBITDA as a result of the Acquisition, of which €50.0 million of cost synergies have been included in our *Pro forma* Further Adjusted EBITDA for the twelve months ended June 30, 2020. Cost synergies are expected to represent approximately two-thirds of expected synergies (approximately €107 million) and operating revenue synergies are expected to represent the remaining approximately one-third (€53 million). We expect to realize approximately €50 million of cost synergies in the first 18 months following closing of the Acquisition. We expect to achieve these run-rate EBITDA synergies within three years.

  We expect to generate cost synergies by reducing advertising serving costs, and integrating technology infrastructure, cloud infrastructure and rationalizing footprint between the combined business, among other initiatives. In particular, with respect to the approximately €107 million of anticipated cost synergies:

  - we expect to benefit from approximately €66 million in Product & Technology cost synergies as a result of economies of scale and service consolidation and joint product research and development;
  - we expect to realize cost synergies of approximately €31 million in General and Administrative synergies, through the elimination of certain duplicative functions across the two organizations and expected procurement efficiencies in non-personnel costs;
  - we expect to benefit from €1 million cost synergies within Advertising through ad serving cost reduction; and
  - we expect to benefit from €9 million cost synergies through the in-market consolidation of Italy and Mexico (i.e. overlapping geographies).

  We expect to generate operating revenue synergies as a result of know-how sharing across the combined group as well as the ability to leverage (i) eBay Classifieds' motors expertise and its advertising know-how and (ii) Adevinta's expertise in launching new verticals and advanced data-driven offerings for customers and transactional services (i.e. facilitating delivery and payment solutions to accelerate the monetization of our online classifieds sites). We also intend to leverage eBay Classifieds' advertising technology, thereby improving our advertising yields and accelerating revenues. Our key markets also have significant growth opportunities. For example, we have untapped monetization potential in France, where our recent acquisitions of L'Argus and PayCar in 2019 provide us with tools (such as product bundling and data pooling) to unlock this potential. We also have untapped monetization potential in Germany, through opportunities for upselling, product development and adjacent products. We also expect to generate operating revenue synergies in generalist online classified sites, by launching and further scaling transactional classifieds models across Germany, France and the Netherlands, while achieving cost savings at a local level from improved contracts with third-party vendors.

We expect to incur approximately €111 million in one-off integration costs, with the majority of the costs expected to be incurred in the first 18-24 months. See "*Risk Factors—Risks Related to the Acquisition—We may not realize any or all of the expected benefits and synergies associated with the Acquisition*."

- **Experienced Management Team with Strong Track Record of Completing Strategic Acquisitions.** We will bring together superior talent in two of the largest companies in the industry, operating in key areas including management, Product and Technology, IT and M&A. Both businesses possess a solid understanding of M&A integration, as well as knowledge on how to deliver exceptional value and growth. We believe our combined leadership will be well-positioned to deliver the next phase of growth. Our talented team has a shared set of strategic principles, a strong history of acquiring and growing generalist online classifieds sites and successfully verticalizing them to create value, a proven track record of building leading positions in markets of scale and strong local expertise in our core markets.

  We have a proven track record of expanding our business through selective acquisitions, with more than 15 acquisitions (including entry into joint ventures) in the past five years. For example, our combination of Coches.net with Milanuncios in 2017 created a compelling offer for car dealers which contributed to the acceleration of Adevinta's operating revenue growth in the motor vertical in Spain of 25% in 2017 and 27% in 2018. As a result, we now have a stronger market position in Spain and have benefitted from customer acquisition and advertising monetization. In addition, following Adevinta's investment in OLX Brazil in 2015, that business experienced a 30.7% increase operating revenue CAGR from 2017 to 2019. Adevinta also recently acquired Pilgo SAS, L'Argus, Locasun and PayCar in France, successfully integrating employees and product features (e.g. car valuation tool from L'Argus). eBay Classifieds has recently acquired Motors.co.uk in the United Kingdom and Cox Automotive Media Solutions in Australia. In particular, following the acquisition of Motors.co.uk, Motors.co.uk experienced an operating revenue increase of 33.3% in 2019, compared to 2018.

Source: Company information.

Notes: (1) Bom Negocio was a Schibsted-backed asset. (2) Between FY17 to FY19.

We are a "people-first" organization where we recognize that people are our most valuable assets, and we aim to offer world-class workplaces where all our employees can reach their full potential. Our diversity and inclusion initiatives help us to create an attractive workplace where everyone feels they belong, and we offer many learning opportunities to help our people grow and develop. Our culture aligns strongly with that of eBay Classifieds, with a shared emphasis on human connections, inclusion, trust and diversity, which are all qualities which will facilitate integration and in turn enable swift execution on our future strategy.

Strategy

The Acquisition reinforces the strategy that we communicated to our investors during our IPO and also creates additional opportunities to strengthen our business. We intend to leverage our core competencies and strengths to execute these strategies. Our key business strategies are:

- **Enhance Matchmaking Performance of Our Online Classifieds Sites.** We create the opportunity for everyone and everything to find their matching needs on our online classifieds sites. We believe every house can be a home, every person has a role to play, and every object can live a second life. We also believe in empowering professionals with the best tools and solutions and delivering a seamless and customized user experience to the customers. We are focused on deepening our value chain, by sustainable development of our classifieds offerings.

  As our results of operations are directly linked to the number and quality of matches that our online classifieds sites facilitate, we intend to continue to develop features and capabilities on our online classifieds sites that improve the matchmaking and user experience of our online classifieds sites for both users and customers. Investments that are targeted to enhance the user experience focus on, among other things, efficient search processes, which may for example include new search functionalities such as the ability to save search criteria and receive notifications for new listings that match searches. This focus on developing features and products on our online classifieds sites to improve matchmaking for listers has been manifested by deploying features such as image recognition technology to automatically categorize items for sale, application programming interfaces for professionals to rapidly upload large volumes of listings and artificial intelligence-enabled moderation to reduce the risk of fraud, nudity and other unwanted listings.

  The focus on product development and enhanced matchmaking is important for our operations and we intend to pursue our matchmaking strategy through building, in compliance with data protection laws, on the data collected across all of our online classifieds sites and markets, in order to identify the preferences and needs of our consumers, customers and third parties. We believe this will improve our ability to optimise products for local needs, respond quickly to customers and consumers requirements and contribute to enhanced matchmaking, traffic and ultimately increased network effects. This will also help us strengthen our liquidity position, by improving our online classifieds sites and helping us to monetize them.

- **Accelerate Monetization of Our Generalist Online Classifieds Sites.** Our strategy focuses on providing a seamless experience to our consumers and customers on our online classifieds sites. By building strong brands and holding the content (listings), we drive traffic, which subsequently drives monetization and ultimately drives operating revenues. We believe that consumer demand for hyper-specialized experiences focusing on discrete user needs, such as frictionless end-to-end user experiences (search, negotiate, buy, pay and deliver), immediate use, or alternative consumption models (for example, peer to peer payment), may fragment traditional online classifieds sites, in particular in the most lucrative vertical categories, such as real estate, motor and jobs. We will continue our focus on improving our existing products and services and developing new value-add products and services to address this fragmentation. We also intend to be prepared for the potential shift in users' demand by optimizing our generalist online classifieds sites to cover demand by selectively investing in adjacent markets with new models and technology and further along the value chain in a financially disciplined manner. We believe there is opportunity to (i) further verticalize our online classifieds sites, (ii) introduce new business models such as transactional models, (iii) and further grow and monetize our combined reach.

- **Pursue Further Value Creation in Core Verticals.** We believe that there is potential for further value creation in our vertical offering, notably in real estate and motor. These categories are distinct in that they have products and services with high gross merchandise value, dedicated professional customers, unique consumer journeys and continued digitalization of their underlying ecosystems, which therefore creates greater potential for increasing classified operating revenues through more competitive pricing and offering value-added services in these core verticals. We will continue our focus on improving our existing products and services and developing new value-add products and services, such as valuation tools and C2B solutions. We intend to build on existing technology components using our shared data and infrastructure to identify and develop these features. We expect that by continuing focused and increased investments in our verticals offering, we will deepen our relationships with customers in our core verticals by customizing and improving user experiences.

- **Realize Synergies Through Integration.** We intend to implement and realize the cost and operating revenue synergies in connection with the Acquisition (with cost and operating revenue synergy potential in the range of €134 million to €165 million as a result of the Acquisition, of which €50.0 million of cost synergies have been included in our *Pro forma* Further Adjusted EBITDA) for the twelve months ended June 30, 2020. For more information on the expected Acquisition-related synergies, see "*—Substantial Synergy Potential*." We intend to rationalize the cost base of the combined business by reducing advertising serving costs, integrating technology infrastructure, cloud infrastructure and rationalizing footprint between the combined business initiatives. In addition, we intend to enhance our product offering through transactional services, expansion of classifieds offerings across markets, strengthening display advertising platforms and improving yields.
- **Continue to Pursue Profitable Growth Through Disciplined Portfolio Optimization and Management**. We continuously evaluate our portfolio of assets to optimise value creation and we will continue to pursue attractive options for both organic and inorganic growth, including in bolt-on acquisitions and in-market consolidation in our existing markets, as well as by pursuing acquisitions outside our core classifieds business to enhance long-term growth. We will pursue further industry consolidation offering value creation in a financially disciplined manner. We have a strong track record of successfully acquiring and integrating new companies (see "*—Experienced Management Team with Strong Track Record of Completing Strategic Acquisitions"*). We believe our history of acquisitions, our size and geographic reach, combined with a similar technology platform and the ability to deploy our existing products into new online classifieds sites, renders us well positioned to selectively pursue and capitalize on various growth opportunities in a disciplined fashion.

The Acquisition

On July 20, 2020, we entered into an agreement with eBay (the "Transaction Agreement"), pursuant to which we agreed to acquire 100% of eCG, the global classifieds business of eBay, for approximately $9.2 billion. Under the terms of the Transaction Agreement, subsidiaries of eBay will receive $2.5 billion in cash, subject to certain post-closing adjustments for indebtedness and cash and approximately 540 million shares of Adevinta. At the closing of the transaction, we will issue to subsidiaries of eBay (i) Class A (voting) shares representing approximately 33.3% of our total voting rights and (ii) new class of non-voting shares for the remainder eBay's stake (resulting in a total stake of approximately 44%, representing both voting and non-voting shares). In turn, eBay will sell (or cause to be sold) its direct or indirect shareholdings in eBay Mobile Labs LLC, eBay Services México, S. de R.L. de C.V. and Mobile.de to the Group, and eBay will cause eBay Classifieds Holding B.V. to be contributed to the Group, and to thereafter merge with Adevinta Oak Holdings B.V., a newly created Dutch subsidiary of Adevinta ("Adevinta Oak"), with Adevinta Oak being the surviving entity and a direct wholly-owned subsidiary of Adevinta.

In connection with the Acquisition, Schibsted Nordic has agreed, following completion of the Acquisition, to acquire the Danish Entity from a subsidiary of Adevinta for $330 million on a debt- and cash-free basis (see Step 5 below). See "*Risk Factors—Risks Related to the Acquisition—We face risks in connection with the acquisition of eBay Scandinavia ApS by Schibsted Nordic*."

The Acquisition is expected to close by the end of the first quarter of 2021, subject to approval by our shareholders, including with respect to the issuance of the consideration shares to eBay and implementation of new governance rights (see "*Management*"). Schibsted, which currently owns 59.1% of Adevinta's shares (on a fully diluted basis), and Blommenholm Industrier AS, which currently owns 6.3% of Adevinta's shares, have agreed to vote in favor of the Acquisition. Closing of the Acquisition is also subject to customary regulatory and other closing conditions and the completion of a Dutch works council consultation procedure with respect to certain of eBay Classifieds' Dutch subsidiaries.

Key steps for consummating the Acquisition are as follows:

- *Step 1:* Prior to closing, eBay Classifieds Holding B.V. incurs the Classifieds Indebtedness in the amount of $1.2 billion;
- *Step 2A:* One or more eBay subsidiaries sell to one or more Adevinta subsidiaries shares of eBay Mobile Labs LLC and eBay Services Mexico, S. de R.L. de C.V for $2.25 million in cash, subject to a net debt adjustment (to be settled in cash);
- *Step 2B:* (i) One or more eBay subsidiaries sell to one or more subsidiaries of Adevinta shares of Mobile.de for (a) $1,292,750,000 in cash and (b) voting shares in Adevinta, subject to a net debt

adjustment (to be settled in cash); (ii) Adevinta will pay eBay or one of eBay's designees $5 million in consideration for any intellectual property rights to be transferred and assigned pursuant to the Intellectual Property Matters Agreement;

- *Step 3:* eBay Classifieds Holding B.V. repays existing indebtedness and distributes any remaining cash and any shares in Adevinta received in Steps 1 and 2 to its parent company;
- *Step 4:* eBay indirectly, through eBay International Holding GmbH, transfers shares of eBay Classifieds Holding B.V. to Adevinta in exchange for shares in Adevinta (voting and non-voting) (the "Contribution"), subject to a net debt adjustment (to be settled in cash);
- *Step 5:* Following the Contribution, Marktplaats, a wholly-owned subsidiary of eBay Classifieds Holding B.V., transfers the Danish Entity directly or indirectly (via a sale to Adevinta or one of its subsidiaries) to Schibsted Nordic for consideration of $330 million, which may be payable in euros; and
- *Step 6:* eBay Classifieds Holding B.V. merges with and into Adevinta Oak, with Adevinta Oak being the surviving entity.

Financing

Prior to completion of the Acquisition,

(a) we expect to enter into the Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of €900 million, (b) the USD Term Facility in an aggregate principal amount of $500 million and (c) the Revolving Facility in an aggregate principal amount of up to €450 million (equivalent), which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral; and

(b) we are offering an aggregate €1,060.3 million aggregate principal amount of the Notes.

We intend to use the gross proceeds from the Offering of the Notes, the Term Facilities, cash on hand and the eBay rollover equity into Adevinta (i.e. the share consideration payable to eBay or its subsidiaries for the Acquisition in Adevinta shares) (i) to pay part of the consideration for the Acquisition, (ii) for eBay Classifieds Holding B.V. to repay existing intercompany debt owed to certain subsidiaries of eBay and to fund a distribution to its sole shareholder, (iii) repay all borrowings under and terminate our €600 million multi-currency term loan and revolving credit facility and the Grupo ZAP Bridge Term Loan Facilities and (iv) to pay fees and expenses related to the Transactions.

Prior to completion of the Acquisition, it is also expected that a member of the Schibsted Group will provide a short-term loan to Adevinta or one of its subsidiaries in a principal amount not less than the principal amount of the Bridge Facility (the "Schibsted Loan") to replace the Bridge Facility. Following completion of the Acquisition, it is expected that Schibsted Nordic will purchase the Danish Entity from a subsidiary of Adevinta (the "Danish Acquisition"), the proceeds of which will be applied (directly or indirectly) in repayment of the Schibsted Loan in full. Upon completion of the Danish Acquisition, the Bridge Facility will be cancelled in full (there is no intention to draw down under the Bridge Facility).

Information about Our Principal Shareholders

Our principal shareholder is Schibsted, which holds approximately 59.1% of our share capital (on a fully diluted basis). Schibsted is a public limited liability company incorporated under the laws of Norway. Schibsted is a Norway-based company which operates as a holding company for Schibsted Group. We were formed in 2019 in connection with a spin-off of our business from Schibsted. Our business is a continuation of Schibsted's division for online classifieds sites, except that we only operate online classifieds sites outside the Nordic region, while Schibsted's division also included the Nordic online classifieds sites Finn, Blocket, Tori and Oikotie. Schibsted's experience in online classifieds started in 2000 when Finn was launched in Norway, while its international online classifieds business was established in 2006 through the acquisition of Trader Media Group's online classifieds businesses in France, Spain, Italy and Latin America.

As a result of the Acquisition, (i) subsidiaries of eBay will hold approximately 44% of our share capital and approximately 33.3% of our voting capital, (ii) while Schibsted will hold approximately 33.1% of our share capital and approximately 39.5% of our voting capital and (iii) other shareholders (i.e. the remaining public float) will hold approximately 22.9% of our share capital. eBay is a company incorporated under the laws of the State of Delaware and listed on the Nasdaq Global Select Market.

Recent Developments

Adevinta's preliminary results as of and for the three months ended September 30, 2020

Although results of operations for the three months ended September 30, 2020 are not yet final, the following unaudited information reflects our preliminary expectation with respect to such results based on information currently available to management.

As expected, the pick-up in performance throughout the second quarter of 2020 has continued into the third quarter. We saw further improvement in operational KPIs in our main markets, with traffic growing year-on-year in all large markets.

Based on the preliminary results, we estimate that operating revenue including JVs for the third quarter of 2020 will increase by more than 1% compared to the same period last year, with France and Brazil posting positive organic growth. Classifieds revenues are expected to grow year-on-year while display advertising revenues are expected to decrease year-on-year, albeit at a slower pace than in the second quarter.

We have continued to efficiently adapt our cost base to the weak macro environment and consequential impact on operating revenue growth in the quarter through further savings initiatives, notably in marketing and personnel costs. We have nevertheless started to ramp-up recruitments and investment in marketing at the very end of the quarter in order to support further product development and promote offering enhancements.

Based on the preliminary results, we estimate that, for the three months ended September 30, 2020, EBITDA margin including JVs will be up compared to the second quarter of 2020.

The preliminary Adevinta financial information as of and for the three months ended September 30, 2020 presented herein is derived from Adevinta's internal management accounts for the months of July, August and September 2020. The preliminary financial results for Adevinta presented below are not a comprehensive statement of our financial results for the three months ended September 30, 2020. In addition, the preliminary financial results presented below for Adevinta have not been audited, reviewed, or compiled by Ernst & Young AS, our independent auditors. The preliminary Adevinta financial results presented herein are subject to the completion of our financial closing procedures, which have not yet been completed. The Adevinta KPIs discussed herein are also not final and are subject to change. Adevinta's actual results for the three months ended September 30, 2020 are not available and may differ materially from these estimates. Therefore, you should not place undue reliance upon these preliminary Adevinta financial results and KPIs. For instance, during the course of the preparation of the respective financial statements and related notes, additional items that would require material adjustments to be made to the preliminary estimated financial results presented above may be identified. There can be no assurance that these estimates will be realized, and estimates are subject to risks and uncertainties, many of which are not within our control. Accordingly, the operating revenue and profit (loss), and other financial items and KPIs described herein for Adevinta, for any particular period may not be indicative of future results. This information is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia

In October 2020, Adevinta entered into agreements for the sale of its online classifieds businesses Avito in Morocco, Tayara in Tunisia and Fincaraíz in Colombia to Frontier Digital Ventures, a group listed on the Australian Securities Exchange which specializes in developing online classifieds businesses in emerging markets, with a particular focus on real estate and motors verticals and general classifieds websites. These disposals are expected to have a marginal positive impact on our EBITDA figures.

OLX Brazil's agreement to acquire 100% stake in Grupo ZAP Brazil

In March 2020, OLX Brazil agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately €580 million (equivalent). At signing, we entered into a deal contingent hedge to fix the purchase price in EUR and eliminate the currency risk. The transaction is subject to the approval by Brazil's Antitrust Agency (CADE), which was received in September 2020, and we expect the acquisition to close before the end of 2020. In the meantime, both businesses continue to operate independently. We intend to use a portion of the proceeds of the Notes to, among others, repay debt we have incurred to pay for our share of the consideration for this acquisition. See "*Use of Proceeds*."

COVID-19

In March 2020, the outbreak of the novel strain of the coronavirus identified in late 2019 ("COVID-19") was characterized as a pandemic by the World Health Organization. The outbreak has resulted in government authorities and businesses throughout the world implementing numerous measures intended to contain and limit the spread of COVID-19, including travel bans and restrictions, quarantines, shelter-in-place and lockdown orders and business restrictions, shutdowns and other limitations. The COVID-19 pandemic and the response thereto has adversely impacted and may continue to adversely impact our combined business, as well as our employees, customers, users, suppliers, vendors, banking partners, business partners and businesses in which we have minority investments.

COVID-19 has impacted all of our markets. Adevinta's operating revenue decreased by 15% in the second quarter of 2020 compared to the second quarter of 2019 and eCG's operating revenues decreased by 24% in the second quarter of 2020 compared to the second quarter of 2019. Operating revenues for Adevinta in France, Spain and Brazil decreased by 3%, 28% and 34%, respectively, in the second quarter of 2020 compared to the second quarter of 2019, while operating revenues for eCG in Germany, Canada and the Netherlands decreased by 13%, 52% and 0%, respectively. Part of the decline in operating revenues was driven by a temporary increase in discounts offered primarily to professional motor customers and special offers (including free credits and unlimited ads) as well as a decline in advertising revenue as a result of reduced spending by advertisers due to the impact of COVID-19. We have taken measures to mitigate the impact of the pandemic, including using of government support measures (on the Adevinta side), reducing marketing spend (Adevinta's marketing expenses were reduced by more than half in the second quarter of 2020, compared to the second quarter of 2019) and reducing discretionary spend on travel. We successfully implemented cost savings initiatives, which allowed us to mitigate, to a certain extent, the impact on our profits, while we continue to invest in P&T to support our future growth. In addition, our financial performance has recovered faster than expected, especially in France, Germany and the Netherlands where we experienced positive organic growth in June 2020. Our revenue trends in classifieds have also been improving from month to month in all segments.

We believe that we have a strong recovery trajectory from the COVID-19 crisis which is supported by an accelerated shift to digital and change in consumer habits. Most KPIs across the portfolio are back to or above pre-COVID-19 levels, with clear improvement in the last weeks of the second quarter. Adevinta's operating revenue increased in June 2020 as compared to each of March, April and May 2020. eBay Classifieds also experienced a positive development in revenues in the second quarter of 2020. Our traffic and listings have achieved all-time high levels in many markets during the second quarter of 2020, above those of prior years. New listing and email replies all continued to be above 2019 levels for the second quarter of 2020.

Adevinta

As illustrated in the table below, Adevinta's operational KPIs have exhibited accelerated recovery throughout the second quarter of 2020, especially in France, Spain and Brazil. In France, traffic dropped significantly following the lockdown of the country but recovered strongly during April and in May 2020, with traffic reaching record levels in the second quarter of 2020. In Spain, traffic developed positively, above May 2019 levels. In Spain, Adevinta's real estate marketplaces also reached high KPIs (in terms of traffic) in May and June 2020 while its motor vertical recovered in June 2020, with traffic returning to pre-COVID-19 levels. In Brazil, Adevinta experienced growth in traffic from mid-May 2020, reaching all-time high in monthly active users in the second quarter of 2020.

Source: Company information.

Notes: (1) LBC only. (2) Including sites of Adevinta Spain: Milanuncios, Fotocasa, Habitaclia, Coches.net, Motos.net, Infojobs (excl. Vibbo). (3) Total user sessions on OLX (app, website and desktop) that occur in a given period. (*) Orange bars in charts represent start of lockdown.

With respect to Adevinta's performance in term of operating revenues, following a significant decline in April 2020, results started improving month by month across geographies. Although operating revenues declined by 15% in the second quarter of 2020 as compared to the second quarter of 2019, June showed positive growth with operating revenues increasing compared to May and April 2020. EBITDA incl. JVs decreased by 15% in the second quarter of 2020 as compared to the second quarter of 2019, as Adevinta partially mitigated the impact of COVID-19 in its key markets through the implementation of strong cost reduction initiatives. Similar to the positive trend in operating revenues incl. JVs, in June 2020, EBITDA incl. JVs exhibited strong recovery, compared to April and May 2020.

eCG

Similarly, eCG's second quarter 2020 results have demonstrated improvement, as both operational KPIs and operating revenues and operating income have demonstrated improvement month after month throughout the second quarter of 2020. Overall, although eCG's financial performance has been affected by COVID-19, the impact has been partially mitigated by a combination of strong performing markets such as Germany and the Netherlands, as well as a focus on cost reduction, in particular, on marketing spend, and the reversal of temporary discounts offered as a result of COVID-19.

eCG's operational KPIs have been improving in the second quarter of 2020 since May 2020, with levels above 2019 in all metrics. For example, visits continued to grow compared to 2019 levels, increasing by 22% in the end of June 2020, compared to the same period in 2019. The increase was driven by strong growth in Germany (with increases in Mobile.de and eBayK at the end of June 2020, compared to the same period in 2019) and Netherlands (with increases at the end of June 2020, compared to the same period in 2019). New listings also increased by 18% above 2019 levels while email replies have also continued to trend very strongly above 2019 levels.

As compared to the second quarter of 2019, eCG operating income decreased by 34% in the second quarter of 2020. However, operating income has experienced strong recovery in June 2020, exceeding June 2019 performance. On a month-by-month basis, operating revenue also showed an improving trend in the second quarter of 2020, primarily as a result of the reversal of temporary discounts offered to certain customers due to COVID-19, although remaining below 2019 levels for the same period.

Summary Pro Forma Information

This information memorandum includes unaudited *pro forma* consolidated financial information for the six month periods ended June 30, 2020 and 2019 and as of and for the year ended December 31, 2019, see "*Unaudited Pro Forma Condensed Consolidated Financial Data*" for additional information on such pro forma financial information and a description of the assumptions used in preparing such pro forma financial information. The Unaudited Pro Forma Condensed Consolidated Financial Data should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations of eCG*" and the financial statements included elsewhere in this information memorandum.

Unaudited pro forma condensed statement of income

(in EUR million)	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the twelve months ended June 30, 2020
		(unaudited)		
Operating revenues	1,632.3	727.5	798.6	1,561.2
Personnel expenses	(549.4)	(301.8)	(271.5)	(579.7)
Other operating expenses	(553.9)	(248.1)	(282.2)	(519.7)
Gross operating profit (loss)	529.0	177.6	244.8	461.8
Depreciation and amortization	(243.2)	(127.1)	(120.3)	(250.0)
Share of profit (loss) of joint ventures and associates	5.9	2.4	0.5	7.8
Impairment loss	(24.6)	—	(0.3)	(24.3)
Other income and expenses	(56.3)	(44.4)	(50.1)	(50.6)
Operating profit (loss)	210.9	8.5	74.6	144.8
Net financial items	(123.5)	(118.1)	(59.6)	(182.0)
Profit (loss) before taxes	87.4	(109.5)	14.9	(37.0)
Taxes	(202.7)	(9.0)	(185.8)	(25.9)
Profit (loss)	(115.3)	(118.5)	(170.9)	(62.9)
Profit (attributable) to:				
Non-controlling interests	3.1	(0.8)	1.1	1.2
Owners of the parent	(118.4)	(117.7)	(172.0)	(64.1)

Unaudited pro forma condensed statement of financial position

(in EUR million)	As of June 30, 2020 (unaudited)
Assets	
Intangible assets	12,278.1
Property, plant and equipment and right-of-use assets	155.5
Investments in joint ventures and associates	289.2
Other non-current assets	392.0
Non-current assets	13,114.8
Trade receivables and other current assets	315.0
Cash and cash equivalents	389.0
Current assets	**704.0**
Total assets	**13,818.8**
Equity And Liabilities	
Equity attributable to owners of the parent	9,253.8
Non-controlling interests	15.9
Total Equity	**9,269.7**
Non-current interest-bearing borrowings	2,617.2
Other non-current liabilities	1,464.0
Non-current liabilities	**4,081.2**
Current interest-bearing borrowings	0.3
Other current liabilities	467.6
Current liabilities	**467.9**
Total liabilities	**4,549.1**
Total equity and liabilities	**13,818.8**

Other Pro Forma Operating Information

(in EUR million)	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019	As of, or for the Twelve months ended June 30, 2020
		(unaudited)		
Pro forma EBITDA/Gross operating profit (loss)[(1)]	529.0	177.6	244.8	461.8
Pro forma EBITDA incl. JVs[(2)]	535.5	183.9	246.2	473.3
Pro forma Further Adjusted EBITDA[(3)]	632.5	234.0	295.7	570.8
Pro forma EBITDA margin, incl. JVs[(4)]	32%	24%	30%	29%
Pro forma Further Adjusted EBITDA margin[(5)]	37%	31%	36%	35%
As adjusted Financial Expense[(6)]				
As adjusted Financial Expense Ratio[(7)]				x
As adjusted Total Net Debt[(9)]				2,478.7
As adjusted Net Secured Debt[(10)]				2,351.8
As adjusted Net Leverage Ratio[(11)]				4.3x
As adjusted Secured Net Leverage Ratio[(12)]				4.1x

(1) *Pro forma* EBITDA/Gross operating profit (loss) is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*."

The table below sets forth a reconciliation of our profit (loss) to *Pro forma* EBITDA, *Pro forma* EBITDA incl. JVs (see footnote 2 below), *Pro forma* Further Adjusted EBITDA (see footnote 3 below) and *Pro forma* Further Adjusted EBITDA margin for the period presented:

(in EUR million)	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the twelve months ended June 30, 2020
		(unaudited)		
Profit (loss)	(115.3)	(118.5)	(170.9)	(62.9)
Other income and expenses	(56.3)	(44.4)	(50.1)	(50.6)
Impairment loss	(24.6)	—	(0.3)	(24.3)
Share of profit(loss) of joint ventures and associates	5.9	2.4	0.5	7.8
Taxes	(202.7)	(9.0)	(185.8)	(25.8)
Depreciation and amortization	(243.2)	(127.1)	(120.3)	(250.0)
Net financial items	(123.5)	(118.1)	(59.6)	(182.0)
Pro forma EBITDA	**529.0**	**177.6**	**244.8**	**461.8**
Proportional EBITDA from Adevinta JVs	6.5	6.3	1.3	11.5
Pro forma EBITDA incl. JVs	**535.5**	**183.9**	**246.2**	**473.3**
M&A synergies[i]	(50.0)	(25.0)	(25.0)	(50.0)
Share based payments[i]	(47.0)	(25.1)	(24.6)	(47.5)
Pro forma Further Adjusted EBITDA	**632.5**	**234.0**	**295.7**	**570.8**
divided by pro forma operating revenues incl. JVs[iii]	1,691.5	751.7	827.0	1,616.2
Pro forma Further Adjusted EBITDA margin	37%	31%	36%	35%

(i) We intend to realize cost synergies as a result of the Acquisition by reducing advertising serving costs, and integrating technology infrastructure, cloud infrastructure and FTEs between the combined business, reducing the requirement of scale in in-house hosting teams after integration and rationalizing our Products and Technology teams and IT integration as a result of merging teams, among other initiatives. In particular, we expect the Acquisition will generate cost synergies (1) in Product and Technology, as a result of economies of scale and service consolidation and joint product research and development, (2) in General and Administrative, as a result of eliminating duplicative functions and procurement efficiencies (3) in overlapping geographies, through in-market consolidation of Mexico and Italy and (4) in Advertising, through ad serving cost reduction. The adjustments described in this footnote are based upon forecasts and estimates and are in part based upon historical information of acquired entities which cannot be independently verified by our management. Our estimates of cost savings and synergies are based upon a number of expectations and assumptions, which may prove to be incorrect. As such, although we believe that we will be able to realize the earnings underlying these adjustments, our actual results of these initiatives may differ and any anticipated cost savings and synergies may not be achieved to the extent and within the time frame anticipated, if at all, and we may be required to expend more funds in respect of these initiatives than we currently anticipate. The financial information presented in this information memorandum has been formulated subject to significant assumptions and limitations and may not reflect what our actual results of operations and financial condition would have been had the transactions accounted for therein occurred as of and for the periods presented, and such financial information may not be indicative of our future operating performance. See "*Risk Factors—Risks Related to the Acquisition—We may not realize any or all of the expected benefits and synergies associated with the Acquisition*."

(ii) Represents combined share based payments from eCG and Adevinta.

(in EUR million)	For the year ended December 31, 2019	For the six months ended June, 30 2020	For the six months ended June, 30 2019	For the twelve months ended June 30, 2020
eCG	41.0	21.0	22.0	40.0
Adevinta	6.0	4.1	2.6	7.5
Total	**47.0**	**25.1**	**24.6**	**47.5**

(iii) Pro forma operating revenues incl. JVs is a not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures.*" See footnote 4 for a reconciliation of our pro forma operating revenues to pro forma operating revenues incl. JVs for the period presented.

(2) *Pro forma* EBITDA incl. JVs is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*." See footnote 1 for a reconciliation of our profit (loss) to Pro forma EBITDA incl. JVs for the period presented.

(3) *Pro forma* Further Adjusted EBITDA is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*." See footnote 1 for a reconciliation of our profit (loss) to Pro forma Further Adjusted EBITDA for the period presented. Management estimates that the Danish Entity contributed between €16 million to €20 million to our Pro Forma Further Adjusted EBITDA

for the twelve months ended June 30, 2020. The Danish Entity will be acquired by Schibsted following the Completion Date pursuant to the Danish Acquisition.

(4) *Pro forma* EBITDA margin, incl. JVs is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures.*" The table below sets forth a reconciliation of our pro forma profit (loss) to Pro forma EBITDA margin, incl. JVs for the period presented.

(in EUR million)	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the twelve months ended June 30, 2020
		(unaudited)		
Profit (loss)	(115.3)	(118.5)	(170.9)	(62.9)
Other income and expenses	(56.3)	(44.4)	(50.1)	(50.6)
Impairment loss	(24.6)	—	(0.3)	(24.3)
Share of profit(loss) of joint ventures and associates	5.9	2.4	0.5	7.8
Taxes	(202.7)	(9.0)	(185.8)	(25.8)
Depreciation and amortization	(243.2)	(127.1)	(120.3)	(250.0)
Net financial items	(123.5)	(118.1)	(59.6)	(182.0)
Pro forma EBITDA	**529.0**	**177.6**	**244.8**	**461.8**
Proportional EBITDA from Adevinta JVs	6.5	6.3	1.3	11.5
Pro forma EBITDA incl. JVs	**535.5**	**183.9**	**246.2**	**473.3**
divided by				
Pro forma operating revenues	1,632.3	727.5	798.6	1,561.2
+Operating revenues generated by Adevinta JVs	59.2	24.2	28.4	55.0
=Pro forma operating revenues incl. JVs	1,691.5	751.7	827.0	1,616.2
Pro forma EBITDA margin incl. JVs	32%	24%	30%	29%

(5) *Pro forma* Further Adjusted EBITDA margin, is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures.*" See footnote 1 for a reconciliation of our profit (loss) to Pro forma Further Adjusted EBITDA margin for the period presented.

(6) As adjusted Financial Expense is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures.*"

(7) As adjusted Financial Expense Ratio is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures.*" The table below sets forth a reconciliation of Adevinta and eCG's financial expense to as adjusted Financial Expense and as adjusted Financial Expense Ratio.

(in EUR million)	For the Twelve months ended June 30, 2020
Pro Forma Further Adjusted EBITDA	570.8
divided by As Adjusted Financial Expense	
As Adjusted Financial Expense Ratio	x

(8) As adjusted Total Net Debt is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*" and "*Capitalization.*" The following table sets forth a reconciliation of as adjusted Total Net Debt and the as adjusted Total Net Leverage Ratio (see footnote 10 below) to as adjusted Total Debt as of June 30, 2020:

(in EUR million)	As of June 30, 2020
As adjusted Total Debt	2,512.9
As adjusted Cash and cash equivalents	(34.2)
As adjusted Total Net Debt	2,478.7
divided by Pro Forma Further Adjusted EBITDA	570.8
As adjusted Total Net Leverage Ratio	4.3x

(9) As adjusted Net Secured Debt, is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*" and "*Capitalization,*" See footnote 8 for a reconciliation of this measure to as adjusted Total Debt. The following table sets forth a

reconciliation of as adjusted Net Secured Debt and Net Secured Leverage (see footnote 11 below) to as adjusted Total Secured Debt t as of June 30, 2020:

(in EUR million)	As of June 30, 2020
As adjusted Total Secured Debt	2,386.0
As adjusted Cash and cash equivalents	(34.2)
As adjusted Net Secured Debt	2,351.8
divided by Pro Forma Further Adjusted EBITDA	570.8
As adjusted Total Secured Net Leverage Ratio	4.1x

(10) As adjusted Total Net Leverage Ratio is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*" and "*Capitalization.*" See footnote 8 for a reconciliation of this measure to as adjusted Total Debt.

(11) As adjusted Secured Net Leverage Ratio is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*" and "*Capitalization*." See footnote 9 for a reconciliation of this measure to as adjusted Total Debt.

Cash Conversion Reconciliation

The table below sets forth a reconciliation of EBITDA to pro forma cash conversion for the year ended December 31, 2019 (for a reconciliation of profit (loss) to EBITDA see "*Summary*").

(in EUR million)	Adevinta	eCG	Total (Adevinta +eCG)
	Year ended December 31, 2019		
EBITDA/gross operating profit (loss)	199.5	329.5	
Minus development and purchase of intangible assets and property, plant and equipment (for eCG: purchases of property and equipment)	48.5	18.0	
	151.0	311.5	462.5
divided by EBITDA	199.5	329.5	529.0
Cash conversion			**87.4%**

Adevinta Summary Consolidated and Combined Financial Information and Other Non-Financial Data

The following summary sets forth our consolidated and combined financial information and operating data for the periods indicated. The summary Adevinta Audited Combined Financial Statements for 2017 and 2018 is derived from our audited combined financial statements as of and for the years ended December 31, 2016, 2017 and 2018, which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, our independent auditors, as set forth in their audit report included elsewhere herein. The Adevinta Audited Combined Financial Statements for 2017 and 2018 have been prepared by combining the historical financial information of Schibsted and then combining the results of operations, assets and liabilities of the entities forming the group and certain allocations of expenses incurred by Schibsted on our behalf. The summary consolidated financial information and other data as of and for the years ended December 31, 2019 is derived from our audited consolidated financial statements as of and for the year ended December 31, 2019, which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, our independent auditors, as set forth in their audit report included elsewhere herein.

The summary consolidated financial information and other data for the six months ended June 30, 2019 and 2020, are derived from our unaudited condensed consolidated interim financial statement as of and for the six month periods ended June 30, 2019 and June 30, 2020, which have been prepared in accordance with IFRS applicable to interim financial reporting as adopted by the EU (IAS 34 Interim Financial Reporting).

The summary unaudited consolidated financial information and other information included in this information memorandum for the twelve months ended June 30, 2020 has been derived by adding the income statement for the six months ended June 30, 2020 to the income statement for the year ended December 31, 2019 and subtracting the income statement for the six months ended June 30, 2019.

Adevinta implemented IFRS 16 Leases from 1 January 2019. IFRS 16 replaces IAS 17 Leases and related interpretations and sets out principles on recognition, measurement, presentation and disclosure of leases. Comparable figures for prior years were not restated when applying the new accounting standard.

The information set forth below should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta*" and "*Adevinta Selected Consolidated and Combined Financial Information and Other Non-Financial Data*," our audited consolidated financial statements and our unaudited consolidated financial statements and the related Notes contained elsewhere in this information memorandum.

Consolidated/Combined Income statement data

(in EUR million)	Year ended December 31, 2017	2018	2019	Six months ended June 30, 2019 (unaudited)	2020 (unaudited)	Twelve months ended June 30, 2020 (unaudited)
Operating revenues	**511.4**	**594.6**	**680.3**	**330.6**	**319.5**	**669.2**
Personnel expenses	(182.6)	(201.3)	(234.8)	(110.7)	(128.6)	(252.7)
Other operating expenses	(233.0)	(242.3)	(246.0)	(121.6)	(112.1)	(236.5)
Gross operating profit (loss)	**95.8**	**151.0**	**199.5**	**98.3**	**78.8**	180.0
Depreciation and amortization	(21.6)	(26.5)	(45.3)	(21.7)	(28.6)	(52.2)
Share of profit (loss) of joint ventures and associates	(13.5)	6.8	5.9	0.5	2.4	7.8
Impairment loss	(1.1)	(56.6)	(24.6)	(0.3)	—	(24.3)
Other income and expenses	139.3	(6.3)	(12.8)	(7.5)	(4.5)	(9.8)
Operating profit (loss)	**198.8**	**68.4**	**122.8**	**69.3**	**48.1**	101.6
Financial income	0.6	1.2	1.7	3.6	0.1	(1.8)
Financial expenses	(18.3)	(15.3)	(7.8)	(4.6)	(67.6)	(70.8)
Profit (loss) before taxes	**181.2**	**54.3**	**116.7**	**68.2**	**(19.3)**	**29.2**
Taxes	(62.1)	(61.3)	(49.6)	(27.0)	(20.8)	(43.4)
Profit (loss)	**119.1**	**(7.0)**	**67.1**	**41.2**	**(40.1)**	**(14.2)**
Profit (loss) attributable to:						
Non-controlling interests	(1.5)	0.4	3.1	1.1	(0.8)	1.2
Owners of the parent	120.6	(7.4)	64.0	40.1	(39.3)	(15.4)

Consolidated/Combined statement of financial position data

(in EUR million)	As of December 31, 2017	2018	2019	As of June 30, 2020 (unaudited)
Assets				
Total non-current assets	1,799.6	1,709.2	1,878.1	1,820.8
Total current assets	374.3	444.3	241.7	461.3
Total assets	**2,174.0**	**2,153.5**	**2,119.8**	**2,282.1**
Equity and Liabilities				
Total equity	**1,255.5**	**1,331.7**	**1,538.8**	**1,397.2**
Total non-current liabilities	634.1	525.0	349.5	386.0
Total current liabilities	284.3	296.8	231.5	498.9
Total equity and liabilities	**2,174.0**	**2,153.5**	**2,119.8**	**2,282.1**

Consolidated/Combined cash flow data

(in EUR million)	Year ended December 31, 2017	2018	2019	Six months ended June 30, 2019	2020	Twelve months ended June 30, 2020
				(unaudited)		(unaudited)
Net cash flow from operating activities	5.8	73.9	134.1	70.8	56.0	119.3
Net cash flow from investing activities	(438.3)	(33.8)	(137.0)	(40.4)	(33.9)	(130.5)
Net cash flow from financing activities	389.8	(22.9)	19.2	(20.8)	214.8	254.8
Effects of exchange rate changes on cash and cash equivalents	0.8	0.4	0.3	—	(0.4)	(0.1)
Net increase (decrease) in cash and cash equivalents	**(41.9)**	**17.7**	**16.6**	**9.7**	**236.5**	**243.4**
Cash and cash equivalents as at the beginning of the period	79.4	37.4	55.1	55.1	71.8	64.9
Cash and cash equivalents as at end of the period	**37.4**	**55.1**	**71.8**	**64.9**	**308.3**	**308.3**

Other financial data

(in EUR million)	Year ended December 31, 2017	2018	2019	Six months ended June 30, 2019	2020	Twelve months ended June 30, 2020
		(unaudited)		(unaudited)		(unaudited)
EBITDA/Gross operating profit (loss)(1)	95.8	151.0	199.5	98.3	78.8	180.0
EBITDA incl. JVs(2)	96.3	156.2	206.1	99.6	85.0	191.5
EBITDA margin incl. JVs(3)	18%	24%	28%	28%	25%	26%
Net interest bearing debt(4)	339.7	156.5	196.7	156.4	218.7	218.7
Net Leverage Ratio(5)	3.5	1.0	1.0	1.6	2.8	1.2

(1) EBITDA/Gross operating profit (loss) is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*."

The table below sets forth a reconciliation of our profit (loss) to EBITDA, EBITDA incl. JVs (see footnote 2 below) and EBITDA margin incl. JVs (see footnote 4 below) for the periods presented:

(in EUR million)	Year ended December 31, 2017	2018	2019	Six months ended June 30, 2019	2020	Twelve months ended June 30, 2020
				(unaudited)		(unaudited)
Profit (loss)	119.1	(7.0)	67.1	41.2	(40.1)	(14.2)
Other income and expenses	139.3	(6.3)	(12.8)	(7.5)	(4.5)	(9.8)
Impairment loss	(1.1)	(56.6)	(24.6)	(0.3)	—	(24.3)
Share of profit(loss) of joint ventures and associates	(13.5)	6.8	5.9	0.5	2.4	7.8
Taxes	(62.1)	(61.3)	(49.6)	(27.0)	(20.8)	(43.4)
Depreciation and amortization	(21.6)	(26.5)	(45.3)	(21.7)	(28.6)	(52.2)
Financial income	0.6	1.2	1.7	3.6	0.1	(1.8)
Financial expenses	(18.3)	(15.3)	(7.8)	(4.6)	(67.6)	(70.9)
Net financials	(17.6)	(14.1)	(6.1)	(1.0)	(67.4)	(72.5)
EBITDA/Gross operating profit (loss) (unaudited)	95.8	151.0	199.5	98.3	78.8	180
Proportional EBITDA from JVs (unaudited)*	0.5	5.1	6.5	1.3	6.3	11.5
EBITDA incl. JVs (unaudited)	96.3	156.2	206.1	99.6	85.0	191.5
Divided by						
Operating revenues	511.4	594.6	680.3	330.6	319.5	669.2
Operating revenues generated by JVs	33.9	49.4	59.2	28.4	24.2	55.0
=Operating revenues incl. JVs (unaudited)	545.4	644.0	739.5	359.0	343.8	724.3
EBITDA margin incl. JVs (unaudited)	18%	24%	28%	28%	25%	26%

* Proportional EBITDA from JVs equals our proportional ownership of gross operating profit(loss) from each of our JVs.

(2) EBITDA incl. JVs, is not a measure prepared in accordance with IFRS. The criteria for determining EBITDA, incl. JVs applied by us might not be the same as the criteria adopted by other companies and, therefore, the figures presented by us might not be comparable with those presented by such other groups. For a definition and description of Management's use of this measure,

see "*Presentation of Financial Information—Non-IFRS Financial Measures*." See footnote 1 for a reconciliation of our profit (loss) to EBITDA incl. JVs for the periods presented.

(3) EBITDA margin incl. JVs is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*." See footnote 1 for a reconciliation of our profit (loss) to EBITDA margin incl. JVs for the periods presented.

(4) Net interest-bearing debt is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*." The table below sets forth a reconciliation of our non-current interest bearing borrowings to net interest-bearing debt and Net Leverage Ratio (see footnote 6) for the periods presented:

(in EUR million)	**Year ended December 31,**			**Six months ended June 30,**		**Twelve months ended June 30,**
	2017	**2018**	**2019**	**2019**	**2020**	**2020**
				(unaudited)		**(unaudited)**
Non-current interest bearing borrowings	559.2	448.5	201.7	151.3	198.2	198.2
Current interest bearing borrowings	0.5	—	0.3	0.4	223.9	223.9
Lease liabilities	—	—	66.5	69.6	104.9	104.9
Cash and cash equivalents	(37.4)	(55.1)	(71.8)	(64.9)	(308.3)	(308.3)
Cash pooling holdings	(182.6)	(236.8)	—	—	—	—
Net interest bearing debt (unaudited)	339.7	156.5	196.7	156.4	218.7	218.7
(Divided by) Gross operating profit(loss)	95.8	151.0	199.5	98.3	78.8	180.0
Net Leverage Ratio (unaudited)	3.5x	1.0x	1.0x	1.6x	2.8x	1.2x

(5) The Net Leverage Ratio is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures.*" See footnote 5 for a reconciliation of our non-current interest bearing borrowings to our Net Leverage Ratio for the periods presented.

Certain Key Performance Indicators—Adevinta

The table below sets forth our certain key performance indicators for the periods presented.

France (leboncoin)

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
Overall					
Traffic (Monthly Unique Active Users)[1] m	25.2	27.1	28.7	27.9	26.8
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	7.5%	5.9%	n.a.	(3.9)%
Real Estate					
Traffic (Monthly Unique Active Users)[1] m	10.0	10.7	11.2	10.8	12.3
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	7.0%	4.7%	n.a.	13.9
Live listings[2] (k)	1,144	1,125	1,060	1,095	931
Live listings yoy growth (%)	n.a.	(1.7)%	(5.8)%	n.a.	(15.0)%
Professional customers[3]	28,596	26,253	27,012	27,134	27,464
customers yoy growth (%)	n.a.	(8.2)%	2.9%	n.a.	1.2%
Motor					
Traffic (Monthly Unique Active Users)[1] m	10.0	11.5	11.5	11.4	12.0
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	15.0%	0.0%	n.a.	5.3%
Live listings[4] (k)	888	895	868	870	908
Live listings yoy growth (%)	n.a.	0.8%	(3.0)%	n.a.	4.4%
Professional customers[5]	19,924	18,770	18,657	19,488	16,677
customers yoy growth (%)	n.a.	(5.8)%	(0.6)%	n.a.	(14.4)%
Jobs					
Traffic (Monthly Unique Active Users)[1] m	2.4	2.5	1.8	1.8	2.2
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	4.2%	(28.0)%	n.a.	22.2%
Live listings[6] (k)	61	60	59	58	64
Live listings yoy growth (%)	n.a.	(1.6)%	(1.7)%	n.a.	10.3%
Professional customers[7]	31,793	26,946	20,960	21,947	15,909
customers yoy growth (%)	n.a.	(15.2)%	(22.2)%	n.a.	(27.5)%

(1) Source: Mediametrie, Total Unique Visitors/Viewers (“Visiteurs Uniques”)—monthly average for the relevant period. “Total unique visitors” per month refer to the total number of Internet users who have visited brand sites at least once during the relevant month, regardless of place of connection.

(2) Source: Autobiz—monthly average of average online listings (part + professional)—sale and rental categories (excl. offices and retail) on a specific day of the month for the relevant period.

(3) Source: Autobiz—monthly average agents for the relevant period.

(4) Source: Autobiz—monthly average of online listings (part + professional)—cars category only (excl. auto equipment and motors) on a specific day of the month for the relevant period.

(5) Source: Autobiz—monthly average dealers for the relevant period.

(6) Source: Autobiz—monthly average of number of ads on a specific day of the month for the relevant period.

(7) Source: Autobiz—monthly average for the relevant period.

Spain

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Active Users)(1) m	16.9	17.3	18.0	18.4	17.1
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	2.4%	4.0%	n.a.	(7.1)%
Real Estate					
Habitaclia					
Traffic (Monthly Unique Active Users)(2) m	n.a.	n.a.	n.a.	n.a.	n.a.
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Live listings(3) (k)	276	314	432	388	459
Live listings yoy growth (%)	n.a.	13.8%	37.6%	n.a.	18.3%
Professional customers(4)	3,849	5,622	8,107	7,486	8,138
customers yoy growth (%)	n.a.	46.1%	44.2%	n.a.	8.7%
Fotocasa					
Traffic (Monthly Unique Active Users)(5) m	n.a.	n.a.	n.a.	n.a.	n.a.
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Live listings(6) (k)	656	659	764	732	770
Live listings yoy growth (%)	n.a.	0.5%	15.9%	n.a.	5.2%
Professional customers(7)	11,203	10,782	11,863	11,498	11,515
customers yoy growth (%)	n.a.	(3.8)%	10.0%	n.a.	0.1%
Motor (Coches.net)					
Traffic (Monthly Unique Active Users)(1) m	3.0	3.4	3.8	3.9	3.4
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	13.3%	11.8%	n.a.	(12.8)%
Live listings(8) (k)	156	182	218	207	242
Live listings yoy growth (%)	n.a.	16.7%	19.8%	n.a.	16.9%
Professional customers(9)	4,095	4,823	5,832	5,731	6,135
customers yoy growth (%)	n.a.	17.8%	20.9%	n.a.	7.0%
Jobs (Infojobs)					
Traffic (Monthly Unique Active Users)(1) m	3.4	3.7	3.6	3.8	3.1
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	8.8%	(2.7)%	n.a.	(18.4)%

(1) Source: Comscore MMX Multi-Platform, Total Unique Visitors/Viewers—monthly average for the relevant period (Spain). "Total Unique Visitors" refer to estimated number of different individuals that visited any content of a website, a category, a channel, or an application during the selected reporting period.

(2) External data not reliable for this site.

(3) Source: Autobiz—monthly average of number of ads on a specific day of the month for the relevant period.

(4) Source: Autobiz—monthly average agents for the relevant period.

(5) External data not reliable for this site.

(6) Source: Autobiz—monthly average of number of ads on a specific day of the month for the relevant period. Partial overlap exists among Fotocasa and Habitaclia.

(7) Source: Autobiz—monthly average for the relevant period. Monthly metric based on real estate agents that had an active listing on an online classified marketplace. Partial overlap exists among Fotocasa and Habitaclia.

(8) Source: Autobiz—monthly average of number of ads on a specific day of the month for the relevant period.

(9) Source: Autobiz—monthly average of dealers for the relevant period.

OLX Brazil

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Active Users)(1) m	28.3	32.4	33.9	34.5	32.4
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	14.5%	4.6%	n.a.	(6.1)%
Real Estate					
Traffic (Monthly Unique Active Users)(1) m	4.6	4.6	4.7	4.8	6.0
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	(0.0)%	2.2%	n.a.	25.0%
Live listings(2) (k)	1,451	1,808	3,155	2,683	3,964
Live listings yoy growth (%)	n.a.	24.6%	74.5%	n.a.	47.7%
Professional customers(3)	8,589	10,224	17,932	15,785	20,393
customers yoy growth (%)	n.a.	19.0%	75.4%	n.a.	29.2%
Motor					
Traffic (Monthly Unique Active Users)(1) m	7.0	6.3	6.4	6.4	8.0
Traffic (Monthly Unique Active Users) yoy growth (%)	n.a.	(10.0)%	1.6%	n.a.	25.0%
Live listings(4) (k)	968	968	1,076	1,026	1,066
Live listings yoy growth (%)	n.a.	0.0%	11.2%	n.a.	3.9%
Professional customers(5)	15,331	17,634	19,828	18,235	20,992
customers yoy growth (%)	n.a.	15.0%	12.4%	n.a.	15.1%

(1) Source: Comscore, Total Unique Visitors/Viewers—monthly average for the relevant period. "Total Unique Visitors" refer to estimated number of different individuals that visited any content of a website, a category, a channel, or an application during the selected reporting period.

(2) Source: Autobiz—monthly average of number of ads on a specific day of the month for the relevant period.

(3) Source: Autobiz—monthly average number of agents for the relevant period. The number of agents is counted via the number of telephone numbers linked to 5 listings or more (this criterion was 10 listings or more until October 2018).

(4) Source: Autobiz—monthly average of number of ads on a specific day of the month for the relevant period.

(5) Source: Autobiz—monthly average number of car dealer listers for the relevant period. The number of car dealer listers is measured by the numbers of different telephone numbers identified on the website as a dealer.

eCG Summary Combined Financial Information and Other Data

The summary combined financial information and other data as of and for the years ended December 31, 2019, 2018 and 2017 is derived from audited combined carve-out financial statements of eCG and its combined subsidiaries as of, and for the years ended, December 31, 2019, 2018 and 2017, which have been prepared in accordance with IFRS as issued by the IASB, and audited by PricewaterhouseCoopers LLP, eCG's independent auditors, as set forth in their audit report included elsewhere herein.

The summary combined financial information and other data for the six months ended June 30, 2019 and 2020 are derived from unaudited combined carve-out interim financial statements of eCG and its combined subsidiaries as of June 30, 2020 and for the six month periods ended June 30, 2019 and June 30, 2020, which have been prepared in accordance with IAS 34 Interim Financial Reporting.

The summary unaudited combined financial information and other information included in this information memorandum for the twelve months ended June 30, 2020 has been derived by adding the income statement for the six months ended June 30, 2020 to the income statement for the year ended December 31, 2019 and subtracting the income statement for the six months ended June 30, 2019.

Combined Carve-out Statements of Profit or Loss

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
(in EUR million)	2017	2018	2019	2019	2020	2020
				(unaudited)		(unaudited)
Net revenues	789	863	952	468	408	892
Cost of net revenues	88	90	95	46	52	101
Gross profit	**701**	**773**	**857**	**422**	**356**	**791**
Operating expenses:						
Sales and marketing	300	281	302	161	136	277
Product development	102	117	138	68	70	140
General and administrative	72	87	94	51	51	94
Provision for bad debts	6	6	13	5	8	16
Amortization of acquired intangible assets	16	15	9	6	4	7
Total operating expenses	496	506	556	291	269	534
Profit from operations	205	267	301	131	87	257
Interest and other, net	—	(1)	—	(1)	1	2
Profit before income tax	205	266	301	130	88	259
Income tax benefit (provision)	604	(177)	(229)	(197)	(25)	(57)
Net profit/(loss)	**809**	**89**	**72**	**(67)**	**63**	**202**

Combined Carve-Out Statement of Financial Position

(in EUR million)	As of December 31, 2017	2018	2019	As of June 30, 2020 (unaudited)
Assets:				
Goodwill	599	598	659	681
Intangible assets, net	18	3	20	30
Right-of-use assets	19	17	17	19
Property and equipment, net	20	22	23	19
Long-term investments	57	61	39	27
Deferred tax assets	642	524	349	341
Non-current assets	**1,355**	**1,225**	**1,107**	**1,117**
Other current assets	11	13	31	33
Accounts receivable, net	98	114	119	129
Cash and cash equivalents	46	42	20	17
Current assets	155	169	170	179
Total assets	**1,510**	**1,394**	**1,277**	**1,296**
Invested Equity And Liabilities:				
Net parent investment	1,354	1,228	1,109	1,154
Accumulated other comprehensive income	(5)	(4)	(16)	(35)
Total invested equity	**1,349**	**1,224**	**1,093**	**1,119**
Lease liabilities	14	10	12	12
Deferred tax liabilities	7	8	9	9
Other liabilities	2	3	2	3
Non-current liabilities	**23**	**21**	**23**	**24**
Income tax payable	23	45	53	52
Accounts payable	14	16	19	20
Deferred revenue	5	6	5	4
Accrued expenses and other current liabilities	96	82	84	77
Current liabilities	**138**	**149**	**161**	**153**
Total invested equity and liabilities	**1,510**	**1,394**	**1,277**	**1,296**

Combined Carve-out Statements of Cash Flows

(in EUR million)	Year ended December 31, 2017	2018	2019	Six months ended June 30, 2019 (unaudited)	2020 (unaudited)	Twelve months ended June 30, 2020 (unaudited)
Net cash provided by operating activities	268	269	319	154	83	248
Net cash (used in) provided by investing activities	(34)	(12)	(100)	(91)	(42)	(51)
Net cash used in financing activities	(217)	(261)	(241)	(71)	(42)	(212)
Effect of exchange rate changes on cash and cash equivalents	(2)	—	—	—	(2)	(2)
Net increase (decrease) in cash and cash equivalents	15	(4)	(22)	(8)	(3)	(17)
Cash and cash equivalents at the beginning of the period	31	46	42	42	20	34
Cash and cash equivalents at the end of the period	46	42	20	34	17	17

Other financial data

(in EUR million)	Year ended December 31, 2017	2018 (unaudited)	2019	Six months ended June 30, 2019 (unaudited)	2020	As of or for the twelve months ended June 30, 2020 (unaudited)
EBITDA/Gross operating profit (Loss)[(1)]	235.6	296.3	329.5	146.5	98.8	281.8
EBITDA margin[(2)]	29.9%	34.3%	34.6%	31.3%	24.2%	31.6%
Net interest bearing debt[(3)]	20	17	17	20	19	19
Net Leverage Ratio[(4)]	0.08x	0.06x	0.05x	0.14x	0.19x	0.07x

(1) EBITDA/Gross operating profit (Loss) is not a measure prepared in accordance with IFRS. eCG's EBITDA equals its EBITDA incl. JVs, as it has no share of profit(loss) of joint ventures and associates. For a definition and description of Management's use of these measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*."

The table below sets forth a reconciliation of our profit (loss) to EBITDA (which equals EBITDA incl. JVs for eCG) for the periods presented:

(in EUR million)	Year ended December 31, 2017	2018 (unaudited)	2019	Six months ended June 30, 2019 (unaudited)	2020	Twelve months ended June 30, 2020 (unaudited)
Profit (loss)	808.8	88.8	72.1	(67.2)	62.9	202.2
Other income and expenses	—	2.2	4.0	3.1	0.4	1.4
Impairment loss	—	—	—	—	—	—
Share of profit(loss) of joint ventures and associates	—	—	—	—	—	—
Taxes	(604.1)	176.5	228.6	196.7	25.4	57.3
Depreciation and amortization	30.5	27.5	24.3	13.3	11.2	22.2
Financial income	—	—	—	—	—	—
Financial expenses	0.4	1.2	0.4	0.6	(1.1)	(1.3)
Net financials	—	—	—	—	—	—
EBITDA	235.6	296.3	329.5	146.5	98.8	281.8
divided by net revenues	789	863	952	468	408	892
EBITDA margin	29.9%	34.3%	34.6%	31.3%	24.2%	31.6%

(2) EBITDA margin is not a measure prepared in accordance with IFRS. eCG's EBITDA margin equals its EBITDA margin incl. JVs, as it has no share of profit(loss) of joint ventures and associates. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures.*" See footnote 1 for a reconciliation of profit (loss) to EBITDA margin.

(3) Net interest-bearing debt is not a measure prepared in accordance with IFRS and should be read in conjunction with the consolidated statements of financial position contained in our combined financial statements included elsewhere herein. See "*Presentation of Financial Information—Non-IFRS Financial Measures*." For eCG, this measure equals itscurrent and non-current lease liabilities.

(4) The Net Leverage Ratio is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*." See footnote 3 for a reconciliation of our non-current interest bearing borrowings to our Net Leverage Ratio for the periods presented.

Certain Key Performance Indicators—eCG

The table below sets forth eCG's certain key performance indicators for the periods presented and are based on its management's estimates. As used herein, the following terms have the meanings set forth below:

"Monthly Unique Visitors" refer to a visit via every unique device/person/platform combination on eCG's classifieds sites; and

"live listings" refer to average daily count over the period of live listings on eCG's classifieds sites.

Mobile.de

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Visitors) (m)	31.1	33.2	32.8	33.4	33.0
Traffic (Monthly Unique Visitors) yoy growth (%)		7%	(1)%		(1)%
Live Listings (avg daily live listings) (k)	1,741	1,733	1,718	1,696	1,784
Live Listings yoy growth (%)		0%	(1)%		5%

eBayK

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Visitors) (m)	58.2	62.3	65.2	64.9	71.6
Traffic (Monthly Unique Visitors) yoy growth (%)		7%	5%		10%
Live Listings (k)	24,269	28,882	33,816	33,024	38,998
Live Listings yoy growth (%)		19%	17%		18%
Real Estate					
Traffic (Monthly Unique Visitors) (m)	8.9	11.8	13.9	13.7	15.9
Traffic (Monthly Unique Visitors) yoy growth (%)		33%	17%		16%
Live Listings (k)	303.8	334.7	365.7	366.6	358.9
Live Listings yoy growth (%)		10%	9%		(2)%

Marktplaats

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Visitors) (m)	22.78	21.26	22.66	23.32	24.59
Traffic (Monthly Unique Visitors) yoy growth (%)		(7)%	7%		5%
Live Listings (k)	10,440	10,431	10,288	10,533	10,782
Live Listings yoy growth (%)		0%	(1)%		2%
Motor					
Traffic (Monthly Unique Visitors) (m)	5.25	5.34	5.36	5.62	5.61
Traffic (Monthly Unique Visitors) yoy growth (%)		2%	0%		0%
Live Listings (k)	236	254	259	259	263
Live Listings yoy growth (%)		8%	2%		1%

Kijiji + Kijiji Autos

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Overall					
Traffic (Monthly Unique Visitors) (m)	33.69	31.98	31.53	32.44	30.89
Traffic (Monthly Unique Visitors) yoy growth (%)		(5)%	(1)%		(5)%
Live Listings (k)	6,883	6,707	6,391	6,321	5,459
Live Listings yoy growth (%)		(3)%	(5)%		(14)%
Motor					
Traffic (Monthly Unique Visitors) (m)	9.4	9.0	9.4	9.7	9.0
Traffic (Monthly Unique Visitors) yoy growth (%)		(4)%	4%		(8)%
Live Listings (k)	640	704	705	697	581
Live Listings yoy growth (%)		10%	1%		(17)%

RISK FACTORS

Our business, operations and financial condition are subject to various risks. Some of these risks are described below, and you should take these risks into account in evaluating us or any investment decision involving us. Many of the risks related to our business also apply to eBay Classifieds as a player in the online classifieds business, and will be applicable to the combined group following completion of the Acquisition. This section does not describe all risks applicable to us, our industry or our business and is intended only as a summary of certain material factors.

Risks Related to our Business

Any references in this section to "we", "our", "us" and "Group" refer to Adevinta and its subsidiaries and, where the context requires, the combined business following completion of the Acquisition.

The online classifieds market is highly competitive and we are subject to intense competition which could limit our ability to maintain or increase our market share or to improve monetization to reach profitable levels.

We operate in a market that is intensely competitive and characterized by network effects, in which high numbers of listings attract audience traffic and more traffic, in turn, attracts listings and advertising. We face competition from a wide variety of online and offline companies providing platforms and advertising space to consumers and merchants. Both consumers and listers have several alternative channels to reach each other, and consumers and listers are generally attracted to brands and online classifieds sites with high volumes of listings and consumers, and more listings attract more consumers. Consequently, we are significantly dependent on achieving and maintaining leading market positions to ensure that our listings attract consumers, in order to maintain or increase the attractiveness of our brands for listers and advertisers.

We are facing increased competition from global internet companies and aggregators that have entered the online classifieds market in recent years, such as Facebook, LinkedIn, CarGurus and Google. In particular, Facebook Marketplace, has quickly grown to be a leading player in many countries where we are present, including our largest markets, and has shifted its strategy from initially targeting private listers, to partnering with professionals in the car and real estate verticals, and has opened its jobs functionality to third-party companies, thereby posing an increasing risk to our market positions, including due to the scale and reach of Facebook's Marketplace. Google has also recently entered the jobs vertical in certain geographies. Furthermore, the existing userbase of some of these global internet companies and aggregators means that they do not have to resort to significant marketing efforts. Platforms operated by global internet companies typically have access to large amounts of information about their users, and enjoy strong brand recognition, as well as large user and customer bases, which may be leveraged to increase their footprint across the online classifieds market via organic growth, new platforms or by including additional classifieds providers into their ecosystems. Due to their size and resources, such global internet companies may increasingly compete with our market share and therefore have a material adverse effect on our business, financial condition and results of operation.

We compete with other generalist online classifieds sites that offer listings across product categories (including Vinted, which is expanding from its traditional fashion focus in multiple jurisdictions), as well as many vertical online classifieds sites focused on one category such as SeLoger for real estate in France, AutoScout24 for motor in Germany, Italy, Austria and Belgium, AutoTrader and CarGurus for motor in the UK and Canada and Indeed for jobs in Spain. Many of the competing sites or platforms are owned and/or operated by other global or regional classifieds players that have access to significant financial resources.

We also compete with new mobile online classifieds sites, several of which are being operated by venture capital-funded startup companies or global classifieds players, and have used, and are expected to continue to use, significant resources in order to gain market share in the online classifieds market, through innovation and new technologies that may enable competitors to offer a more efficient or lower-cost service. Furthermore, a shift of traffic to mobile and applications could result in lower advertising revenues.

We face competition from new so-called "hypervertical" online classifieds sites such as AirBnB for accommodation. These highly specialized online classifieds sites offer user experiences adapted to a narrower usage than the more traditional verticals and generalist online classifieds sites, and differentiate themselves through highly intuitive workflows and alternative consumption models. Similar to generalist mobile online classifieds sites, several of these hypervertical online classifieds sites are run by venture capital-funded start-up companies which have significant resources to gain market share.

We also face competition as a result of generalist search engines (i.e. general-purpose search engines, such as Google and Yahoo, which search the internet for general information covering a wide range of subjects), general or specialized sites and sites created by working professionals (such as real estate agents, car dealers and recruiters) who are also increasingly using multiple sales channels, including by paying for search-related advertisements on generalist search engine sites. We use generalist search engines and paid search advertising to help users find our sites, but such services may also potentially divert our users to other online classifieds platforms, either through other advertisers out-bidding us in the context of paid search advertising or other platforms being prioritized ahead of us in organic search results, thereby adversely affecting our business.

Our ability to maintain our leading positions will depend on, among other things, our ability to develop and improve our products and services and the quality of our sites and mobile applications, how successful our competitors are in developing competing products and services, the level of marketing expenses by competitors and to what extent major internet search and social media companies, such as Facebook and Google, are successful in capturing market share.

Due, in part, to the rapid technological change, evolving industry standards and changing needs and preferences of customers and users, our competitive landscape is changing rapidly. It is, therefore, difficult for us to accurately assess or predict our future competitors and the competitive threats we may be facing. There can be no assurance that we will be able to compete successfully against other companies that provide similar services and products or that we will be able to maintain acceptable margins in the strong competitive environment in which we operate. If we are not able to compete effectively, we may have to change our strategy, business model or asset portfolio, including divestments, either in general or in a specific market, and it could also have a material adverse effect on our business, results of operations, financial condition and prospects. This could also result in an increase in research and development spending in order to compete.

Finally, eBay is not subject to a non-competition clause under the Transaction Agreement and is therefore not prohibited from competing with our business in the future.

Our business depends significantly on our branding, and any failure to maintain and enhance our existing brands and to develop new brands may reduce demand for, and attractiveness of our services.

Our success depends in large part on our brands and their recognition and awareness. In the markets where we are market leading, our brands are particularly important as they benefit from the network effects, but also in the developing markets where we are working to build brand recognition and brand awareness for our sites. Both we and eBay Classifieds provide our online classifieds platforms and products under a number of different brands in order to cater to the specific needs and preferences of our different customer groups and different geographic markets. These brands could be affected if we or eBay Classifieds lose our market leading positions in our primary jurisdictions.

We may also be unable to strengthen or maintain the recognition and market position of our existing brands in relevant markets due to our multi-brand strategy approach or potential negative publicity. For example, our multi-brand strategy could lead to lower brand recognition relative to our competitors that focus all of their marketing efforts on one or a few selected brands. Furthermore, any events that cause professionals and consumers to believe that we have failed to maintain high standards of integrity, security and quality could affect our brand image or lead to negative publicity, which may adversely impact our reputation and reduce demand for, and attractiveness of, our services. We are also susceptible to third parties damaging the reputation of our brands by, for example, posting inappropriate content or inaccurate information on any of our platforms, or through the infringement of our intellectual property rights. Our online classifieds sites have from time to time been used for inappropriate or illegal purposes and such incidents have resulted and may in the future result in adverse publicity and harm the reputation of our brands.

Our online classifieds sites are branded under different brands and under different domain names. The use of our domain names could infringe upon a third party's trademark registration or other rights, which could prevent us from using our domain names. We may also be unable to prevent third parties from acquiring and maintaining domain names that infringe or otherwise decrease the value of our brand names, trademarks and other proprietary rights. Regulatory bodies and domain management organizations could establish additional top-level domains, appoint additional domain name registrars or modify requirements for processing and holding domain names, which may prevent us from freely using our domain names. We may also fail to protect our domain names, which could adversely affect our reputation and brand, and make it more difficult for users to find our online classifieds sites.

If we are unable to protect and maintain our branding status, including our domain names, or if we are required to make significant investments to protect our brands from competition or negative publicity, demand for our products and services may decline or our operating costs may increase as a result of increased marketing costs. This may in turn have a material adverse effect on our business, results of operations, financial condition and prospects.

We are permitted to use certain eBay Motors Group, eBay Classifieds and eBayK trademarks for a transitional period of up to three years following closing of the Acquisition, depending on the trademark and subject to certain conditions. If we don't successfully re-brand such brands following expiration of the transitional period, we may suffer a loss in brand-name appeal to existing eBay Classifieds customers in these jurisdictions, and could have a material adverse effect on our business, results of operation and financial condition.

We may pursue acquisitions that prove unsuccessful or divert our resources.

Acquisitions have historically been, and may continue to be, important for the growth of our business. We may consider making additional strategic acquisitions to support further growth and profitability. Successful growth through acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms and ultimately complete such acquisitions and integrate acquired entities, including to retain key personnel in acquisition targets. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all, or that we will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. Our assessment of and assumptions regarding acquisition targets may prove to be incorrect and actual developments may differ significantly from expectations. We may not be able to integrate acquisitions successfully, synergies may not be realized, and integration may require greater investment and time than anticipated. Additionally, any acquisitions we do make may result in unintended consequences, for example, if significant liabilities are not identified during due diligence or come to light after the expiration of any applicable warranty or indemnity periods.

Additionally, the process of integrating the business of eBay Classifieds may be disruptive to our operations, as a result of, among other things, unforeseen legal, regulatory, contractual and other issues, including or following disputes with minority shareholders and difficulties in realizing operating synergies, which could adversely affect our results of operations. Moreover, successful integration of eBay Classifieds' operations, products and personnel may place a significant burden on management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm our business, financial condition and results of operations. For more information on integration risks relating to the Acquisition, see "*—Risks Related to the Acquisition—Integrating the eBay Classifieds business into our business may divert management's attention away from operations and we may also encounter significant difficulties in integrating the two businesses.*"

Our investments and efforts to maintain existing market positions and capture growth opportunities could prove to be unsuccessful.

We have made significant investments in, and plan to continue building, developing and promoting our online classified sites through the development of our existing platforms and online classifieds sites and through acquisitions. Our strategy to leverage our existing market positions is dependent partly on our ability to drive initiatives to increase market share of traffic, listings and eventually, profitability, and partly on external factors such as the success of our competitors. We have previously invested in new technology as well as improving technology within our business. We have also invested in early stage start-ups with new models and new technology. In addition, we have previously carried out acquisitions to enter new markets, to strengthen our market position or to extend our offering in a relevant market. We may, in the future, consider making additional investments and no assurance can be made that such investments will be successful or achieved at all. The amount and timing of our future capital requirements may differ materially from the current estimates due to various factors, many of which are beyond our control. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure that we would be able to accomplish any investments or acquisitions on a timely basis or on commercially reasonable terms, if at all. There can also be no assurance that we will be able to maintain existing market positions, capture growth opportunities, or optimise its portfolio, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, our ability to grow and enter new markets may involve certain barriers to entry, such as scale, established market positions of existing players, language, cultural and regulatory hurdles, and the need to make additional investment to adapt our technology for local market usage. Any barriers to entry in new markets may affect our ability to expand, grow and develop in that particular market, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

The amount and timing of our future capital requirements may differ materially from the current estimates due to various factors, many of which are beyond our control. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. There can be no assurance that we will make any such investments or acquisitions on a timely basis or on commercially reasonable terms, or at all or that such investments or acquisitions will be successful, including to help us to maintain existing market positions, capture growth opportunities, or optimize our portfolio, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

We hold, and may hold in the future, ownership interests in jointly controlled entities and associated entities, exposing us to risks and uncertainties, many of which are outside our control.

Joint ventures have also historically been and continue to be important for the growth of our business. We currently participate in joint venture arrangements in Brazil, Austria, Ireland, Indonesia and Portugal and may enter into other joint arrangements or co-investment projects with third parties in the future. Further, such current and prospective joint ventures and co-investments involve potential risks, including:

- joint ventures may require an investment of considerable management, financial and operational resources to establish sufficient infrastructure such as risk management, compliance or other processes;
- we may not have the level of strategic control over the joint venture that we require in order to fulfil our long-term goals, or may find that we are restricted by the other partner in the services we can offer;
- we may lack sufficient control over the operations of the joint venture, resulting in problems with quality control, inefficiency or other operational problems;
- our ability to receive dividends and other payments from our joint ventures depends not only on the joint ventures' cash flows and profits, but also upon the terms of the agreements with the joint venture partners;
- joint ventures may have complex governance issues arising from shared control and split ownership models;
- a joint venture partner may (a) have economic or business interests or goals that are inconsistent with ours; (b) undergo a change of control; (c) experience financial and other difficulties; (d) be unable or unwilling to fulfil its obligations under the joint venture; or (e) sell its stake in the joint venture to a buyer that is unattractive to us;
- joint ventures may terminate, either as a result of defined exit mechanisms or termination events, such as a change of control event or a material breach of the joint venture agreement, which could potentially lead to a partner being entitled to acquire our shares in the joint venture, potentially at a consideration lower than fair market value. Specifically, the joint venture agreement governing our shareholding in the Austrian joint venture Willhaben contains a change of control provision, which would be triggered as a result of Schibsted no longer having ultimate control over our shareholding in Willhaben, and which would give our joint venture partner a right to acquire our shareholding in Willhaben at a discount of 20% to fair market value. Schibsted and Adevinta entered into an option agreement in relation to the Willhaben stake at the time of Adevinta's IPO, under which Schibsted could instead acquire the stake without the 20% discount;

- a joint venture partner may (i) take actions contrary to our instructions or requests, or contrary to our policies or objectives with respect to the investment or (ii) exercise veto rights so as to block actions that we believe to be in our or the joint venture's or strategic alliance's best interests;
- the agreements with the joint venture partners may restrict us from carrying out our business outside the framework of the joint venture companies;
- a joint venture partner may become unwilling or unable to fulfil the objectives of the joint venture due to general market conditions, financial difficulties or other circumstances beyond our control;
- the failure of a joint venture, or a conflict or disagreement with joint venture partners may lead to deadlock or other conflict between the joint venture partners, and result in us having to buy out the partner or otherwise purchase the partner's interest in the underlying asset, potentially at a price above fair market value, which in turn could impose a material cost burden on us; and
- the risk that OLX Brazil's acquisition of Grupo ZAP will underperform.

Actions by our joint venture partners may also subject property owned by the parties to liabilities greater than those contemplated by any governing joint venture or shareholders agreement, or to other adverse consequences. In addition to the above, joint ventures and co-investments are exposed to risks such as unfavorable global economic conditions, currency fluctuations, political risks, or other factors.

Certain of our joint venture companies are in a development phase where substantial funds are invested on a continuous basis to seek to create a leading market position. These joint venture companies require regular injections of new capital from their shareholders. A failure by us to participate in such equity calls may lead to dilution of our ownership interests in the joint venture companies, and in certain cases also be considered a breach of funding obligations under the applicable joint venture agreement.

If any of these risks were to materialize, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

We face risks with respect to the continuing effects of COVID-19.

In March 2020, the outbreak of the novel strain of the coronavirus identified in late 2019 ("COVID-19") was characterized as a pandemic by the World Health Organization. The outbreak has resulted in government authorities and businesses throughout the world implementing numerous measures intended to contain and limit the spread of COVID-19, including travel bans and restrictions, quarantines, shelter-in-place and lockdown orders and business restrictions, shutdowns and other limitations. The COVID-19 pandemic and the response thereto has adversely impacted and may continue to adversely impact our combined business, as well as our employees, customers, users, suppliers, vendors, banking partners, business partners and businesses in which we have minority investments. COVID-19 has impacted all of our markets. For more information see "*Summary—Recent Developments—COVID-19.*" We continue to monitor developments related to COVID-19, 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.

We face increased risk of disruptions to or failure by third-party vendors, service providers, strategic partners and banking partners to operate their business and meet the expectations of customers and users during the pandemic, all of which could be disruptive to our businesses, which rely on such third parties. We also face risks related to our use of government furlough programs and any government action relating to funds received by the Group under such governmental support measures, including accelerated demands for repayment, could have a material adverse effect on the financial condition and results of operations of the Group. Furthermore, any newly imposed lockdowns or other government measures may have a material adverse effect on our revenues and profitability.

The COVID-19 pandemic has required and is likely to continue to require significant management attention and substantial investments of time and resources across our operations. As a result of the pandemic and to support the health and wellbeing of our employees, customers, users, partners and communities, we have made significant modifications to our business practices, including significant restrictions on business travel, office closures and significant limitations on employee work locations and cancellation of physical participation in meetings, events and conferences.

COVID-19 has caused us to require employees to work remotely for an indefinite period of time. It is possible that widespread remote work arrangements may have a negative impact on our operations, the execution of our business plans, the productivity and availability of key personnel and other employees necessary to conduct our business, and on third-party service providers who perform critical services for us, or otherwise cause operational failures due to changes in our normal business practices necessitated by the outbreak and related governmental actions. If a natural disaster, power outage, connectivity issue or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in increased consumer privacy, data security and fraud risks and our understanding of applicable legal and regulatory requirements, as well as the latest guidance from regulatory authorities in connection with the COVID-19 pandemic, may be subject to legal or regulatory challenge, particularly as regulatory guidance evolves in response to future developments. An extended period of remote work arrangements and subsequent reintroduction into the workplace could introduce health and safety risks, increase employee absence, operational risk and cybersecurity risk, fraud risk, strain our business continuity plans, negatively impact productivity, give rise to claims by employees and impair our ability to manage our business or otherwise adversely affect our business. We may take further actions as may be required, but there is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19.

The extent to which COVID-19 will continue to impact our business, financial condition, results of operations, prospects and liquidity will depend on numerous evolving factors that are unpredictable, including the duration and scope of the pandemic; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; the impact of the pandemic on global economic activity, unemployment levels and financial markets, including the possibility of a global recession and volatility in the global capital markets which, among other things, may increase the cost of capital and adversely impact our access to capital. In addition, we cannot predict the impact that COVID-19 will have on our employees, customers, users, suppliers, vendors, business partners and businesses in which we have minority investments and their respective financial conditions. However, COVID-19 has generally resulted in a decrease in consumer spending, which could have an adverse impact on our sellers through reduced consumer demand for their products and availability of inventory, which could in turn negatively impact the demand for use of our platforms. Any of the foregoing, could have a material adverse impact on our business, financial condition, results of operations, prospects and liquidity. Further, the impact of COVID-19 may heighten or exacerbate many of the other risks discussed in this "Risk Factors" section.

We are subject to the risks associated with our business' international operations, including in emerging markets.

Our combined business has operations in 20 countries, which include emerging markets. As a result, we are continually subject to the general global risks associated with an international business, including fluctuations in local economic growth, devaluation, depreciation or excessive valuation of local currencies; significant amendments to local regulations relevant to the online classifieds business; a changing interest rate environment; and changes in tax and general laws and regulations. For example, we face risks relating underperforming in emerging markets.

The financial risks of operating in emerging markets also include risks related to inflation, devaluation, price volatility, currency convertibility and country default, which could have a material adverse effect on our business, results of operations, financial condition and prospects. See also *"—We are exposed to fluctuations in foreign currency exchange rates*," *and* "*—Our business is affected by political conditions in the markets in which we operate."*

Violations of the complex laws and regulations that apply to our business' international operations in the various countries in which we operate may result in fines, criminal actions, or sanctions against us, our officers, or our employees; prohibitions on the conduct of our business; and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, or agents will not violate our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and could harm our business.

We are dependent on third-party service providers.

We are dependent on a number of third-party service providers and suppliers that play a significant role in our business. In particular, Amazon Web Services ("AWS"), our main cloud service provider, which hosts large parts of our platforms, IT infrastructure and websites, is important for our operations. We also rely on AppNexus and Google for the delivery of advertising on the majority of our main sites. Disruptions, including as a result of COVID-19 as well as interruptions or malfunctions and a general decline in the quality of service provided by such third-party service providers could have a material adverse effect on our ability to operate our sites and services.

We are also dependent on online payment systems such as Adyen, in order to facilitate payment for products and services on our sites. If any of the online payment systems that we use significantly increases the fees charged for its services, this could have a material adverse effect on our business, results of operations, financial condition and prospects.

Furthermore, in the event of security breaches in third party providers' systems, we could be exposed to data breaches, which in turn could result in negative publicity, loss of customer confidence, fines from regulators and exposure to litigation.

Suspension or termination of the contracts with AWS, AppNexus, Google, Adyen or other key suppliers, would require that we seek alternative software/service providers, which could result in additional costs. Migrating to alternative suppliers would also take significant time and effort, may not be an adequate or equivalent replacement, and we could be required to stop using the existing services before replacement, which could have a material adverse effect on our business.

eBay Classifieds is dependent on a number of third-party service providers and suppliers that play a significant role in its business, including Google Inc., Mediacom, Performance Media Deutschland GmbH, Cloudraker, Spark Foundry German GmbH, Kelly Services (Canada), Ltd., Dell, Adobe and Besedo. eBay Classifieds would face similar risks as described above in the event of suspension or termination of the contracts with any of its material third party service providers.

In connection with the Acquisition, we are seeking consents under certain third-party agreements, with respect to certain provisions, including change of control provisions. A failure to obtain such consents could result in termination or suspension of such contracts, which could have a material adverse effect on our business. The process to obtain such consents may result in revisions to the terms of or pricing under those agreements or in the consent being provided subject to certain conditions. Additionally, certain of our and eBay Classified's third-party agreements may fall due for renewal prior to the closing of the Acquisition and the counterparties may seek to revise the terms of or pricing under those agreements in light of the Acquisition.

In addition, we will be dependent on eBay providing certain services subject to the Transition Services Agreement and could be negatively impacted by management changes at eBay, see"*—Risks Related To The Acquisition—Following completion of the Acquisition, eBay Classifieds will be dependent on eBay for certain transitional services and intellectual property over a transitional period.*"

Our developer platforms, which are open to merchants and third-party developers, subject us to additional risks.

We provide third-party developers with access to application programming interfaces, software development kits and other tools designed to allow them to produce applications for use, with a particular focus on mobile applications. There can be no assurance that merchants or third-party developers will develop and maintain applications and services on our open platforms on a timely basis or at all, and a number of factors could cause such third-party developers to curtail or stop development for our platforms. It is possible that merchants and third-party developers who utilize our development platforms or tools could violate regulatory restrictions to which our business is subject (such as in relation to privacy and data protection) and we may be held responsible for such violations, which could harm our business.

Furthermore, we may be subject to extensive laws and regulations in respect of the growing and still relatively new area of e-commerce. Changes to any of these laws and regulations could have a significant impact on our business. There can be no assurance that we will be able to cost-effectively comply with any future laws and regulations. Our failure to comply with applicable laws and regulations may subject us to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on our financial condition and results of operations.

We are subject to risks associated with information disseminated through our services.

Online services companies may be subject to claims relating to information disseminated through their services, including claims alleging defamation, libel, breach of contract, invasion of privacy, negligence, copyright or trademark infringement and illegal wildlife trade among other things. The laws relating to the liability of online services companies for information disseminated through their services are subject to frequent challenges both in the United States and other jurisdictions. Any liabilities incurred as a result of these matters could require us to incur additional costs and harm our reputation and our business.

We could face potential liability to third parties for the user-provided content on our sites, compliance with laws prohibiting corrupt payments to government officials, as well as laws designed to combat money laundering and the financing of terrorist activities. If we become liable for information provided by our users and carried on our service in any jurisdiction in which we operate, we could be directly harmed and we may be forced to implement new measures to reduce our exposure to this liability, including expending substantial resources or discontinuing certain service offerings, which could harm our business.

Our business is affected by general economic conditions in the markets in which we operate.

We operate online classifieds sites in a number of European countries and in selected emerging markets. Consequently, our operations are affected by general economic conditions in the markets in which we operate. France, Spain and Brazil are our most important markets and in the year ended December 31, 2019, 52.5% and 26.8% of Adevinta's operating revenue was derived from France and Spain, respectively, and 13% of Adevinta's operating revenue was derived from Brazil (1% excluding OLX), while Germany, Benelux, Canada and the United Kingdom are eCG's largest markets and in the year ended December 31, 2019, 46%, 16%, 15% and 9% of eCG's operating revenues were derived from these markets respectively. Downturns in general economic conditions, whether globally or in the specific regional and/or end markets in which we operate, can result in reduced demand for and lower prices of, our products and services. This could have a material adverse effect on our operating revenues, profitability and growth prospects. In particular, during an economic downturn, our advertising revenues are typically the first to be impacted, followed by operating revenues in our jobs, real estate and motor verticals. We are also exposed to risks in relation to in-market consolidation due to economic conditions. In addition, factors relating to general economic conditions, such as consumer spending, business and consumer confidence, employment trends, business investment, government spending, volatility and strength of both debt and equity markets and inflation, may all affect the user and traffic on our online classifieds sites and the content for sale, which in turn may affect professionals' (i.e. car dealers, real estate agents and recruiters) listings on our platforms and the classifieds advertising industry and, consequently, adversely affect our operating revenue, profitability and financial condition.

Currently, the outlook for the world economy remains uncertain. A renewed or future recession or period of economic instability could lead to elevated unemployment rates, a decrease in the real estate market, employment market or car market, which could in turn have a negative impact on the number of classifieds listings as well as the level of advertising on our platforms and could have a material adverse effect on our business, financial condition and results of operation.

Economic conditions in the markets in which we operate may also be affected by:

- political instability,
- economic uncertainty,
- application of foreign exchange controls,
- price controls,
- variations in codes of business conduct and corruption,
- nationalization and expropriation of private property,
- regulatory changes,
- crime and the lack of enforcement thereof,
- governmental interference,
- currency fluctuations,
- payment and accounts receivable collection difficulties,
- unpredictability of enforcement of contractual provisions,
- local restrictions on the repatriation of dividends or profits,
- trade barriers and changes in trade regulations,
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences,

- stringent local labor laws and regulations,
- credit risk and higher levels of payment fraud,
- import or export regulations,
- compliance with laws prohibiting corrupt payments to government officials, as well as laws designed to combat money laundering and the financing of terrorist activities,
- antitrust and competition regulations,
- potentially adverse tax developments and consequences,
- different, uncertain, or more stringent user protection, data protection, privacy and other laws,
- risks related to other government regulation or required compliance with local laws,
- national or regional differences in macroeconomic growth rates, and
- local licensing and reporting obligations.

The geographic spread of our operating countries exposes us to risk of global economic conditions. Specifically, growth in emerging market economies seems to have slowed, particularly in Latin America. Furthermore, the Euro area continues to be affected by the aftermath of the global economic crisis, including high public and private debt, or high unemployment, with different prospects across the region. The interplay between the global and local economic risks exposes us to increased uncertainty, and the occurrence of one of more of these risks in a market segment in which we operate, or in the global economy as a whole, could have a material adverse effect on our business, results of operation, financial condition and prospects.

Our business is affected by political conditions in the markets in which we operate.

We are particularly vulnerable to political instability in our markets. In particular, in recent years, there has been political tension in Catalonia, Spain as well as political unrest in Brazil and Belarus. Specifically, Brazil is our fastest growing regional market, particularly within the real estate and car verticals. With political unrest in Brazil arising since the October 2018 elections, the impact of COVID-19 as well as a weakening of general macroeconomic conditions, there is a risk of continuing economic uncertainty and political instability in Brazil.

In addition, the United Kingdom's departure from the European Union on January 31, 2020 ("Brexit") might affect the economy of the United Kingdom and its major trading partners, including many EU markets in which we operate, The United Kingdom is subject to a transitional period which is set to end on December 31, 2020, during which the country remains bound to the EU's rules. Any outcomes resulting from Brexit could have a negative and adverse impact on companies and customers with which we do business or cause us to write down our assets or investments or incur costs. Because we have global operations, including in the United Kingdom and the European Union, we face risks due to the uncertainty and the potential disruptions surrounding Brexit, including with respect to our ability to operate our services seamlessly across jurisdictions as well as potential financial, legal, tax and trade implications.

Our business may be adversely affected by geopolitical events, natural disasters, seasonal factors and other factors that cause our users to spend less time on our websites or mobile platforms and applications.

Our users may spend less time on our websites and our applications for mobile devices as a result of a variety of diversions, including: geopolitical events, such as war, the threat of war, or terrorist activity; natural disasters or the effects of climate change (such as drought, flooding, wildfires, increased storm severity and sea level rise); power shortages or outages, major public health issues, including pandemics (such as COVID-19); any impact on data centers that prevents us from maintaining our websites; social networking or other entertainment websites or mobile applications; significant local, national or global events capturing the attention of a large part of the population; and seasonal fluctuations due to a variety of factors. If any of these, or any other factors, divert our users from using our websites or mobile applications, our business could be materially adversely affected.

We are subject to technological changes, evolving industry standards and customers' and consumers' evolving needs and preferences.

The online classifieds industry is characterized by the introduction of new technologies and rapid increases in the diversity and sophistication of the technologies and services offered. New technologies and methods of offering online classifieds to professionals and consumers present a dynamic competitive challenge, as market participants offer multiple new products and services, such as analytics and user optimization. Our competitors may introduce features or technologies that are perceived among customers to be better than ours and competitors may enter the markets in which we operate with better products and services, or more advanced and extensive data and analytical tools.

As a result, we may face increasing competition from the application of technologies that are currently being developed, such as artificial intelligence, augmented reality, big data and voice-based functions that could alter the way the market currently operates, or which may be developed in the future by our existing or future competitors, new market entrants or global internet companies such as Google and Facebook.

A significant and growing portion of our users access our platforms through mobile devices. Our success largely depends on our ability to successfully address the rapidly evolving market for transactions on mobile devices and our inability to do so could have an adverse effect on our business, financial condition, results of operation and prospects. Furthermore, future development or application of new or alternative technologies, services or standards could require significant changes to our business model, the development of new products and services, the provision of additional services or substantial new investment. We may not be able to adapt our services in an adequate and timely manner in order to keep up with the rapid development in the market, which could lead to a loss of consumers, customers, advertisers and market share and/or increased costs, which could affect profitability. The introduction of new business models in online classifieds industry may lead to structural changes and affect the industry standards. Whereas our business model relies on charging customers for prominence on our online classifieds sites, new competitors use different approaches such as commissions or other transaction-based revenue models.

We cannot predict how emerging and future technological changes will affect our operations and, therefore, we cannot guarantee that we will devote appropriate amounts of capital and resources to develop the necessary technologies. New or enhanced technologies, services or offerings we introduce may fail to achieve sufficient market acceptance or may experience technical difficulties. In addition, we may not recover the investments we have made or may make to deploy these technologies, offerings and services and we cannot guarantee that we will be able to do so in a timely and cost-efficient manner. Finally, we may not be able to obtain funding on reasonable terms or at all in order to finance the necessary capital expenditures to keep up with technological developments or to develop new or enhanced technologies, offerings and services. Any of the foregoing may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our advertising revenues are affected by changes in advertising trends.

We derive our operating revenues from the sales of advertising space on our online classifieds sites to customers and third parties. Such sales can be affected by a number of factors, many of which are outside our control. In the year ended December 31, 2019, advertising revenues contributed to 28% of our pro forma operating revenues. Our ability to generate advertising revenues depends on, among other things, the level of spending by customers which is in turn affected by a number of factors, including general economic conditions, changes in consumer behavior, the cyclicality of the advertising market and changes in advertising trends.

Advertising spending is affected by general economic market conditions, as cuts in advertising budgets are typically among the first initiatives taken by companies in economic downturns or unstable market conditions and such cuts could reduce advertising spending through our online classifieds sites. For example, the COVID-19 pandemic has caused volatility in user and revenue growth rates across all businesses, including decline in advertising revenues and traffic. Furthermore, the online advertising market is evolving at a rapid pace and changing advertising trends or market dynamics lead to us losing advertising customers if we are unable to adapt. We face intense competition in the digital advertising market where advertisers can choose from a broad selection of digital platforms and media, such as Google, Facebook and Amazon. In particular, Google and Facebook dominate the digital advertising market. The global spend on digital advertising (search, social media, video and display) is increasing, and search, social media and video advertising are the main growth drivers whereas advertising spend overall is stagnating. Further acceleration of this trend may negatively impact our advertising revenues.

A reduction in customers' advertising spending on our sites may result in a loss of advertising revenues, which in turn could have a material adverse effect on our business, results of operations, financial condition and prospects.

Traffic on our online classifieds sites is dependent on search engine algorithms.

We utilize internet search engines and social platforms, such as Google and Facebook, to generate traffic to our online classifieds sites. The purchase of product-related keywords consists of anticipating the search terms users will use to search for products or services on search engines and then bidding on those words and terms in the applicable search engine's auction system. If we don't successfully anticipate such terms, we may face a decline in traffic on our online classifieds sites, which could adversely affect our business, results of operations, financial condition and prospects.

We also generate a significant portion of traffic to our online classifieds sites from non-paid results links (organic search results) generated by search engine providers. Our positioning in search engines' search results depends on algorithms designed by the search engine providers and are based on various criteria, including the historical level of traffic on our online classifieds sites. Changes in search algorithms by search engine providers may result in the exclusion of our online classifieds sites from search results, lead to lower rankings on search results or otherwise impact our ability to generate traffic to our online classifieds sites and/or require increasing marketing expenses, which could adversely affect our business, results of operations, financial condition and prospects.

We also seek to enhance the relevance of our online classifieds sites to common consumers search queries and thereby improve the rankings of our online classifieds sites in organic search results, which is known as "search engine optimization" (SEO). Search engines frequently modify their algorithms and ranking criteria to prevent their organic search results from being manipulated, which could impair these SEO activities. Algorithms and ranking criteria may be confidential or proprietary information and we may not have complete information as to the methods used to rank our online classifieds sites. If we are unable to recognize and adapt our technology to such modifications in search engine algorithms or if our SEO activities are ineffective, we may fail to maintain or improve our traffic levels, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Part of our traffic is directed to our online classifieds sites through our participation in pay per click and advertising on internet media properties and search engines. If one or more of such arrangements are terminated or if competitive dynamics further increase market pricing, we may experience a decline in traffic on our online classifieds sites which in turn could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our business is dependent on our ability to maintain and scale our technical infrastructure.

Our business depends on advanced computer database and telecommunications technology. In order to compete effectively, we must maintain our systems as well as invest in improved technology. If we fail to successfully maintain, expand, integrate or upgrade our platforms and IT systems or are unable to do so on a timely basis or on commercially reasonable terms, our offerings and services may become less attractive to customers and advertisers and we may lose customers and partners to its competitors. A temporary or permanent loss of any of our systems or networks could cause significant disruption to our business operation, or damage to our reputation resulting in a loss of operating revenue and potentially higher costs in the future, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

If our security measures or those of third party systems that host personal data are breached or unauthorized access to customer data is otherwise obtained, we may lose customer confidence and may be exposed to litigation or related proceedings.

Our operations involve the storage and transmission of our customers' and consumers' confidential information, including personal data. Security breaches, computer malware and computer hacking attacks could expose us to a risk of loss of this information, liability and litigation. Our security measures may be breached as a result of third-party action, employee error or otherwise, and, as a result, third parties may obtain unauthorized access to our customers' data and our reputation may be damaged, causing us to incur significant liability. Additionally, third parties may attempt to fraudulently induce employees into disclosing sensitive information such as user names, passwords or other information in order to gain access to our customers' data or our own data. Due to the constantly evolving nature of these techniques, we may be unable to anticipate them. If an actual or perceived breach of our security measures occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose potential sales and existing customers.

We may be subject to unauthorized attempts to access our servers or our data and information systems (which may contain bank account information and other personal data), or attempts to cause technical malfunctions or interruptions to our IT services. In addition, the inadvertent transmission of computer viruses could expose us to a material risk of loss or litigation and possible liability, in particular in the event that we are unable to prevent events of data leakage. Violation of the EU data protection regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, or "GDPR") or other applicable data protection laws and regulations may result in fines and customer churn and may harm our reputation in the market. In addition, personal data breach may result in an obligation to inform the individuals affected and the competent data protection supervisory authority. We may be required to expend significant capital and other resources to protect our systems against the threat of such viruses and unauthorized access and to rectify any damage to our systems, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

We are also dependent on online payment systems in order to facilitate payment for products and services on our sites.

Certain of our online classifieds sites use third-party online payment systems, such as Adyen, which is used by leboncoin. We do not have control over the security measures of our third-party online payment vendors and security breaches of the online payment systems that we use could expose us to litigation and liability for failing to adequately secure confidential customer information, which could also damage our reputation and the perceived security of our online classifieds sites. The occurrence of security breaches, or billing software errors, may lead to customer distrust of online payment systems, which could result in a decrease in use of our online classifieds sites and could have a material adverse effect on our business, results of operations, financial condition and prospects.

Computer malware, viruses and computer hacking and phishing attacks are prevalent in our industry, and have occurred on our systems in the past, and may also occur in the future. Any failure to maintain performance, reliability, security, and availability of our products and technical infrastructure to the satisfaction of our users may harm our reputation and ability to retain existing users and attract new users.

Failure to deal effectively with fraudulent activities on our platforms could harm our business and lead to fines.

We face risks with respect to fraudulent activities on our platforms and we periodically receive complaints from buyers and sellers who may not have received the goods that they had contracted to purchase or payment for the goods that a buyer had contracted to purchase. In certain jurisdictions, buyers may also have the right to withdraw from a sale made by a professional seller within a specified time period. We do not have the ability to require users to make payment or deliver goods, or otherwise hold the users harmless for losses. Attempting to limit and address undesirable buyer experiences and increasing buyer satisfaction may not be effective in preventing fraudulent transactions or improving overall satisfaction among sellers, buyers and other participants. Additional measures to address fraud could negatively impact the attractiveness of our services to buyers or sellers, which could affect our ability to attract new users and retain current users. This could also diminish the value of our brands, and could materially affect our business, results of operations, financial condition and prospects.

Furthermore, the listing or sale by our combined business' users of unlawful, counterfeit or stolen goods or unlawful services, or sale of goods or services in an unlawful manner, has resulted and may continue to result in allegations of civil or criminal liability for unlawful activities against us (including the employees and directors of our various entities) involving activities carried out by users through our services and may also impact our reputation. In a number of circumstances, third parties, including government regulators and law enforcement officials, have alleged that eBay Classifieds services aid and abet violations of certain laws, including laws regarding the sale of counterfeit items, laws restricting or prohibiting the transferability (and by extension, the resale) of digital goods (e.g., books, music and software), the fencing of stolen goods, selective distribution channel laws, distance selling laws product safety and consumer production laws, animal welfare laws and tax laws. This could have a material adverse effect on our business, results of operations, financial condition, prospects and our reputation.

The interests of our Significant Shareholders may differ from the interests of the holders of the Notes.

Schibsted currently owns approximately 59.1% of our issued and outstanding shares (on a fully diluted basis). Following closing of the Acquisition, Schibsted will hold approximately 39.5% of our Class A (voting) shares while eBay will indirectly hold approximately 33.3% of our Class A (voting) shares (each of Schibsted and eBay, a "Significant Shareholder"). The interests of our shareholders, including one or both of our Significant Shareholders may differ from those of the holders of the Notes in material respects. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of our shareholders, including one or both of our Significant Shareholders and their respective affiliates might conflict with your interests as a note holder. Our shareholders, including one or both of our Significant Shareholders and their respective affiliates may also have an interest in pursuing acquisitions, combinations, divestitures, financings or other transactions that, in their judgment, could enhance their investments, even though such transactions might involve risks to you as a note holder. Additionally, the Indenture governing the Notes will permit us to pay dividends or make other restricted payments under certain circumstances and our shareholders, including one or both of our Significant Shareholders may have an interest in our doing so.

Damages not covered by insurance or exceeding insurance coverage could cause us to incur substantial losses.

Our insurance may be inadequate or unavailable to protect us in the event of a claim or other loss, or our insurance coverage may be cancelled or otherwise terminated. Liability insurance is subject to limitations and exclusions of liability and so we could incur losses that are not covered by insurance or that exceed coverage limits. Our existing insurance policies could be terminated or our insurance costs could increase. In addition, we face limits on some types of coverage, including cyber insurance. The occurrence of any of these circumstances could have a material adverse effect on our business, results of operation, financial condition and prospects.

We are dependent upon retaining and attracting current and prospective highly skilled personnel.

Our ability to operate our business and implement our strategies depends, in part, on the skills, experience and efforts of our personnel involved in management, research, operations, Product & Technology and sales. As a result, we believe that our success depends to a significant extent upon our ability to retain such personnel and attract prospective key employees, competition for whom may be intense, particularly within IT and other tech-related positions. If we were to lose the service of one or more of our executive officers or other highly skilled personnel, we may be unable to execute our business strategy effectively. There can be no assurance, however, that we will be able to retain such personnel on acceptable terms or at all. The loss of such personnel could affect our ability to develop and sell our services effectively, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are exposed to fluctuations in foreign currency exchange rates.

Our financial results are impacted by fluctuations in foreign currency exchange rates. The results of operations of our internationally focused platforms are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into EUR for financial purposes. If the EUR weakens against foreign currencies, the translation of revenues or expenses denominated in foreign currencies will result in increased EUR denominated revenues and expenses. Similarly, if the EUR strengthens against foreign currencies, particularly USD, BRL and NOK, our translation of foreign currency denominated revenues or expenses will result in lower EUR-denominated revenues and expenses. Consequently, exchange rate fluctuations may have a material adverse effect on our business, results of operations and financial condition.

We also face risks associated with derivatives. Derivative instruments often have risks similar to their underlying instruments and may pose additional risks, including imperfect correlation between the value of the derivative and the underlying instrument, risks of default by the counterparty to certain derivative transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which the derivative relates and risks that the derivative instruments may not be liquid. Derivatives can be volatile and may entail investment exposures that are greater than their cost would suggest. In addition, illiquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

Our results of operations and financial condition could be adversely impacted by impairments of goodwill and other intangible assets.

Events or changes in circumstances can give rise to significant impairment charges in a particular year. An asset impairment charge may result from the occurrence of unexpected adverse events that impact our estimates of expected cash flows generated from our assets. We test non-financial assets annually for impairment or more frequently if there are indications that they might be impaired, to determine whether the carrying value of these assets may no longer be completely recoverable, in which case impairment is recorded in the income statement. In accordance with IFRS, we do not amortize goodwill, but rather test it annually for impairment. For example, in 2019 we reported impairment losses of €24.6 million, which was primarily due to a write-down of goodwill from our operations in Mexico due to disappointing performance and a change in business strategy. Goodwill impairments cannot be reversed. Impairment may have a material adverse effect on our business, results of operations, financial condition and prospects.

If we fail to adequately protect our intellectual property rights or face a claim of intellectual property infringement by a third-party, we could lose our intellectual property rights or be liable for significant damages.

We rely primarily on a combination of locally held copyrights, trademarks, licensing and domain name registrations to protect our intellectual property, particularly our brand and domain names, but may not have trademark protection for all our brands, including in jurisdictions where a brand is not registered for our goods and services. Our competitors may infringe our key trademarks or otherwise obtain and use our intellectual property without authorization. If we are unable to protect our proprietary rights against infringement or misappropriation, it could materially harm our future financial results and ability to develop our business. We may have to file infringement claims to prevent future infringement, which can be time consuming and costly. Monitoring unauthorized use of our intellectual property is difficult and costly and we may not successfully prevent misappropriation of our proprietary rights. Unauthorized use of our intellectual property may damage our reputation, decrease the value of such intellectual property and reduce our market share.

Third parties may initiate litigation against us for alleged infringement of their proprietary rights. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or content or to license the infringed or similar technology or content on a timely basis, our future business could suffer. Moreover, even if we are able to license the infringed or similar technology or content, we could be required to pay license fees to the licensor that are substantial or uneconomical.

Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Changes to our programs to protect buyers and sellers could increase our costs and loss rate.

As we expand our payments capabilities, we may be exposed to losses associated with compensating our sellers for fraudulent payments. We expect to continue to receive communications from users requesting reimbursement or threatening or commencing legal action against us if no reimbursement is made. Litigation involving liability for any such third-party actions could be costly and time consuming for us, divert management attention, result in increased costs of doing business, lead to adverse judgments or settlements or otherwise harm our business. In addition, affected users will likely complain to regulatory agencies that could take action against us, including imposing fines or seeking injunctions.

We may be unable to access sufficient funding.

We are dependent on timely access to sufficient funding on acceptable terms, in order to execute our strategy and optimize our asset portfolio through acquisitions, which may be difficult to achieve if we face an economic downturn or in the event of a general economic downturn. Any difficulty we may encounter in securing adequate sources of short and long-term funding could hamper future merger and acquisition opportunities and other growth opportunities.

We have invested and will continue to invest, substantial amounts to develop and promote our businesses and platforms.

We continue to invest heavily across many of our businesses. A number of these businesses are loss-generating, have negative operating cash flow, require significant capital expenditure and/or may never be profitable or cash generating. We may experience difficulties developing our businesses into profitable or cash-generating operations due to a variety of factors, many of which are beyond our control. These factors may include:

- the effectiveness of our marketing efforts to promote our platforms;
- the popularity of our platforms, products and services among users and consequent ability of those platforms to achieve scale and monetize their service offerings;
- competition from new or superior technologies, especially where such products are offered at lower cost or for free;
- government regulation constraining activities or imposing onerous requirements, such as in the areas of data privacy and online payments;
- internet and mobile penetration rates or consumers' acceptance of the use of the internet for consumer transactions; and
- technical failures or difficulties with platforms, data or infrastructure upon which we depend and any instances of cyber-attacks.

Legal and Regulatory Risks

Legal restrictions and regulatory requirements related to the collection, storage and use of digital identities and other data may restrict our operations and adversely affect our business.

The processing, storage and use of personal information and other data on our sites subjects us to applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection and changes in these regulations as well as the practice and interpretation of these. Some of the applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection may be new and/or unclear. There is a possibility that we are too stringent in our interpretation of such obligations and that we thereby lose the ability to utilize data in relation to product creation and development, or otherwise lose business opportunities. We may also interpret the applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection too leniently and as a result, we may end up not taking necessary and appropriate steps to comply and thereby be subject to sanctions and/or loss of reputation.

Within the EU, for example, data protection is governed by the GDPR which sets out provisions on the requirements for processing personal data and the related data security, and specifies the responsibilities of the controller and the processor of personal data. GDPR gives end users broad rights to make decisions over their own data, and as a consequence end users may, inter alia, instruct the Group to stop its processing of data and /or to delete their data. In addition to GDPR, the current EU ePrivacy Directive is under revision and the new ePrivacy regulation that is proposed may further impact the ability to legally collect data. Any failure or perceived failure by us to comply with the privacy policies, privacy-related obligations to users or other third parties, or other privacy-related legal obligations, may result in governmental enforcement actions (including fines), litigation or public statements against us by consumer advocacy groups or others. In particular, serious breaches of the GDPR can result in administrative fines of up to the higher of 4% of annual worldwide turnover or €20 million and fines of up to the higher of 2% of annual worldwide turnover or €10 million can be levied for other specified infringements of the GDPR. eBay Classifieds is currently being investigated by the LDA Brandenburg (the German data protection authority with oversight responsibility for eBay Classified's German businesses), in relation to the implementation of eBayK's cookie banners and Consent Management Platform ("CMP"). The CMP manages consents collected in respect of the ability to place cookies and similar technologies on a website user's device in order to provide a personalized user experience, including targeted advertising on eBayK's website and on third-party websites using such technologies. The supervisory authorities may take enforcement action against eBay Classifieds, including by issuing an administrative fine.

Legislation that is similar to GDPR is being implemented in Brazil and fines in Brazil may be up to 2% of annual worldwide turnover or 50 million reals, whichever is higher.

We have implemented procedures and policies to ensure adherence to such legislation and are subject to significant compliance costs associated with ongoing implementation. There is a risk that the measures have not been implemented correctly or that the Group or parts of it will not be fully compliant. If there are breaches, we could face significant administrative and monetary sanctions. Additionally, if third parties, such as customers, vendors or partners, violate applicable laws or our policies, such violations may also put our customers' information at risk and could in turn have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be subject to litigation and government investigations and proceedings, including investigations by tax authorities.

We have been and may in the future be involved from time to time in litigation matters. These matters may include, among other things, contract disputes, claims from customers as a result of losses suffered by them in connection with fines, penalties or other sanctions imposed by the regulators and other governmental authorities, personal injury claims, employment matters and governmental claims for taxes or duties as well as other litigation that arises in the ordinary course of business.

From time to time, our tax positions may be subject to review or investigation by tax authorities in the jurisdictions in which we operate. If any tax authority successfully challenges our operational structure, the taxable presence of our subsidiaries in certain countries or our interpretation of applicable tax laws and regulations, or if we lose a material tax dispute in any country, or any tax challenge or our tax payments are successful, it could result in an increase in our tax expenses and/or a higher effective tax rate.

We cannot predict with the outcome of any claim, investigation or other litigation matter. The ultimate outcome of any such proceedings and the potential costs associated with prosecuting or defending such lawsuits, including the diversion of management's attention to these matters, could have a material adverse effect on our business, financial condition, results of operation and prospects.

Our international activities increase the compliance risk associated with economic and trade sanctions imposed by the United States, the European Union and other jurisdictions.

We are subject to complex economic and trade sanctions laws in the jurisdictions where we operate, including the United States, the European Union and other jurisdictions. Economic and trade sanctions laws prohibit most dealings with listed persons, entities or bodies designated under the applicable sanctions regime and restrict or prohibit certain business activities in certain sanctioned territories (notably, in respect of U.S. sanctions, Cuba, Iran, North Korea, Syria and Crimea).

We also have operations in Belarus, which has a history of complex relations with the EU and the United States. Between 2006 and 2015, the United States and the EU imposed economic sanctions against Belarussian officials, state companies, as well as their direct and indirect subsidiaries (though not to our knowledge, any significant counterparty of the Group).

The failure to comply with European Union and U.S. sanctions could have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in regulations or the interpretation thereof could result in additional expenditures or fines.

Changes in laws and regulations or the interpretation thereof could increase our operating costs or require us to restrict our ability to conduct our business and/or deliver our services. As internet usage evolves, laws and regulations that regulate communications or commerce on the internet may be enacted, amended or replaced, and the interpretation and application thereof may develop, on a variety of matters, including privacy, pricing, taxation, content, copyrights, distribution, antitrust, quality of products and services, libel, property ownership, obscenity and consumer protection. For example, in recent years, there is regulatory momentum focusing on the reduction of the intermediary liability protections of online platforms, including classifieds sites. As a large part of our business consists of advertising, laws and regulations which restrict online advertising could have an adverse effect on our business, results of operations, financial condition and prospects.

In addition, the EU has approved a program promoting safer use of the internet and new online technologies and there may be further EU legislation in this area that would restrict or otherwise affect our online operations. Such initiatives, along with GDPR and other laws and regulations, may limit our ability to use data to tailor and develop our products and offerings. The rapid growth of electronic commerce may also lead to tougher consumer protection and data protection/privacy laws similar to the GDPR outside the EU, which could reduce the rate of growth of electronic commerce and harm our online businesses both directly and indirectly.

Due to the global nature of the internet, the governments of countries in which we do not currently operate may:

- attempt to regulate the content contained on or transmitted using our online classifieds sites;
- prosecute us for violations of their laws;
- require us to qualify to do business in their country;
- require us to notify governmental authorities of its activities relating to the collection and processing of user data or relating to the provision of financial services information; or
- require us to retain user or communications data for law enforcement purposes.

Any such legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of certain existing laws and regulations to the internet and other online services could make it difficult for us to operate our online businesses in its current form. This would require us to make significant additional investments in our online platforms, and could in turn have a material adverse effect on our business, results of operations, financial condition and prospects.

Changes in net neutrality rules could harm our business.

The adoption of any laws or regulations that adversely affect the popularity or growth in use of the internet, including laws or regulations that undermine open and neutrally administered internet access, could decrease user demand for our services and increase our cost of doing business. Net neutrality rules, which were designed to ensure that all online content is treated the same by Internet Service Providers (ISPs) and other companies that provide broadband services, were repealed by the Federal Communications Commission effective June 2018. The repeal of the net neutrality rules could force us to incur greater operating expenses, which could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to secondary joint liability for failing to perform obligations that arose prior to completion of the de-merger from Schibsted.

Norwegian law subjects us and Schibsted to joint liability after completion of the de-merger. If either Schibsted or we are liable for and fail to satisfy an obligation that arose prior to completion of the de-merger, the non-defaulting party will be subject to a secondary joint liability for that obligation. This statutory liability is unlimited in time, but is limited in amount to the equivalent of the net value allocated to the non-defaulting party in the de-merger and applies only to obligations that arose prior to completion of the de-merger.

Risks Related to the Acquisition

The proposed Acquisition is subject to various risks and uncertainties

The proposed Acquisition is subject to various risks and uncertainties, including the following:

- potential adverse reactions or changes to business relationships resulting from the announcement or completion of the Acquisition;
- risks associated with third-party contracts containing consent, termination and/or other provisions that may be triggered by the Acquisition;
- the potential impact of unforeseen liabilities, future capital expenditures, operating revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition and losses on the future prospects, business and management strategies for the management, expansion and growth of our operations after the consummation of the Acquisition and on the other conditions to the completion of the Acquisition;
- the risks and costs associated with and our ability to integrate the businesses successfully and to achieve anticipated synergies;

- the risk that disruptions from the proposed Acquisition will harm the parties' businesses, including current plans and operations;
- risks that significant liabilities are not identified during due diligence or come to light after the expiration or any applicable representation and warranty insurance claim period;
- the ability of the parties to retain and hire key personnel;
- adverse legal and regulatory developments or determinations or adverse changes in, or interpretations of, applicable laws, rules or regulations, including tax laws, rules and regulations, that could delay or prevent completion of the Acquisition or cause the terms of the Acquisition to be modified;
- risks related to tax matters;
- diversion of management's attention from day to day business may result from the Acquisition and integration of the eBay Classifieds business with our business;
- risks relating to failure to obtain the required approvals, including obtaining required regulatory approvals, the approval of our shareholders and completing the Dutch Works Council consultation process for eBay Classifieds;
- risk that if Schibsted Nordic fails to acquire the Danish Entity, Adevinta will acquire indirect ownership of the Danish Entity and will not receive the related cash consideration from Schibsted (see "*—We face risks in connection with the acquisition of eBay Scandinavia ApS by Schibsted Nordic*");
- regulatory authorities imposing conditions which may impede the operations or integration of either business or require us to divest certain assets to obtain such approval;
- in the event the Transaction Agreement is terminated for certain reasons we may be required to pay a termination fee to eBay; and
- management's response to any of the aforementioned factors.

Significant costs will be incurred in connection with the consummation of the Acquisition and the integration of eBay Classifieds into our business.

We expect to incur significant costs in connection with integrating the operations, products and personnel of eBay Classifieds into our business, in addition to costs related directly to completing the Acquisition. These costs may include costs for:

- employee retention, redeployment, relocation or severance;
- integration, including of people, technology, operations and information systems;
- combination of corporate and administrative functions, marketing and operational teams and processes; and
- maintenance and management of customers and other assets.

In addition, we expect to incur significant non-recurring costs associated with integrating and combining the operations of eBay Classifieds and our business, which cannot be estimated accurately at this time. While we expect to incur a significant amount of transaction fees and other one-time costs related to the consummation of the Acquisition, additional unanticipated costs may yet be incurred. Any expected elimination of duplicative costs, as well as the expected realization of other efficiencies related to the integration of our operations with those of eBay Classifieds, that may offset incremental transaction and transaction-related costs over time, may not be achieved in the near term, or at all.

We expect to incur significant indebtedness in connection with the consummation of the Acquisition and the integration of eBay Classifieds into our business.

We expect to incur and/or assume significant new indebtedness in connection with the Acquisition, net of debt refinanced in connection therewith. The debt we incur or assume in connection with the Acquisition, which includes the Senior Credit Facilities and the Notes, may limit our financial and operating flexibility. In addition, following the Acquisition, we may incur additional debt, which could increase the risks associated with our substantial indebtedness, including the Notes. Our substantial indebtedness may have material consequences for our business, financial condition and results of operations.

We may not realize any or all of the expected benefits and synergies associated with the Acquisition.

This information memorandum includes estimates related to the anticipated impact of the completed Acquisition and the anticipated implementation of our business strategies. See "*Summary—Strategy*" for details regarding these strategies. The estimates contained herein are our current estimates, but they involve risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such estimates. Neither our independent auditors nor any other independent auditors have examined, compiled or performed any procedures with respect to these estimates, nor have they expressed any opinion, or any other form of assurance on such information or their achievability. The estimates included herein also include the anticipated impact of certain strategies on our results of operations once a given strategy is fully implemented, which may not occur for a period of time. Accordingly, our future performance may differ significantly from our anticipated performance set forth herein. Assumptions relating to all estimates and other forward-looking statements in this information memorandum include judgments regarding future economic, competitive, industry and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control.

As part of our business strategy, we expect to implement certain operational improvements and cost savings initiatives following the completion of the Acquisition. Any synergies and cost savings that we realize from such efforts may differ materially from our estimates. The estimates contained herein are our current estimates, but they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such estimates. In addition, any synergies and cost savings that we realize may be offset, in whole or in part, by reductions in operating revenues, or through increases in other expenses, including costs to achieve our estimated synergies and cost savings. Our operational improvements and cost savings plans are subject to numerous risks and uncertainties that may change at any time.

Any of our assumptions could be inaccurate and, therefore, the estimates herein may prove to be inaccurate or the objectives and plans expressed in these estimates may not be achieved. If the actual results from completed acquisitions, including the Acquisition, or the implementation of our strategies are less favorable than estimated, such results could have an adverse effect on our business, financial condition, results of operations and ability to service our indebtedness.

Integrating the eBay Classifieds business into our business may divert management's attention away from operations, and we may also encounter significant difficulties in integrating the two businesses.

The Acquisition involves, among other things, the integration of two companies that have previously operated independently. Successful integration of eBay Classifieds operations, products and personnel may place a significant burden on management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm our business, financial condition and results of operations.

In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses and loss of customers and other relationships. The difficulties of combining the operations of the companies include, among others:

- difficulties in the integration of operations and systems;
- conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- difficulties in the assimilation of employees, including possible culture conflicts and different opinions on technical decisions and product roadmaps;
- difficulties in managing the expanded operations of a larger and more complex company;
- challenges in keeping existing customers and obtaining new customers; and
- coordinating across new jurisdictions.

Many of these factors will be outside our control and any one of them could result in increased costs, decreases in the amount of expected operating revenues and diversion of management's time and energy, which could materially impact our business, financial condition and results of operations.

Following completion of the Acquisition, eBay Classifieds will be dependent on eBay for certain transitional services and intellectual property over a transitional period.

At completion of the Acquisition, we expect to enter into a Transition Service Agreement with eBay, pursuant to which eBay will provide eBay Classifieds certain services for a period of up to 12 months following closing, subject to certain potential extensions. Services include IT, human resources, information security and engineering, among others. We may incur certain one-time costs for transitional activities and may incur some duplicative expenses as we start to incur costs associated with the implementation of our own stand-alone functions. Furthermore, any disruption of the transition services provided could disrupt the operation of the eBay Classifieds business, which could have a material adverse effect on our business, financial condition, results of operation and prospects.

On or about the Completion Date, we expect to enter into an Intellectual Property Matters Agreement with eBay, pursuant to which eBay and certain of its subsidiaries will grant us licenses to certain trademarks, software and domain names. Any termination of the licenses by eBay could disrupt the operation of the eBay Classifieds business, which could have a material adverse effect on our business.

For more information on the Transitional Services Agreement and Intellectual Property Matters Agreement with eBay, see "*Certain Relationships and Related Party Transactions—eBay—Transition Service Agreement*."

We and eBay Classifieds will be subject to business uncertainties that could materially and adversely affect our combined businesses.

Uncertainty about the effect of the Acquisition on employees, customers, suppliers, partners and other third parties, including regulators, may have an adverse effect on us and eBay Classifieds. These uncertainties may impair our or eBay Classifieds' ability to attract, retain and motivate key personnel until the Acquisition is consummated and for a period of time thereafter and could cause customers, subscribers, suppliers and others who deal with us and eBay Classifieds to seek to change existing business and other relationships. If key employees depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with us, our business could be seriously harmed. In addition, the Transaction Agreement restricts us, in relation to our business and eBay, in relation to eBay Classifieds, from taking specified actions until the Acquisition occurs without the consent of the other party. These restrictions may prevent us or eBay Classifieds from pursuing attractive business opportunities that may arise prior to the completion of the Acquisition.

The Transaction Agreement and our insurance policy for breaches of representations and warranties may not cover all the risks relating to the Acquisition.

We have entered into an insurance policy with a number of insurers providing for coverage for breaches of certain representations and warranties contained in the Transaction Agreement, subject to certain exclusions and a deductible. However, there can be no assurance that we will recover any amounts with respect to losses due to breaches of eBay's representations and warranties, or that the representations and warranties contained in the Transaction Agreement cover all the risks associated with the Acquisitions or eBay Classifieds.

We do not currently control eBay Classifieds and will not control eBay Classifieds until the completion of the Acquisition.

We do not currently control eBay Classifieds and will not control eBay Classifieds until the completion of the Acquisition. Until that time, we cannot assure you that eBay Classifieds will be operated in the same way that it would be operated under our control. The covenants in the indenture will not apply to eBay Classifieds until the consummation of the Acquisition.

In connection with the Acquisition, we will assume potential liabilities relating to eBay Classifieds. To the extent we have not identified such liabilities, these liabilities could have a material adverse effect on our business, financial condition and results of operations.

We face risks in connection with the acquisition of eBay Scandinavia ApS by Schibsted Nordic.

Schibsted's subsidiary, Schibsted Nordic, has agreed to acquire eBay Scandinavia ApS (the "Danish Entity") from a subsidiary of the Company for a cash-free, debt-free price of $330,000,000 (plus certain adjustments) following completion of the Acquisition. We face the risk that if Schibsted Nordic fails to acquire the Danish Entity, we will continue to be under an obligation to acquire the Danish Entity as part of the Acquisition, pursuant to the terms of the Transaction Agreement, and will be required to draw under the Bridge Facility in full. Management estimates that the Danish Entity contributed between €16 million to €20 million to our Pro Forma Further Adjusted EBITDA for the twelve months ended June 30, 2020.

Risks Related to Taxation

Our profitability could be affected by changes in the tax legislation of the jurisdictions where we operate or exposure to additional income tax liabilities.

The amounts of taxes we must pay could change as a result of new interpretations of the relevant tax laws and regulations or changes to such laws and regulations. In addition, tax authorities could review and question our tax returns leading to additional taxes and tax penalties which could be material.

Due to the global scale of our operations, we earn a significant part of our income from operations outside Norway. As such, changes in tax legislation both in Norway and in jurisdictions outside of Norway in the future could lead to a higher effective tax rate which could have a material adverse effect on our business, results of operations and financial condition.

Pursuant to the current Norwegian Tax Administration Act, the Norwegian tax authorities may change a taxpayer's tax assessment within five years after the end of the tax year (or ten years in a severe penalty tax case or upon notice of criminal tax evasion). Even though we are of the opinion that we have provided the tax authorities with correct and complete information, there can be no assurance that the tax authorities will not change, or at least claim to have the authority to change, our assessment from previous tax years within these time limits.

Our operations are subject to a significant number of tax regimes and changes in legislation or regulations.

We operate in several countries and, therefore, our tax filings are subject to the jurisdiction of a significant number of tax authorities and tax regimes as well as to cross-border tax treaties signed between governments. As a result of the nature of our operations, we routinely have to deal with complex tax issues where the legislative framework is unclear and/or subject to change without pre-warning or transitional regulations. Our management determines our tax provisions based on its interpretation of local tax laws and existing practices. Changes in applicable legislation or regulations, or the above-mentioned practices could affect the amount of income taxes that we provide for in any given year and could have a material adverse effect on our business, results of operations and financial condition.

Determination of our worldwide provision for direct and indirect taxes is made based on judgment and there are transactions and calculations where the ultimate direct and indirect tax determination is uncertain. We also engage in a significant number of intra-group transactions between legal entities in different jurisdictions. Although we believe that we follow generally accepted transfer pricing practices, our interpretations may be challenged.

Taxation of the digital economy.

Tax laws and regulations relating to the provision of goods and services over the internet have been the subject of recent reform and continue to be developed. Our business model subjects us, or may subject us, to current or prospective laws, policies, legal obligations and industry codes of conduct relating to the taxation of the digital economy, as well as potentially any future changes in such measures or the practice and interpretation thereof.

The Organization for Economic Co-operation and Development (OECD), as part of its Base Erosion and Profit Shifting (BEPS) project, has been looking to achieve a multilateral solution to the issue of taxing the digital economy and aims at reaching a consensus-based solution by the end of 2020. The OECD solution is expected to be based on profit reallocation and is currently under negotiation and, as such, its final impact, if any, is uncertain.

Within the EU, in March 2018 the European Commission proposed a new 3% tax on gross income derived from certain digital services and applicable to groups exceeding certain revenue thresholds (the "EU

DST”). The EU DST was aimed at digital services for which user participation is essential for creating value; namely targeted online advertising and online intermediation services. The EU DST was not adopted due to the lack of unanimous agreement from all EU member states. However, in July 2020, the EU stated its continued intention to implement an EU-wide solution if no global agreement is reached.

After the unsuccessful implementation of the EU DST proposal, several EU member states have approved or announced their intention to approve national taxes with features similar to the EU DST: a similar 3% digital service tax effective from January 1, 2020 has been approved in each of France and Italy. Similar digital services tax measures have been approved in Austria and Spain. Several jurisdictions, such as Belgium, Brazil and Canada have announced an intention to debate similar measures. Although more distinct than the EU DST, the UK has approved a digital service tax of 2%, effective from April 1, 2020 on UK digital services revenues of businesses that provide social media services, internet search engines or online classifieds sites where relevant revenue thresholds are met. Due to the complexity of each of the relevant regimes, including the uncertain scope of the taxable services, it is possible that they may affect the amount of tax payable by us and adversely affect our business.

We may be subject to tax audits, litigation and government investigations and proceedings in relation to taxes.

From time to time, our local tax filings have been, and will continue to be, audited by local tax authorities. Governmental authorities may question our tax policies and seek to impose additional or increased taxes, and the final determination of tax audits and any related litigation could be materially different from our historical direct and indirect tax provisions and accruals. Local tax rules and interpretations of tax rules in different jurisdictions regularly change from time to time, and any changes may be implemented with retroactive effect. A change in tax rules or interpretation of tax rules in one or more jurisdictions in which we operate could also increase our overall effective tax rate or otherwise have a material adverse effect on our results of operations.

In addition, tax authorities may challenge the transactions in relation to the Acquisition and the Transaction Agreement includes an indemnification provision requiring us to indemnify eBay for certain losses (which may be covered by relevant insurance).

We face risks in relation to EU state aid laws.

Within the EU, state aid may be granted by the EU, the EU member states or through state resources in various forms, including subsidies, loans or guarantees at favorable conditions, or infrastructure measures realized specifically for one company. Pursuant to Article 107 of the Treaty on the Functioning of the EU (“TFEU”), aid granted by a member state or aid granted through state resources, in any form whatsoever, that distorts or threatens to distort competition by favoring certain businesses or manufacturing sectors, is incompatible with the internal market of the EU insofar as it affects trade between member states save as otherwise provided in the TFEU.

The EU Commission verifies on an ongoing basis whether member states comply with the existing rules on state aid (e.g., on the basis of notifications required by Article 108 of the TFEU prior to granting state aid). If the EU Commission classifies a state aid scheme or single state aid measure as prohibited aid, it may order that various measures be taken by the EU member state concerned. In particular, the EU Commission could require the aid to be clawed back. In this case, the aid beneficiary will be obliged to return or refund any payments received to the institution that granted the aid. If the prohibited aid was granted under ongoing contracts, the beneficiary will have to repay the subsidy equivalent (i.e., the difference between the fair market price of the performance and the aid granted) or, in certain circumstances, the respective contracts will have to be rescinded. Rescission could entail the premature termination of important contracts. Depending on the law of the relevant EU member state (e.g., Germany), if the EU Commission has not been notified in advance regarding a contract that entails state aid, such contract may be considered, in a worst case scenario, null and void.

USE OF PROCEEDS

We intend to use the gross proceeds from the Offering of the Notes, the Term Facilities (which include the USD Term Facility and the EUR Term Facility), cash on hand and the eBay rollover equity into Adevinta (i.e. the share consideration payable to eBay or its subsidiaries for the Acquisition in Adevinta shares) (i) to pay part of the consideration for the Acquisition, (ii) financing eBay Classifieds Holding B.V.'s repayment of existing intercompany debt owed to certain subsidiaries of eBay and funding a cash distribution by eBay Classifieds Holding B.V. to its sole shareholder, (iii) repay all borrowings under and terminate our €600 million multi-currency term loan and revolving credit facility and the Grupo ZAP Bridge Term Loan Facilities and (iv) to pay fees and expenses related to the Transactions.

The following table sets forth the estimated sources and uses of funds in connection with the Transactions:

Sources of Funds[(1)]	(in €millions)	Uses of Funds[(1)]	
Notes[(2)]	1,060.3	Acquisition of eBay Classifieds[(6)]	8,805.9
USD Term Facility[(3)]	425.7	eBay Classifieds Holding B.V.	
EUR Term Facility	900.0	Repayment of existing intercompany	
eBay rollover equity into Adevinta[(4)]	7,915.2	debt and distribution[(7)]	1,021.7
Cash on hand[(5)]	105.6	Refinancing of existing Adevinta debt[(8)]	487.0
		Fees and expenses for Transactions[(9)]	92.2
Total sources of funds	**10,406.8**	**Total uses of funds**	**10,406.8**

(1) For a description of our capitalization adjusted for the Transactions, see "*Capitalization*." Excludes the €281.0 million aggregate principal amount of bridge commitments that will be cancelled in full upon the completion of the acquisition of the Danish Entity by the Schibsted Group. See "*Risk Factors—Risks Related to the Acquisition—We face risks in connection with the acquisition of eBay Scandinavia ApS by Schibsted Nordic*" and "*Summary—Financing.*"

(2) The amount is presented prior to the offset of €22.7 million of debt arrangement costs.

(3) Represents the EUR equivalent of the amounts expected to be drawn under the USD Term Facility, translated at the September 30, 2020 closing rate of $/€ 0.8514. You should not view such translations as a representation that such U.S. dollar amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on the Issue Date or any other date. The amounts are presented prior to the offset of €30 million of debt arrangement costs.

(4) Represents the share consideration payable to eBay in 539,994,479 Adevinta shares. The estimated purchase price of €7,915.2 million is based upon the closing price of Adevinta shares of NOK 160.3, translated into Euro at the September 30, 2020 closing rate of €/NOK 0.09144. Such translations should not be viewed as a representation that such NOK amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on the Issue Date or any other date.

(5) See footnote 5 under "*Capitalization*"

(6) Represents the cash consideration of $1,300 million (€1,106.9 million at the September 30, 2020 closing rate of $/€ 0.8514) for eBay Mobile Labs LLC, eBay Services Mexico, S. de R.L. de C.V, Mobile.de and IP property rights plus the eBay rollover equity into Adevinta of €7,915.2 million described in Note 4 and the effect of deal contingent forwards entered into to hedge the cash consideration which had a valuation of €64.8 million on September 30, 2020. The amount is also shown net of the cash inflow expected from the Schibsted Group for the Danish Entity for $330 million.

(7) For more information, see "*Summary—Financing.*"

(8) [Intentionally left blank]

(9) Includes certain of the estimated fees and expenses related to the Transactions.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of the Group as of June 30, 2020 (i) on an actual basis, and (ii) as adjusted to give effect to the Transactions. You should read the adjusted capitalization data set forth in the table below in conjunction with "*Adevinta Selected Consolidated and Combined Financial Information and Other Non-Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta*" and our consolidated financial statements and the related notes appearing elsewhere in this information memorandum.

	As of June 30, 2020				
(in € millions)	**Actual**	**Adjustments[(1)]**	**Adjustments[(2)]**	**Adjustments[(3)]**	**As adjusted[(4)]**
Cash and cash equivalents[(5)]	**308.3**	**17.0**	**(225.0)**	**(66.1)**	**34.2**
Secured debt					
Notes[(6)]	—	—	—	1,060.3	1,060.3
Senior Credit Facilities[(7)]	—	—	—	1,325.7	1,325.7
Total secured debt	—	—	—	2,386.0	2,386.0
Unsecured debt					
€400 million RCF[(8)]	—	—	—	—	—
€200 million term loan[(8)(9)]	195.3	—	—	(195.3)	—
€150 Million Bridge Term Loan[(8)(10)]	149.1	—	—	(149.1)	—
€75 Million Bridge Term Loan[(8)(11)]	74.5	—	—	(74.5)	—
Other Loans[(12)]	3.0	—	—	—	3.0
Lease liabilities[(13)]	104.9	19.0	—	—	123.9
Total unsecured debt	526.7	19.0	—	(418.9)	126.9
Total debt	**526.7**	**19.0**	**—**	**1,967.2**	**2,512.9**
Shareholders' equity[(14)]	**1,397.2**	**1,119.0**	**—**	**6,756.7**	**9,272.9**
Total capitalization	**1,923.9**	**1,138.0**	**—**	**8,723.9**	**11,785.8**

(1) Adjustments giving effect to the Acquisition which include the adjustments related to the assets and liabilities to be acquired through the Acquisition (including the Danish Entity). Adjustments included relate to €17 million of cash and cash equivalents and €19 million of lease liabilities incurred through the acquisition of eCG. Extracted from pro forma statement of financial position as of June 30, 2020.

(2) In March 2020, OLX Brazil agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately €580 million (equivalent). Our share of the consideration is approximately €290 million. We expect to draw down €65 million on the €400 million RCF before the end of 2020, or in early 2021 in order to fund the acquisition with the amounts already drawn from the Grupo ZAP Bridge Term Loan Facilities. Adjustments reflect the following:

	in € million
Draw down on RCF to fund acquisition of Grupo ZAP	65
Acquisition of Grupo ZAP	(290)
	(225)

(3) Adjustments giving effect to the issuance of the Notes, the Senior Credit Facilities and repayment of all borrowings under our €600 million multi-currency term loan and revolving credit facility and our Grupo ZAP Bridge Term Loan Facilities.

(4) As adjusted to reflect the adjustments identified under footnotes (1), (2) and (3).

(5) Adjustments related to cash and cash equivalents of €66.1 million relate to the cash consideration for the acquisition of eCG and cash effects from new financing arrangements and settlement of existing debt. New financing arrangement adjustments

relates to the net increase in cash following the draw down under the Term Facilities and the issuance of the Notes, and the repayment of existing debt. In particular:

In EUR millions[a]	
Cash consideration paid upon completion of the Acquisition	(1,106.9)
eBay Classifieds Holding B.V. repayment of existing intercompany debt and distribution	(1,021.7)
Settlement of Deal Contingent Forwards[a]	(64.8)
Notes	1,060.3
Senior facilities arrangements to be entered into	1,325.7
Schibsted Loan	281.0
Arrangement fees	(52.7)
Repayment of existing term loan	(197.0)
Repayment of existing bridge term loan	(225.0)
Repayment of RCF drawn to fund the acquisition of Grupo ZAP	(65.0)
Net cash adjustment	**(66.1)**

(a) U.S. dollar amounts have been translated into Euro at the September 30, 2020 closing rate of $/€ 0.8514. You should not view such translations as a representation that such U.S. dollar amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on June 30, 2020, the Issue Date or any other date.

(b) Adevinta entered into deal contingent forwards with an aggregate notional amount of $2.5 billion at a rate of $/€ 1.1393 to hedge the foreign currency risk on the pending payment of the US dollar denomination cash consideration due under the Transaction Agreement. On September 30, 2020 the valuation of the deal contingent forwards was negative $75.9 million (€64.8 million) which would represent a cash outflow had the forwards been settled as at that date.

This reconciles to the Cash on hand under "Use of Proceeds" as follows:

In EUR millions	
Net cash adjustment	(66.1)
Add: Transaction costs included as an accrued liability	(39.5)
Cash on hand	(105.6)

(6) The amount is presented prior to the offset of €22.7 million of debt arrangement costs.

(7) Refers to the Revolving Facility (assuming no drawings under the Revolving Facility) and the Term Facilities, including the $500 million USD Term Facility and €900 million EUR Term Facility. The amounts are presented prior to the offset of €30 million of debt arrangement costs:

In EUR millions	
USD Term Facility	500.0
FX rate (September 30, 2020)	0.851
	425.7
EUR Term Facility	900.0
Total Term Facilities	**1,325.7**

For more information, see "*Summary—Financing*." Amounts expected to be drawn under the USD Term Facility have been translated at the September 30, 2020 closing rate of $/€ 0.8514. You should not view such translations as a representation that such U.S. dollar amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on June 30, 2020, the Issue Date or any other date.

(8) We intend to use the gross proceeds from the offering of the notes, cash on hand, the Term Facilities and the eBay rollover equity into Adevinta to, among others, repay all borrowings under and terminate this facility.

(9) The net book value of this facility is calculated as follows:

In EUR million	
Book value	200.0
Remaining balance of upfront fees	(1.8)
FX adjustment (*fair value change on the NOK term resulting from changes in interest rate from the inception of the hedge to June 30, 2020*)	(3.0)
Carrying value	195.3

(10) The net book value of this facility is calculated as follows:

In EUR million	
Book value	150.0
Remaining balance of upfront fees	(0.9)
Carrying value	149.1

(11) The net book value of this facility is calculated as follows:

In EUR million	
Book value	75.0
Remaining balance of upfront fees	(0.5)
Carrying value	74.5

(12) Consists of a number of individually immaterial loans.

(13) Includes lease arrangements entered into and accounted for under IFRS 16 as at June 30, 2020. Lease liabilities related to eCG amounted to €19 million as of June 30, 2020.

(14) Adjustments to shareholders' equity has been calculated as follows:

In EUR millions	
Share consideration	7,915.3
Less: Transaction costs	(39.5)
Less: Elimination of eCG equity	(1,119.0)
	6,756.8

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

The unaudited pro forma statement of financial position and unaudited pro forma income statements of the combined business of Adevinta and eCG set out herein (the "*Unaudited Pro Forma Condensed Consolidated Financial Data*") has been prepared on the basis of the notes set out below to illustrate the effect of the acquisition of eCG (which includes the Danish Entity), through consideration of cash and shares (the "Acquisition"), the offering of the Notes, the entry into the Senior Credit Facilities Agreement, the entry into the Bridge Facility Agreement and the settlement of certain existing debt (collectively the "Transactions") on (i) the consolidated statement of financial position of the Group as if the Transactions had taken place on June 30, 2020 and (ii) on the consolidated income statement of the Group for the six months ended June 30, 2019 and the year ended December 31, 2019 as if the Transactions had taken place on January 1, 2019 and (iii) on the consolidated income statement of the Group for the six months ended June 30, 2020 as if the Transactions had taken place on January 1, 2020.

The Unaudited Pro Forma Condensed Consolidated Financial Data has been prepared using the following principles and assumptions:

- The Acquisition will be completed. The Acquisition has not yet closed at the date of this information memorandum because the conditions to the closing of the Acquisition, including required regulatory approvals, the approval of our shareholders, customary regulatory and other closing conditions and the completion of the Dutch works Council consultation process for eCG, have not yet been satisfied or waived. The Acquisition is expected to close in the first quarter of 2021;
- The offering of the Notes is completed as set out in this information memorandum;
- The draw-down under the Senior Credit Facilities is completed as set out under "*Summary—Financing*";
- The entry into the Bridge Facility Agreement is completed as set out under "*Summary—Financing*"; and
- No effect is given of the sale of eBay Scandinavia Aps at the closing of the Acquisition to Schibsted Nordic Marketplaces ASA for $330 million (plus certain adjustments).

The Unaudited Pro Forma Condensed Consolidated Financial Data has been prepared in accordance with items 1 to 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 and on a basis consistent with the accounting policies adopted by the Group in relation to its consolidated financial statements for the year ended December 31, 2019 and has been prepared on a going concern basis. There are no new accounting policies to be adopted following the Acquisition. The Unaudited Pro Forma Condensed Consolidated Financial Data for the Group does not include all of the information required for financial statements under International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the historical financial information of the Group. This information has not been prepared in compliance with SEC Regulation S-X, and had the Notes been registered under the U.S. Securities Act, this Unaudited Pro Forma Condensed Consolidated Financial Data, would have been prepared on a different basis.

Pro forma adjustments reflected in the Unaudited Pro Forma Condensed Consolidated Financial Data are based on items that are factually supportable, directly attributable to the Transactions and for which complete financial effects are objectively determinable. Unless specifically noted, all adjustments are expected to have continuing impact on the business. The Unaudited Pro Forma Condensed Consolidated Financial Data has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It does not purport to represent what the Combined Businesses financial position or results actually would have been if the Transactions had been completed on the dates indicated. Actual results may differ materially from the assumptions made for the purposes of the Unaudited Pro Forma Condensed Consolidated Financial Data. No adjustment has been made to reflect the trading results of the eCG or Adevinta since June 30, 2020 or to reflect the effect of any synergies or the related costs of achieving synergies that may result from the Acquisition.

The Acquisition will be accounted for in accordance with IFRS 3 using the acquisition method of accounting under which the consideration is allocated to assets acquired and liabilities assumed based on their estimated fair values as of the Completion Date. Based on initial information, Management has finalized its preliminary assessment of the fair values as at the effective date of the Acquisition of certain identifiable intangible assets. There are number of items that can materially change the fair value of the identifiable intangible assets and goodwill as noted below:

- Further commercially sensitive and proprietary information about eCG will only become available after the Completion Date which may materially change the fair values of the identifiable intangible assets from what is disclosed below;
- External and internal factors that influence the fair value of the identifiable intangible may change up until the Completion Date which may materially change the fair values of the identifiable intangible assets from what is disclosed below; and
- The fair value of the share consideration has been determined using the share price as at September 30, 2020 and will be subject to change up until the Completion Date, which will have an impact on the total consideration for the Acquisition and goodwill recognized.

Unaudited Pro Forma Statement of Financial Position as at June 30, 2020

			Pro Forma Adjustments (unaudited)		
€ in millions	**Adevinta (unaudited)**	**eCG (unaudited)**	**Acquisition accounting and transaction cost adjustments**	**New financing arrangements**	**Pro Forma Statement of Financial Position (unaudited)**
	Note 1	**Note 2**	**Note 3**	**Note 4**	
ASSETS					
Intangible assets	1,390.1	711.0	10,177.0	—	12,278.1
Property, plant and equipment and right-of-use assets	117.5	38.0	—	—	155.5
Investments in joint ventures and associates	289.2	—	—	—	289.2
Other non-current assets	24.0	368.0	—	—	392.0
Non-current assets	**1,820.8**	**1,117.0**	**10,177.0**	**—**	**13,114.8**
Trade receivables and other current assets	153.0	162.0	—	—	315.0
Cash and cash equivalents	308.3	17.0	(2,128.6)	2,192.3	389.0
Current assets	**461.3**	**179.0**	**(2,128.6)**	**2,192.3**	**704.0**
Total assets	**2,282.1**	**1,296.0**	**8,048.4**	**2,192.3**	**13,818.8**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent	1,381.3	1,119.0	6,756.7	(3.2)	9,253.8
Non-controlling interests	15.9	—	—	—	15.9
Total equity	**1,397.2**	**1,119.0**	**6,756.7**	**(3.2)**	**9,269.7**
Non-current interest-bearing borrowings	198.2	—	—	2,419.0	2,617.2
Other non-current liabilities	187.8	24.0	1,252.2	—	1,464.0
Non-current liabilities	**386.0**	**24.0**	**1,252.2**	**2,419.0**	**4,081.2**
Current interest-bearing borrowings	223.9	—	—	(223.6)	0.3
Other current liabilities	275.0	153.0	39.5	—	467.6
Current liabilities	**498.9**	**153.0**	**39.5**	**(223.6)**	**467.9**
Total liabilities	**884.9**	**177.0**	**1,291.7**	**2,195.4**	**4,549.1**
Total equity and liabilities	**2,282.1**	**1,296.0**	**8,048.4**	**2,192.3**	**13,818.8**

(1) Adevinta's assets and liabilities as at June 30, 2020 have been extracted, without adjustment, from Adevinta's Unaudited Condensed Interim Financial Statements included elsewhere in this information memorandum.

(2) eCG's assets and liabilities as at June 30, 2020 have been extracted from eCG's unaudited condensed combined balance sheet as at June 30, 2020 included in the eCG Unaudited Interim Financial Statements included elsewhere in this information

memorandum, as adjusted to Adevinta's presentation. A reconciliation of eCG's unaudited balance sheet to Adevinta's presentation is presented below:

Reconciliation at June 30, 2020 (unaudited)

€ in millions	**eCG Combined Carve-out Balance Sheet June 30, 2020**	**Adevinta balance sheet line item**	**eCG balance sheet under Adevinta presentation**
	Note a		**Note b**
eCG balance sheet line items			
Goodwill	681.0	Intangible Assets	711.0
Intangible assets	30.0		
Right-of-use assets	19.0	Property, plant and equipment and right-of-use assets	38.0
Property and equipment, net	19.0		
Long-term investments	27.0	Other Non-current assets	368.0
Deferred tax assets	341.0		
Non-current assets	**1,117.0**		**1,117.0**
Other current assets	33.0	Trade receivables and other current assets	162.0
Accounts receivable, net	129.0		
Cash and cash equivalents	17.0	Cash and cash equivalents	17.0
Current assets	**179.0**		**179.0**
Total assets	**1,296.0**		**1,296.0**
Lease liabilities	12.0	Other non-current liabilities	24.0
Deferred tax liabilities	9.0		
Other liabilities	3.0		
Non-current liabilities	**24.0**		**24.0**
Income taxes payable	52.0	Other current liabilities	153.0
Accounts payable	20.0		
Deferred revenue	4.0		
Accrued expenses and other current liabilities	77.0		
Current liabilities	**153.0**		**153.0**
Total liabilities	**177.0**		**177.0**
Total equity	**1,119.0**		**1,119.0**

Notes:

a. The eCG balance sheet line items are extracted, without adjustment, from eCG's unaudited condensed combined balance sheet as at June 30, 2020 which is included in the eCG Unaudited Interim Financial Statements.

b. This reflects eCG's unaudited condensed combined balance sheet as at June 30, 2020 re-presented to conform to Adevinta's line item presentation format.

i. Goodwill and intangible assets in eCG's unaudited condensed combined balance sheet have been reclassified as Intangible Assets to align with the Group's presentation.

ii. Right-of-use assets and Property and equipment, net in eCG's unaudited condensed combined balance sheet have been reclassified as Property, plant and equipment and right-of-use assets to align with the Group's presentation.

iii. Long-term investments and Deferred tax assets in eCG's unaudited condensed combined balance sheet have been reclassified as Other non-current assets to align with the Group's presentation.

iv. Other current assets and Accounts receivable, net in eCG's unaudited condensed combined balance sheet have been reclassified as Trade receivables and other current assets to align with the Group's presentation.

v. Lease liabilities, Deferred tax liabilities and Other liabilities in eCG's unaudited condensed combined balance sheet have been reclassified as Other non-current liabilities to align with the Group's presentation.

vi. Income taxes payable, Accounts payable, Deferred revenue and Accrued expenses and other current liabilities in eCG's unaudited condensed combined balance sheet have been reclassified as other current liabilities to align with the Group's presentation.

(3) Based on initial information, Adevinta has performed a preliminary Purchase Price Allocation (PPA) exercise. Consequently, the provisional fair value of the identifiable assets and liabilities of eCG as of June 30, 2020 are shown in the table below. These assets and liabilities may be materially different as at the Acquisition Date.

	€ in millions
Net identifiable assets of eCG acquired	
Intangible assets	4,439.0
Property, plant and equipment and right-of-use assets	38.0
Other non-current assets	368.0
Trade receivables and other current assets	162.0
Cash and cash equivalents	17.0
Other current liabilities	(153.0)
Other non-current liabilities	(1,276.2)
Total net identifiable assets	**3,594.8**
Goodwill	6,449.0
Purchase Price	**10,043.8**

During the PPA exercise Adevinta have identified brands, customer relationships and technology for a total fair value of €4,439.0 million. This amount is further split out in Note 3 to the Unaudited Pro Forma income statements below. Deferred tax liabilities of €1,255.2 million have been recognized on the newly identified intangible assets based on the tax rates for the relevant jurisdictions where the economic benefit will be generated.

Goodwill amounting to €6,449.0 million was recognized on the Acquisition which represents the excess of the estimated purchase consideration (Note a) over the estimated fair value of the identifiable assets and liabilities in eCG. Goodwill has been recognized on the basis of synergies, workforce and future customer growth.

Adevinta expects to incur transaction costs of €39.5 million which is an accrued liability within Other current liabilities in the Unaudited Pro Forma Statement of Financial Position. These amounts are not expected to have a continuing effect on the business.

Goodwill, acquired intangibles and deferred tax liabilities that were previously recognized on eCG's balance sheet of €681.0 million, €30.0 million, and €3.0 million, respectively, have been eliminated as a part of the Acquisition.

The net adjustment to the statement of financial position is reconciled below:

€ in millions	**Intangibles**	**Cash**	**Equity attributable to the owners of the parent**	**Other non-current liabilities**	**Other current liabilities**
Cash consideration paid	—	(2,128.6)	—	—	—
Share consideration issued	—	—	7,915.2	—	—
Transaction costs	—	—	(39.5)	—	39.5
Intangibles and related deferred tax liabilities recognized	4,439.0	—	—	1,255.2	—
Recognition of Goodwill	6,449.0	—	—	—	—
Elimination of eCG equity	—	—	(1,119.0)	—	—
Elimination of previous recognized Goodwill, Intangibles and Deferred tax in eCG financial statements	(711.0)	—	—	(3.0)	—
Net adjustment	**10,177.0**	**(2,128.6)**	**6,756.7**	**1,252.2**	**39.5**

Based on initial information, Management has finalized its preliminary assessment of the fair values at the Acquisition Date of certain identifiable intangible assets. Further commercially sensitive information and proprietary information about eCG will become available after closing which may materially change the fair values of the identifiable intangible assets. Additionally, external and internal factors that influence the fair value of the identifiable intangibles may change up until the Acquisition Date which may materially change the fair values of the identifiable intangible assets from what is disclosed above.

(Note a):—Estimated Purchase Price Consideration

The purchase price includes cash consideration of $2.5 billion and 539,994,479 Adevinta shares, as described under the heading "*Summary—The Acquisition*" in this information memorandum. The estimated purchase price for eCG is based on the closing price of the Adevinta shares on September 30, 2020. The requirement to base the final purchase price on the share price as of the Acquisition Date could result in a purchase price that is materially different from that assumed in the Unaudited Pro Forma Condensed Consolidated Financial Data, and the purchase price included in this information memorandum should not be taken to represent what the actual consideration transferred will be when the transaction is completed.

The following table summarizes the components of the estimated consideration:

Total shares issued (in millions)	540
Price per share	€ 14.66
Total Share consideration (in millions)	€ 7,915.2
Cash Consideration (in millions)	€ 2,128.6
Total consideration (in millions)	€10,043.8

The price per share represents Adevinta's Norwegian Krone closing share price of NOK 160.3 translated into Euro at the September 30, 2020 closing rate of €/NOK 0.09144. Such translations should not be viewed as a representation that such NOK amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on the Issue Date or any other date.

The total cash consideration is equal to the amount of $ 2.5 billion translated on the September 30, 2020 closing rate of €/$ 0.8514. Such translations should not be viewed as a representation that such USD amounts actually represent such EUR amounts, or could be or could have been converted into Euro at the rate indicated or at any other rate, on the Issue Date or any other date.

The following table shows the effect of an increase (decrease) in the share price on the purchase price and goodwill.

€ in millions	Purchase price	Goodwill
As presented in the Unaudited Pro Forma Condensed Consolidated Financial Data	10,043.8	6,449.0
10% increase in share price	10,835.3	7,240.5
10% decrease in share price	9,324.2	5,729.4

Deal contingent forwards

Adevinta entered into deal contingent forwards with an aggregate notional amount of $2.5 billion at a rate of $/€ 1.1393 to hedge the foreign currency risk on the pending payment of the US dollar denomination cash consideration due under the Transaction Agreement. On September 30, 2020 the valuation of the deal contingent forwards was negative $75.9 million (€64.8 million) of which $10.0 million (€8.6 million) would have been recognized through the income statement as a financial expense. No effect is given in the Unaudited Pro Forma Condensed Consolidated Financial Data to the deal contingent forward contracts taken out by Adevinta to economically hedge the Acquisition consideration.

(4) Prior to completion of the Acquisition,

- We expect to enter into the Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of €900.0 million, (b) the USD Term Facility in an aggregate principal amount of $500.0 million (approximately €425.7 million equivalent) and (c) the Revolving Facility in an aggregate principal amount of up to €450 million (equivalent), which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral;

- Adevinta expects to enter the Bridge Facility Agreement providing for the Bridge Term Facility in an aggregate principal amount of $330.0 million (or equivalent), which will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral; and

- Adevinta is offering an aggregate €1,060.3 million principal amount of the Notes.

For the purposes of the Unaudited Pro Forma Condensed Consolidated Financial Data, Adevinta have assumed no amounts have been drawn under the existing Adevinta revolving credit facility. The gross proceeds received from debt is equal to €1,060.3 million, €1,325.7 million (€900 million and $500 million when translated at the closing rate on September 30, 2020 of €/$ 0.8514) and €281.0 million (Euro equivalent of $330 milliion). The borrowings are assumed to be non-current for the purposes of the Unaudited Pro Forma Condensed Consolidated Financial Data. A total of €52.7 million of estimated debt financing expenses have been offset against the borrowings.

The proceeds from the above loans are utilized to repay the existing loans on the Adevinta balance sheet, which includes €197.0 million of non-current interest bearing borrowings and €225.0 million current interest bearing borrowings (which includes 0.3 million of interest payable) and to fund the Acquisition. A loss of €3.2 million would have been recognized had the loans been repaid on June 30, 2020 as the difference between the gross debt repayable and the amortized cost value on the balance sheet.

The net proceeds following the repayment of the existing interest bearing loans and debt financing expenses of €2,192.0 million has been adjusted through cash and cash equivalents. The following table reconciles the net adjustment to the Pro Forma Statement of financial position:

€ in millions	Cash	Equity attributable to the owners of the parent	Non-current interest-bearing borrowings	Current interest-bearing borrowings
Gross Debt Proceeds	2,667.0	—	2,667.0	—
Capitalized Fees	(52.7)	—	(52.7)	—
Repayment of existing debt	(422.0)	—	(197.0)	(225.0)
Loss on repayment of existing debt	—	(3.2)	1.8	1.4
Net adjustment	**2,192.3**	**(3.2)**	**2,419.0**	**(223.6)**

(5) Schibsted Nordic Marketplaces AS, has agreed to acquire the eBay Scandinavia Aps for a cash-free, debt-free price of $330 million (plus certain adjustments) at closing of the Acquisition. No effect is given in the Unaudited Pro Forma Condensed Consolidated Financial Data for the disposal of Danish Entity and receipt of cash consideration from Schibsted Nordic Marketplaces AS.

(6) The total amount of debt includes $330 million (€281.0 million at the closing rate on September 30, 2020 of €/$ 0.8514) aggregate principal amount of bridge commitments that will be cancelled in full upon the completion of the acquisition of the eBay Scandinavia Aps by Schibsted Nordic Marketplaces AS.

Unaudited Pro Forma income statement for the six months ended June 30, 2019

€ in millions	Adevinta (unaudited)	eCG (unaudited)	Pro Forma Adjustments (unaudited)		Pro Forma Income Statement (unaudited)
			Acquisition accounting and transaction cost adjustments	New financing arrangements	
	Note 1	Note 2	Note 3	Note 4	
Operating revenues	**330.6**	**468.0**	**—**	**—**	**798.6**
Personnel expenses	(110.7)	(160.9)	—	—	(271.6)
Other operating expenses	(121.6)	(160.6)	—	—	(281.2)
Gross operating profit (loss)	**98.3**	**146.5**	**—**	**—**	**244.8**
Depreciation and amortization	(21.7)	(13.3)	(85.3)	—	(120.3)
Share of profit (loss) of joint ventures and associates	0.5	—	—	—	0.5
Impairment loss	(0.3)	—	—	—	(0.3)
Other income and expenses	(7.5)	(3.1)	(39.5)	—	(50.1)
Operating profit (loss)	**69.3**	**130.1**	**(124.8)**	**—**	**74.6**
Net Financial items	(1.0)	(0.6)	—	(58.0)	(59.6)
Profit (loss) before taxes	**68.2**	**129.5**	**(124.8)**	**(58.0)**	**14.9**
Taxes	(27.0)	(196.7)	26.1	11.8	(185.8)
Profit (loss)	**41.2**	**(67.2)**	**(98.7)**	**(46.2)**	**(170.9)**
Profit (loss) attributable to:					
Non-controlling interests	1.1	—	—	—	1.1
Owners of the parent	40.1	(67.2)	(98.7)	(46.2)	(172.0)

Unaudited Pro Forma Income Statement for the year ended December 31, 2019

€ in millions	Adevinta (unaudited)	eCG (unaudited)	Pro Forma Adjustments (unaudited) Acquisition Accounting and Transaction Cost Adjustments	Pro Forma Adjustments (unaudited) New financing arrangements	Pro Forma Income Statement (unaudited)
	Note 1	Note 2	Note 3	Note 4	
Operating revenues	**680.3**	**952.0**	**—**	**—**	**1,632.3**
Personnel expenses	(234.8)	(314.6)	—	—	(549.4)
Other operating expenses	(246.0)	(307.9)	—	—	(553.9)
Gross operating profit (loss)	**199.5**	**329.5**	**—**	**—**	**529.0**
Depreciation and amortization	(45.3)	(24.3)	(173.6)	—	(243.2)
Share of profit (loss) of joint ventures and associates	5.9	—	—	—	5.9
Impairment loss	(24.6)	—	—	—	(24.6)
Other income and expenses	(12.8)	(4.0)	(39.5)	—	(56.3)
Operating profit (loss)	**122.8**	**301.2**	**(213.1)**	**—**	**210.9**
Net Financial items	(6.1)	(0.5)	—	(116.9)	(123.5)
Profit (loss) before taxes	**116.7**	**300.7**	**(213.1)**	**(116.9)**	**87.4**
Taxes	(49.6)	(228.6)	52.2	23.4	(202.7)
Profit (loss)	**67.1**	**72.1**	**(160.9)**	**(93.6)**	**(115.3)**
Profit (loss) attributable to:					
Non-controlling interests	3.1	—	—	—	3.1
Owners of the parent	64.0	72.1	(160.9)	(93.6)	(118.4)

Unaudited Pro Forma Income Statement for the six months ended June 30, 2020

€ in millions	Adevinta (unaudited)	eCG (unaudited)	Pro forma Adjustments (unaudited)		Pro Forma Income Statement (unaudited)
			Acquisition Accounting and Transaction Cost Adjustments	New financing arrangements	
	Note 1	Note 2	Note 3	Note 4	
Operating revenues	**319.5**	**408.0**	**—**	**—**	**727.5**
Personnel expenses	(128.6)	(173.2)	—	—	(301.8)
Other operating expenses	(112.1)	(136.0)	—	—	(248.1)
Gross operating profit (loss)	**78.8**	**98.8**	**—**	**—**	**177.6**
Depreciation and amortization	(28.6)	(11.2)	(87.3)	—	(127.1)
Share of profit (loss) of joint ventures and associates	2.4	—	—	—	2.4
Impairment loss	—	—	—	—	—
Other income and expenses	(4.5)	(0.4)	(39.5)	—	(44.4)
Operating profit (loss)	**48.1**	**87.2**	**(126.8)**	**—**	**8.5**
Net Financial items	(67.4)	1.1	—	(51.8)	(118.1)
Profit (loss) before taxes	**(19.3)**	**88.3**	**(126.8)**	**(51.8)**	**(109.5)**
Taxes	(20.8)	(25.4)	26.1	11.1	(9.0)
Profit (loss)	**(40.1)**	**63.0**	**(100.7)**	**(40.7)**	**(118.5)**
Profit (loss) attributable to:					
Non-controlling interests	(0.8)	—	—	—	(0.8)
Owners of the parent	(39.3)	63.0	(100.7)	(40.7)	(117.7)

(1) Adevinta's income statements for the six months ended June 30, 2019 and June 30, 2020 have been extracted, without adjustment, from the Adevinta Unaudited Condensed Interim Financial Statements and the Adevinta's income statement for the year ended December 30, 2019 has been extracted, without adjustment, from Adevinta's Audited Financial Statements for 2019 included elsewhere in this information memorandum.

(2) eCG's profit and loss statements for the six months ended June 30, 2019 and June 30, 2020 have been extracted from eCG's Unaudited Interim Financial Statements and the profit and loss statement of eCG for the year ended December 31, 2019 has been extracted from eCG's Audited Financial Statements included elsewhere in this information memorandum, as adjusted to

Adevinta's presentation. A reconciliation of eCG's unaudited profit and loss statements for all periods to Adevinta's presentation is presented below:

Reconciliation for the six months ended June 30, 2019 (unaudited)

eCG profit and loss statement line items	**eCG combined carve-out profit and loss statement**	**Adevinta income statement line item**	**eCG profit and loss statement under Adevinta presentation**
€ in millions	**Note a**		**Note b**
Net revenues	468.0	Operating Revenues	468.0
Cost of net revenues	(46.5)		
Gross profit	**421.5**		
		Personnel expenses	(160.9)
		Other operating expenses	(160.6)
		Gross operating profit (loss)	**146.5**
Operating expenses			
Sales and marketing	(161.0)		
Product development	(68.0)		
General and administrative	(51.0)		
Provision for bad debts	(5.4)		
Amortization of acquired intangibles	(6.0)		
Total Operating expenses	**(291.4)**		
		Depreciation and amortization	(13.3)
		Share of profit (loss) of joint ventures and associates	—
		Impairment loss	—
		Other income and expenses	(3.1)
Profit from operations	**130.1**	**Operating profit (loss)**	**130.1**
Interest and other, net	(0.6)	Net Financial items	(0.6)
Profit before income taxes	**129.5**	**Profit (loss) before taxes**	**129.5**
Income tax benefit (provision)	(196.7)	Taxes	(196.7)
Net profit	**(67.2)**	**Profit (loss)**	**(67.2)**

Notes:

a. eCG's profit and loss statement for the six months ended June 30, 2019 has been extracted, without adjustment, from eCG's Unaudited Interim Financial Statements included elsewhere in this information memorandum.

b. This reflects eCG's unaudited condensed combined profit and loss statement for the six months ended June 30, 2019 re-presented to conform to Adevinta's line item presentation format. Amounts have been reclassified from presentation based on function to presentation based on nature as per the table below:

€ in millions	**Personnel Expenses**	**Other Operating Expenses**	**Depreciation and Amortization**	**Other Income and expenses**	**Total**
Cost of net revenues	19	21	6	—	**46**
Sales and marketing	56	104	—	—	**161**
Product development	57	10	1	—	**68**
General and administrative	29	19	—	2	**51**
Provision for bad debts	—	5	—	—	**5**
Amortization of acquired intangibles	—	—	6	—	**6**
Total	**161**	**161**	**13**	**2**	**337**

Reconciliation for the year ended December 31, 2019 (unaudited)

eCG profit and loss statement line items	eCG combined carve-out profit and loss statement	Adevinta income statement line item	eCG profit and loss statement under Adevinta presentation
€ in millions	**Note a**		**Note b**
Net revenues	952.0	Operating Revenues	952.0
Cost of net revenues	(95.0)		
Gross profit	**857.0**		
		Personnel expenses	(314.6)
		Other operating expenses	(307.9)
		Gross operating profit (loss)	**329.5**
Operating expenses			
Sales and marketing	(302.0)		
Product development	(138.0)		
General and administrative	(94.0)		
Provision for bad debts	(12.8)		
Amortization of acquired intangibles	(9.0)		
Total Operating expenses	**(555.8)**		
		Depreciation and amortization	(24.3)
		Share of profit (loss) of joint ventures and associates	—
		Impairment loss	—
		Other income and expenses	(4.0)
Profit from operations	**301.2**	**Operating profit (loss)**	**301.2**
Interest and other, net	—	Net Financial items	(0.5)
Profit before income taxes	**301.2**	**Profit (loss) before taxes**	**300.7**
Income tax benefit (provision)	(228.6)	Taxes	(228.6)
Net profit	**72.1**	**Profit (loss)**	**72.1**

Notes:

a. eCG's profit and loss statement for the year ended December 31, 2019 has been extracted, without adjustment, from eCG's Audited Financial Statements included elsewhere in this information memorandum.

b. This reflects eCG's unaudited condensed combined profit and loss statement for the year ended December 31, 2019 re-presented to conform to Adevinta's line item presentation format. Amounts have been reclassified from presentation based on function to presentation based on nature as per the table below:

€ in millions	**Personnel Expenses**	**Other Operating Expenses**	**Depreciation and Amortization**	**Other Income and expenses**	**Total**
Cost of net revenues	37	47	11	—	**95**
Sales and marketing	111	189	2	—	**302**
Product development	114	22	2	—	**138**
General and administrative	52	37	1	4	**94**
Provision for bad debts	—	13	—	—	**13**
Amortization of acquired intangibles	—	—	9	—	**9**
Total	**315**	**308**	**24**	**4**	**651**

Reconciliation for the six months ended June 30, 2020 (unaudited)

eCG profit and loss statement line items	eCG combined carve-out profit and loss statement	Adevinta income statement line item	eCG profit and loss statement under Adevinta presentation
€ in millions	**Note a**		**Note b**
Net revenues	408.0	Operating Revenues	408.0
Cost of net revenues	(52.0)		
Gross profit	**356.0**		
		Personnel expenses	(173.2)
		Other operating expenses	(136.0)
		Gross operating profit (loss)	**98.8**
Operating expenses			
Sales and marketing	(136.0)		
Product development	(70.0)		
General and administrative	(51.0)		
Provision for bad debts	(7.7)		
Amortization of acquired intangibles	(4.0)		
Total Operating expenses	**(268.7)**		
		Depreciation and amortization	(11.2)
		Share of profit (loss) of joint ventures and associates	—
		Impairment loss	—
		Other income and expenses	(0.4)
Profit from operations	**87.3**	**Operating profit (loss)**	**87.2**
Interest and other, net	1.1	Net Financial items	1.1
Profit before income taxes	**88.4**	**Profit (loss) before taxes**	**88.4**
Income tax benefit (provision)	(25.4)	Taxes	(25.4)
Net profit	**63.0**	**Profit (loss)**	**63.0**

Notes:

a. eCG's profit and loss statement for the six months ended June 30, 2020 has been extracted, without adjustment, from eCG's Unaudited Interim Financial Statements included elsewhere in this information memorandum.

b. This reflects eCG's unaudited condensed combined profit and loss statement for the six months ended June 30, 2020 re-presented to conform to Adevinta's line item presentation format. Amounts have been reclassified from presentation based on function to presentation based on nature as per the table below:

€ in millions	**Personnel Expenses**	**Other Operating Expenses**	**Depreciation and Amortization**	**Other Income and expenses**	**Total**
Cost of net revenues	21	27	4	—	**52**
Sales and marketing	58	77	1	—	**136**
Product development	60	8	2	—	**70**
General and administrative	34	17	—	—	**51**
Provision for bad debts	—	8	—	—	**8**
Amortization of acquired intangibles	—	—	4	—	**4**
Total	**173**	**136**	**11**	**—**	**321**

(3) Management have adjusted for the effect on the Unaudited Pro Forma Condensed Consolidated Financial Data of certain of the acquisition accounting adjustments to the carrying amount of the identifiable assets and liabilities of eCG as at the effective date of the Acquisition as follows:

Depreciation and Amortization

The useful lives have been estimated for each asset individually. The below table shows the range of useful lives per asset class:

Intangible assets	**Fair value € in millions**	**Estimated useful life**
Indefinite-life Brands	3,545	Indefinite
Brands (including domains)	138	3 years
Customer relationships	479	10 to 11 years
Technology	277	3 years
Total	4,439	

Pro forma amortization for each period is depicted in the table below:

€ in millions	Six months ended June 30, 2019	Year ended December 31, 2019	Six months ended June 30, 2020
Amortization on fair value of identified intangibles	91.3	182.6	91.3
Reversal of amortization reflected in eCG financial statements	(6.0)	(9.0)	(4.0)
Net increase in amortization	85.3	173.6	87.3

Deferred taxes

Pro forma unwinding of the deferred tax liability based on the tax rates in the relevant jurisdictions to which the assets relate for each period is depicted in the table below:

€ in millions	Six months ended June 30, 2019	Year ended December 31, 2019	Six months ended June 30, 2020
Unwinding of deferred tax liability on fair value of identified intangibles	27.1	54.2	27.1
Reversal of tax effects previously recognized on intangibles in eCG financial statements	(1.0)	(2.0)	(1.0)
Net increase in tax benefit	26.1	52.2	26.1

Transaction costs

Adevinta expects to incur transaction costs of €39.5 million which is reflected as an expense in each period through other income and expenses. These amounts are not expected to have a continuing effect on the business. Given the nature of the costs, no tax effect has been assumed in preparing the Unaudited Pro Forma Financial Data.

(4) The adjustment to net financials reflects the pro forma interest expense and amortized upfront loan fees for each period for the Senior Credit Facilities and Notes. The upfront loan fees have been estimated based on Management's current forecast for the total amount of fees. The assumed interest rate for all facilities is LIBOR plus 3.75%.

Interest related to Adevinta's previous borrowings has been reversed from the Pro Forma net financials as the Pro Forma Income Statement assumes this debt was repaid at the beginning of the period. If the debt had been repaid on January 1, 2019 and January 1, 2020, a loss of nil and €1 million would have been recognized respectively as the difference between the gross debt repayable and the amortized cost value on the balance sheet.

The following table depicts the adjustments for interest and amortized loan fees for each period:

€ in millions	Six months ended June 30, 2019	Year ended December 31, 2019	Six months ended June 30, 2020
Interest on Senior Credit Facilities and Notes	50.0	100.0	50.0
Amortization of capitalized upfront loan fees	4.6	9.2	4.6
Reversal of interest and amortization on repaid debt	(0.5)	(2.0)	(3.1)
Loss on repayment of debt	—	—	1.0
FX loss (gain) on USD debt	3.9	9.7	(0.7)
Net increase in net financial items	58.0	116.9	51.8

The adjustment to taxes of €11.8 million for the six months ended June 30, 2019, €23.4 million for the year ended December 31, 2019 and €11.0 million for the six months ended June 30, 2020 reflects the tax credit relating to the pro forma interest expense described above less a tax credit related to interest that has been reversed above. The tax credit is expected to be set off against profits from Germany and the Netherlands. The tax rates from these jurisdictions have been utilized to calculate the tax credit. Based on initial information, the tax benefit has been capped in the Netherlands and the full tax benefit has been recognized in Germany for each period reflecting historical profitability of the relevant jurisdictions to which the tax credit is applied. Further analysis will be performed subsequent to the Completion Date; there is a risk that the tax benefit may not be able to be utilized.

The below table depicts how the interest and debt will change if there was a 0.5% increase and decrease in the interest rate:

€ in millions	12 month Interest	Tax Credit	6 month Interest	Tax Credit
As presented in the Unaudited Pro Forma Condensed Consolidated Financial Data	(100.0)	23.8	(50.0)	11.9
0.5% decrease in the interest rate	(86.7)	21.8	(43.3)	10.9
0.5% increase in the interest rate	(113.3)	25.8	(56.7)	12.9

(5) eCG's profit (loss) and the profit (loss) related to pro forma adjustments have been assumed to be fully attributable to the owners of the parent, with no amounts attributed to non-controlling interests.

ADEVINTA SELECTED CONSOLIDATED AND COMBINED FINANCIAL INFORMATION AND OTHER NON-FINANCIAL DATA

In the following tables, we provide you with our selected consolidated and combined financial information and other financial data at the dates and for the periods indicated.

The selected combined financial information and other data for the years ended December 31, 2017 and 2018 is derived from our audited combined financial statements as of, and for the years ended, December 31, 2016, 2017 and 2018, which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, our independent auditors, as set forth in their audit report included elsewhere herein. The combined financial statements have been prepared by combining the historical financial information of Schibsted and then combining the results of operations, assets and liabilities of the entities forming the group and certain allocations of expenses incurred by Schibsted on our behalf. The selected consolidated financial information and other data as of and for the year ended December 31, 2019 is derived from our audited consolidated financial statements and our combined subsidiaries as of, and for the year ended, December 31, 2019, which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, our independent auditors, as set forth in their audit report included elsewhere herein.

The selected consolidated financial information and other data for the six months ended June 30, 2019 and 2020, is derived from our unaudited condensed consolidated interim financial statements as of and for the six month periods ended June 30, 2020 and June 30, 2019, which have been prepared in accordance with the IFRS applicable to interim financial reporting as adopted by the EU (IAS 34 Interim Financial Reporting).

The selected unaudited consolidated financial information and other information included in this information memorandum for the twelve months ended June 30, 2020 has been derived by adding the income statement for the six months ended June 30, 2020 to the income statement for the year ended December 31, 2019 and subtracting the income statement for the six months ended June 30, 2019.

Our consolidated financial statements are prepared in accordance with IFRS, as adopted by the EU. Adevinta implemented IFRS 16 Leases from January 1, 2019. IFRS 16 replaces IAS 17 Leases and related interpretations and sets out principles on recognition, measurement, presentation and disclosure of leases. Comparable figures for prior years were not restated when applying the new accounting standard.

You should read the data below together with information included under the headings "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta*" and our audited consolidated financial statements and the related notes and the unaudited financial statements and the related notes which are included elsewhere in this information memorandum.

Consolidated/Combined income statement data

(in EUR million)	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Six months ended June 30, 2019 (unaudited)	Six months ended June 30, 2020 (unaudited)	Twelve months ended June 30, 2020 (unaudited)
Operating revenues	**511.4**	**594.6**	**680.3**	**330.6**	**319.5**	**669.2**
Personnel expenses	(182.6)	(201.3)	(234.8)	(110.7)	(128.6)	(252.7)
Other operating expenses	(233.0)	(242.3)	(246.0)	(121.6)	(112.1)	(236.5)
Gross operating profit (loss)	**95.8**	**151.0**	**199.5**	**98.3**	**78.8**	**180.0**
Depreciation and amortization	(21.6)	(26.5)	(45.3)	(21.7)	(28.6)	(52.2)
Share of profit (loss) of joint ventures and associates	(13.5)	6.8	5.9	0.5	2.4	7.8
Impairment loss	(1.1)	(56.6)	(24.6)	(0.3)	—	(24.3)
Other income and expenses	139.3	(6.3)	(12.8)	(7.5)	(4.5)	(9.8)
Operating profit (loss)	**198.8**	**68.4**	**122.8**	**69.3**	**48.1**	**101.6**
Financial income	0.6	1.2	1.7	3.6	0.1	(1.8)
Financial expenses	(18.3)	(15.3)	(7.8)	(4.6)	(67.6)	(70.8)
Profit (loss) before taxes	**181.2**	**54.3**	**116.7**	**68.2**	**(19.3)**	**29.2**
Taxes	(62.1)	(61.3)	(49.6)	(27.0)	(20.8)	(43.4)
Profit (loss)	**119.1**	**(7.0)**	**67.1**	**41.2**	**(40.1)**	**(14.2)**
Profit (loss) attributable to:						
Non-controlling interests	(1.5)	0.4	3.1	1.1	(0.8)	1.2
Owners of the parent	120.6	(7.4)	64.0	40.1	(39.3)	(15.4)

Consolidated/Combined statement of financial position data

(in EUR million)	As of December 31, 2017	2018	2019	As of June 30, 2020 (unaudited)
Assets				
Intangible assets	1,354.0	1,301.0	1,394.8	1,390.1
Property, plant and equipment and right-of-use assets	19.1	19.8	85.9	117.5
Investments in joint ventures and associates	413.3	375.3	381.1	289.2
Deferred tax assets	4.1	3.7	1.6	1.5
Other non-current assets	9.2	9.4	14.8	22.5
Non-current assets	**1,799.6**	**1,709.2**	**1,878.1**	**1,820.8**
Income tax receivable	—	3.0	10.9	3.2
Contract assets	—	2.0	7.5	6.3
Trade receivables and other current assets	336.9	384.1	151.6	143.5
Cash and cash equivalents	37.4	55.1	71.8	308.3
Current assets	**374.3**	**444.3**	**241.7**	**461.3**
Total assets	**2,174.0**	**2,153.5**	**2,119.8**	**2,282.1**
Equity And Liabilities				
Equity attributable to owners of the parent	1,240.2	1,317.8	1,524.4	1,381.3
Non-controlling interests	15.3	13.9	14.4	15.9
Equity	**1,255.5**	**1,331.7**	**1,538.8**	**1,397.2**
Deferred tax liabilities	70.4	72.3	82.9	81.2
Non-current interest-bearing borrowings	559.2	448.5	201.7	198.2
Lease liabilities, non-current	—	—	53.2	88.7
Other non-current liabilities	4.5	4.3	11.8	17.8
Non-current liabilities	**634.1**	**525.0**	**349.5**	**386.0**
Current interest-bearing borrowings	0.5	—	0.3	223.9
Income tax payable	13.9	10.0	4.5	4.2
Lease liabilities, current	—	—	13.3	16.2
Contract liabilities	—	51.2	56.8	57.4
Other current liabilities	270.0	235.6	156.5	197.2
Current liabilities	**284.3**	**296.8**	**231.5**	**498.9**(1)
Total equity and liabilities	**2,174.0**	**2,153.5**	**2,119.8**	**2,282.1**

(1) €54.6 million correspond to the fair value of financial derivatives, which did not exist in other prior periods.

Consolidated/Combined cash flow data

(in EUR million)	Year ended December 31, 2017	2018	2019	Six months ended June 30, 2019 (unaudited)	2020 (unaudited)	Twelve months ended June 30, 2020 (unaudited)
Net cash flow from operating activities	5.8	73.9	134.1	70.8	56.0	119.3
Net cash flow from investing activities	(438.3)	(33.8)	(137.0)	(40.4)	(33.9)	(130.5)
Net cash flow from financing activities	389.8	(22.9)	19.2	(20.8)	214.8	254.8
Effects of exchange rate changes on cash and cash equivalents	0.8	0.4	0.3	—	(0.4)	(0.1)
Net increase (decrease) in cash and cash equivalents	**(41.9)**	**17.7**	**16.6**	**9.7**	**236.5**	**243.4**
Cash and cash equivalents as at the beginning of the period	79.4	37.4	55.1	55.1	71.8	64.9
Cash and cash equivalents as at end of the period	**37.4**	**55.1**	**71.8**	**64.9**	**308.3**	**308.3**

Other financial data

(in EUR million)	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Six months ended June 30, 2019	Six months ended June 30, 2020	Twelve months ended June 30, 2020
	(unaudited)			(unaudited)		(unaudited)
EBITDA/Gross operating profit (loss)[1]	95.8	151.0	199.5	98.3	78.8	180.0
EBITDA incl. JVs[1]	96.3	156.2	206.1	99.6	85.0	191.5
EBITDA margin incl. JVs[1]	18%	24%	28%	28%	25%	26%
Net interest bearing debt[1]	339.7	156.5	196.7	156.4	218.7	218.7
Net Leverage Ratio[1]	3.5	1.0	1.0	1.6	2.8	1.2

(1) This is a non-IFRS measure. For a definition of this measure and a reconciliation to net income, see "*Summary—Adevinta Summary Consolidated and Combined Financial Information and Other Non-Financial Data*" and "*Presentation of Financial Information—Non-IFRS Financial Measures*."

eCG SELECTED COMBINED FINANCIAL INFORMATION AND OTHER DATA

In the following tables, we provide you with selected combined financial information and other financial data for eCG at the dates and for the periods indicated.

The selected combined financial information and other data for the years ended December 31, 2019, 2018 and 2017 is derived from audited combined carve-out financial statements of eCG and its subsidiaries as of, and for the years ended, December 31, 2019, 2018 and 2017, which have been prepared in accordance with IFRS as issued by the IASB, and the IFRIC's interpretations applicable to companies reporting under IFRS for periods beginning on 1 January 2017, and audited by PricewaterhouseCoopers LLP, eCG's independent auditors, as set forth in their audit report included elsewhere herein.

The selected combined financial information and other data for the six months ended June 30, 2019 and 2020, is derived from unaudited combined carve-out interim financial statements of eCG and its subsidiaries as of and for the six month periods ended June 30, 2020 and June 30, 2019, which have been prepared in accordance with IAS 34 Interim Financial Reporting.

The selected unaudited combined financial information and other information included in this information memorandum for the twelve months ended June 30, 2020 has been derived by adding the income statement for the six months ended June 30, 2020 to the income statement for the year ended December 31, 2019 and subtracting the income statement for the six months ended June 30, 2019.

You should read the data below together with information included under the headings "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations of eCG*" and eCG's audited combined carve-out financial statements and the related notes and the unaudited interim combined carve-out financial statements and the related notes which are included elsewhere in this information memorandum.

Combined Carve-out Statements of Profit or Loss

(in EUR million)	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2017	2018	2019	2019	2020	2020
		(audited)		(unaudited)		(unaudited)
Net revenues	789	863	952	468	408	892
Cost of net revenues	88	90	95	46	52	101
Gross profit	**701**	**773**	**857**	**422**	**356**	**791**
Operating expenses:						
Sales and marketing	300	281	302	161	136	277
Product development	102	117	138	68	70	140
General and administrative	72	87	94	51	51	94
Provision for bad debts	6	6	13	5	8	16
Amortization of acquired intangible assets	16	15	9	6	4	7
Total operating expenses	496	506	556	291	269	534
Profit from operations	205	267	301	130	87	257
Interest and other, net	—	(1)	—	(1)	1	2
Profit before income tax	205	266	301	131	88	259
Income tax benefit (provision)	604	(177)	(229)	(197)	(25)	(57)
Net profit/(loss)	**809**	**89**	**72**	**(67)**	**63**	**202**

Combined carve-out statement of financial position

(in EUR million)	As of December 31, 2017	2018	2019	As of June 30, 2020 (unaudited)
Assets:				
Goodwill	599	598	659	681
Intangible assets, net	18	3	20	30
Right-of-use assets	19	17	17	19
Property and equipment, net	20	22	23	19
Long-term investments	57	61	39	27
Deferred tax assets	642	524	349	341
Non-current assets	**1,355**	**1,225**	**1,107**	**1,117**
Other current assets	11	13	31	33
Accounts receivable, net	98	114	119	129
Cash and cash equivalents	46	42	20	17
Current assets	**155**	**169**	**170**	**179**
Total assets	**1,510**	**1,394**	**1,277**	**1,296**
Invested Equity And Liabilities:				
Net parent investment	1,354	1,228	1,109	1,154
Accumulated other comprehensive income	(5)	(4)	(16)	(35)
Total invested equity	**1,349**	**1,224**	**1,093**	**1,119**
Lease liabilities	14	10	12	12
Deferred tax liabilities	7	8	9	9
Other liabilities	2	3	2	3
Non-current liabilities	**23**	**21**	**23**	**24**
Income tax payable	23	45	53	52
Accounts payable	14	16	19	20
Deferred revenue	5	6	5	4
Accrued expenses and other current liabilities	96	82	84	77
Current liabilities	**138**	**149**	**161**	**153**
Total invested equity and liabilities	**1,510**	**1,394**	**1,277**	**1,296**

Combined Carve-out Statements of Cash Flows

(in EUR million)	Year ended December 31, 2017	2018	2019	Six months ended June 30, 2019 (unaudited)	2020 (unaudited)	Twelve months ended June 30, 2020 (unaudited)
Net cash provided by operating activities	268	269	319	154	83	248
Net cash (used in) provided by investing activities	(34)	(12)	(100)	(91)	(42)	(51)
Net cash used in financing activities	(217)	(261)	(241)	(71)	(42)	(212)
Effect of exchange rate changes on cash and cash equivalents	(2)	—	—	—	(2)	(2)
Net increase (decrease) in cash and cash equivalents	15	(4)	(22)	(8)	(3)	(17)
Cash and cash equivalents at the beginning of the period	31	46	42	42	20	34
Cash and cash equivalents at the end of the period	46	42	20	34	17	17

Other financial data

(in EUR million)	Year ended December 31,			Six months ended June 30,		As of or for the twelve months ended June 30,
	2017	2018	2019	2019	2020	2020
		(unaudited)		(unaudited)		(unaudited)
EBITDA/Gross operating profit (Loss)(1)	235.6	296.3	329.5	146.5	98.8	281.8
EBITDA margin(2)	29.9%	34.3%	34.6%	31.3%	24.2%	31.6%
Net interest bearing debt(3)	20	17	17	20	19	19
Net Leverage Ratio(4)	0.08	0.06	0.05	0.14	0.19	0.07

(1) This is a non-IFRS measure. For a definition of this measure and a reconciliation to the most comparable IFRS measure, see "*Summary—eCG Summary Combined Financial Information and Other Data*" and "*Presentation of Financial Information—Non-IFRS financial measures*."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ADEVINTA

We were incorporated on November 9, 2018 in connection with a spinoff of our business from our former 100% parent company Schibsted ASA. In connection with the spinoff and related offering and listing of our shares, we prepared Adevinta Audited Combined Financial Statements for 2017 and 2018. We have also published Adevinta Audited Financial Statements for 2019 and Adevinta Unaudited Condensed Interim Financial Statements for six month periods ended June 30, 2019 and 2020 included elsewhere in this information memorandum, all of which have been prepared in accordance with IFRS. You should read the following discussion and analysis in conjunction with the sections entitled "Adevinta Selected Consolidated and Combined Financial Information and Other Non-Financial Data" along with the Adevinta combined and consolidated financial statements and the related notes and other financial information included elsewhere in this information memorandum. This discussion includes forward-looking statements which, although based on assumptions we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied herein. See "Forward-Looking Statements" and "Risk Factors" for a discussion of the risks, uncertainties and assumptions associated with these statements.

The discussion below relates only to Adevinta and not to the eBay Classifieds business which we have agreed to acquire.

Overview

We are a major global online classifieds company which owns and operates leading online generalist and vertical online classifieds sites. We currently operate more than 30 online classifieds sites in 15 countries (including Morocco, Tunisia and Colombia, which Adevinta agreed to divest in October 2020).

Our classifieds products and services include: classifieds listings on our generalist and vertical online classifieds sites including real estate, car and jobs; Consumer offering, which gives buyers, renters and job seekers searching for products and services listed on our online classifieds sites free access to search for a wide range of products and services listed by professional and private listers; Customer offering for private listers, which allows individuals placing inventory for sale on our online classifieds sites (private listers) to post products and services free of charge on our online classifieds sites; Customer offering for professionals, through which we offer a wide range of products and services to professionals placing their inventory for sale on our online classifieds sites; Advertising sales and other products and services for advertisers, which allows us to generate operating revenues from the sale of advertising space on our online classifieds sites; and Product development, through which we develop products and services aimed at improving the overall user experience for all users. For more information, see "*Business—Products and Product Offering*".

On July 21, 2020, we announced an agreement to acquire eBay's classifieds division. The combination will create a globally scaled pure-play online classifieds leader and the world's largest online classifieds company (excluding China) based on revenues generated from online classifieds listings and advertisements. The transaction will result in a leader in the global online classifieds industry, operating online classifieds sites in 20 countries as of June 30, 2020.

Our operating revenue increased by a compound annual growth rate (CAGR) of 15.3% in the period from December 31, 2017 to December 31, 2019. Our growth during that period was driven by a combination of organic growth and acquisitions. In the year ended December 31, 2019, we reported consolidated operating revenues of €680.3 million; EBITDA of €199.5 million, with an EBITDA margin incl. JVs of 28%. EBITDA increased by a CAGR of over 44% from 2017 to 2019.

Our operating revenues comprises (i) classifieds revenues and (ii) revenues from advertising from sales of advertisement space on our online sites, representing 77.5% and 19.8%, respectively, of our operating revenues for the year ended December 31, 2019. Operating revenues from classifieds are derived from sale of products and services related to classifieds listings on our sites, primarily in verticals, which contributed 92% of the Group's classifieds revenues, with operating revenues from the generalist sites contributing the remaining 8% of classifieds operating revenues for the year ended December 31, 2019. Within the Group's verticals, real estate contributed 44% of classifieds operating revenues in verticals for the year ended December 31, 2019, while motor contributed 36% and jobs contributed 20% of classifieds operating revenues for the same period.

Operating reporting segments

Our business is organized and managed through four operating divisions that are organized by geographic segments and constitute our reporting segments under IFRS 8: France, Spain, Brazil and Global Markets.

- *France (€357.4 million in operating revenues for the year ended December 31, 2019 (€356.9 million after eliminations))* comprises our online classifieds operations in France, more specifically the online classifieds sites leboncoin, L'Argus, AgriAffairs, MachineryZone, Truckscorner, Vide Dressing, A Vendre a Louer, Locasun, Paycar and Pilgo;
- *Spain (€182.0 million in operating revenues for the year ended December 31, 2019)* includes the online classifieds sites Coches.net, Motos.net, Milanuncios, Habitaclia, Fotocasa and InfoJobs;
- *Brazil (€86.0 million in operating revenues for the year ended December 31, 2019 (with OLX Brazil presented on a 100% consolidated basis; €7 million after eliminations))* comprises the online classifieds sites OLX Brazil and InfoJobs. OLX Brazil is a 50:50 joint venture with OLX B.V., a subsidiary of Prosus N.V. OLX Brazil is presented on a 100% consolidated basis in the segmental information included in the Adevinta Audited Financial Statements. However, in our combined statement of income OLX Brazil is accounted for using the equity method reflecting our actual ownership in OLX Brazil. The results of operations of OLX Brazil corresponding to the share of equity held by third parties is eliminated in consolidation to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in the combined statement of income. The discussion of changes in the Brazil segment results of operations below is based on the segmental information presented on the basis of 100% ownership. The presentation of this information on the basis of 100% ownership reflects the way in which management monitors this business;
- *Global Markets (€124.2 million in operating revenues for the year ended December 31, 2019 (€123.8 million after eliminations))* comprises primarily the Group's online classifieds operations in 12 countries outside our current core markets. Global Markets comprises Subito and InfoJobs in Italy, Daft, DoneDeal and Adverts in Ireland, Willhaben in Austria, Használtautó and Jófógás in Hungary, Fincaraiz in Colombia, Segundamano in Mexico, Kufar in Belarus, Tayara in Tunisia, Avito in Morocco, Yapo in Chile and Shpock primarily in the UK, Germany and Austria. In October 2020, Adevinta entered into agreements to divest its online classifieds businesses in Morocco, Tunisia and Colombia, see "*Summary—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia.*" The segment figures for Willhaben in Global Markets for 2017-2019 are presented via equity method. Commencing in 2020, the segment figures for Willhaben are presented on a 100% basis to reflect how the business and performance is monitored by management and comparative figures for the year ended December 31, 2019 have been restated accordingly. 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; and
- *Other/Headquarters* comprises Adevinta's shareholder and central functions including central product and technology development.

The elimination column in the segment disclosure comprises mainly 100% of OLX Brazil as discussed above.

Significant factors affecting results of operations

The factors that management believes have had a material effect on our results of operations during the periods under review, as well as those considered likely to have a material effect on our results of operations in the future, are described below.

Sale of classifieds products and services

We derive most of our operating revenues from sale of classifieds products and services. For the year ended December 31, 2019, revenues from classifieds products and services represented 77.5% of our operating revenues, of which the verticals (real estate, motor and jobs) represented 92% of the operating revenues, while generalist online classifieds sites represented 8% of the operating revenues. Classifieds revenues result from sales of products and services to our customers, including products and services sold to professional customers in the verticals to facilitate listings, such as bundles with a fixed number of listings and add-on features (for example bulk uploads or individual dashboards for efficient management of a large number of listings). In general, professional customers' willingness to pay for listings and additional products and services increases when they are offered products and services that can help them increase sales (e.g., increased visibility or better pricing) or improve their operations (e.g., better tools for placing new listings or managing existing listings). In addition, the volume of classifieds products and services sold is affected by the sites' market position, general market conditions, the industry shift from offline to online channels and from desktop to mobile.

Our classifieds operating revenues are affected by the price paid by customers for the classifieds products and services. Generally, private listers placing listings on our generalist sites are not charged for listings, but can pay for a limited number of additional products, such as increased visibility.

We offer different types of fee structures to our professional customers, such as bundled packages covering a fixed number of fees and add-on services, subscription fees, separate fees for additional features and bundled fees covering various services. The revenue generated by us from professional customers depends, among other things, on the market position of its sites, the amount of effective leads being delivered by the site, our ability to develop and improve our products and services, as well as the number and quality of features on our sites, how successful our pricing strategy is and the prices offered by competing sites.

Market position

Classifieds revenue is impacted by the number of customers using our sites. A factor in driving traffic, listings and the number of customers on our sites is the so-called network effect. Once a site has reached an important mass of both traffic and listings, the site is better positioned to attract even more audience and listings.

We have sites with leading positions in terms of traffic in all three of our core markets, France, Spain and Brazil (for further information, see, "*Business—Our Business Strengths—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets*").

In markets where we do not have a leading position in terms of traffic, we typically focus more on measures aimed at increasing traffic and listings on our sites, partly by focusing on developing our classifieds product and service offerings to increase the attractiveness of the site for professional customers, while at the same time implementing marketing efforts to increase visibility of the site and increase traffic.

Macroeconomic conditions

The volumes of classifieds products and services sold to customers on Adevinta's sites are influenced by general economic conditions, both in the global market or in the regional markets in which we operate. Developments in the real estate market and the employment market, as well as consumer spending patterns in general, and on motor in particular, have an impact on the number of listings placed on our sites and the revenue from professional customers.

France, Spain and Brazil are core markets for us. Our French operations contributed 52.5%, 51.6% and 50.8% of our operating revenues in the years ended December 31, 2019, 2018 and 2017, respectively, and France is thus our largest regional market. In general, France is characterized by a relatively robust macroeconomic climate. However, France has recently been affected by political unrest, such as the "yellow vest" movement, which has affected the French economy and global markets, as well as the impact of COVID-19 and general weakening of global macroeconomic conditions and the development of the French online classifieds market may be affected by how the French economy develops going forward.

Our Spanish segment contributed 26.8%, 26.9% and 26.9% of our operating revenues in the years ended December 31, 2019, 2018 and 2017, respectively, and Spain is our second largest regional market. Spain has experienced political instability caused by a combination of factors, including tension in Catalonia relating to the sovereignty of the region, and was heavily affected by COVID-19 including associated economic impacts. It is unclear how the Spanish online classifieds market may be affected in the future by these and other factors, including in light of the Spanish economy's GDP growth deceleration.

Of Adevinta's three core markets, Brazil is the fastest growing regional market, particularly within the real estate and motor verticals. Our operating revenue were positively affected by the recovery of Brazil's general economy up to 2018, as the improving conditions contributed to growth in the number of real estate listings and the number of motor listings in Brazil. However, as a result of political unrest in Brazil increasing since the October 2018 elections as well as a weakening of general macroeconomic conditions, there is a risk of continuing economic uncertainty and political instability in Brazil. In March 2020, OLX Brazil agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil.

COVID-19

Recent macroeconomic developments due to COVID-19, protective measures and associated economic downturns have had a profound impact on the current macroeconomic environment, the full effect of which has not been absorbed. However, given that we focus on second hand goods, we are less affected by such general economic conditions than traditional retail. We have seen a gradual improvement in traffic, with traffic and listings both recovering to pre-COVID-19 levels in June 2020. For further discussion on COVID-19 and related impacts see "*Summary—Recent Developments—COVID-19.*"

Shift from desktop to mobile

The structural shift towards digital content has had, and will continue to have, a significant positive impact on classifieds operating revenues as it affects the total number of listings and traffic on our sites and the number of classifieds products and services sold. We expect the impact to be particularly important in emerging markets where internet penetration is still relatively low. In addition to general internet penetration, both established and emerging markets are experiencing a switch from desktop internet to mobile. For example, 67% and 72% of traffic to leboncoin, our leading generalist online classifieds site in France, was on mobile and tablet devices, respectively, in the years ended December 31, 2018 and December 31, 2019, respectively. The shift from offline to online in consumer behavior generally contributes to an increase in traffic audience to our sites, which in turn attracts professional customers, thereby increasing our classifieds operating revenues. The shift of traffic from desktop to mobile and tablet devices, however, puts downward pressure on our advertising revenues. See "*—Sale of classifieds products and services*" and "*—Revenue from advertising*."

Synergies from operating several sites

Our central synergies are enabled by our multi-country platforms. We expect the Acquisition will further enhance such synergies through economies of scale (e.g. cloud infrastructure), service consolidation in products and technology (e.g. G-suite and many collaboration tools like Slack and Pexip or central components used by all sites such as messaging) and general and administrative efficiencies.

Seasonality

We have generally experienced lower levels of operating revenues, both from classifieds and in advertising, in the first and third quarter of each year, compared to the second and fourth quarters, which are due to lower activity levels in general in those quarters. The start of the first quarter and the summer holiday in the third quarter of each year are characterized by fewer listings and advertisements by the Group's customers, which results in lower operating revenues in these two quarters.

Revenue from advertising

Although revenue from classifieds listings is our largest revenue component, we also derive operating revenues from the sale of advertisements on our online sites. Sale of advertising represented 19.8% of Adevinta's operating revenues in the year ended December 31, 2019, compared to 22.6% and 24.7% in the years ended December 31, 2018 and 2017, respectively, with our operating revenues from the sale of advertising being affected by a number of factors, including:

- *Traffic.* A key driver for the operating revenues from sale of advertising is the amount of advertising inventory available on our sites (i.e. the amount of advertising space available to be sold), which is directly driven by traffic on the sites. The traffic on Adevinta's sites is in turn be driven by the market position of the sites and indirectly by certain of the factors described in "*—Sale of classifieds products and services.*"
- *Traffic mix.* The general trend is moving towards an increasing portion of visitors accessing our sites using mobile devices to access the sites and applications and a corresponding reduction in visitors accessing the sites by way of desktops. Due to the smaller screens on mobile devices, the available space or listing inventory per page view is reduced compared to desktop. Further, the mobile CPMs (Cost Per Mille i.e. the amount an advertiser pays a website per 1,000 visitors who see its advertisements) remain lower than desktop CPMs. Consequently, the mobile trend is expected to continue to have a negative impact on our sale of advertising going forward.
- *Use of data.* Our ability to collect, utilize and analyze data from our consumers to offer effective options for our advertising customers, is an important factor for the sale of advertising. The ability to

use data to create targeting options for advertisers, is in turn affected by various factors, such as technology capabilities and changes or developments in privacy regulations, interpretation and enforcement of these, as well as market reactions and adaptions to such legislation and practice, in addition to evolving industry practice. However, scale is important and larger players in the industry tend to be able to make better use of data.

- *GDPR.* GDPR, which became effective across the EU in May 2018, has complicated the digital advertising market by implementing stricter requirements for processing of personal data, which is a prerequisite for delivering targeted advertising. The implementation of this regulation, including deviating interpretations of the requirements have made it more complex for companies, including us, involved in the selection and delivery of targeted ads to exchange data across advertising technology platforms and technology providers.
- *Competitive landscape.* There is significant competition within the online advertising market, with the global internet giants, Google and Facebook, taking significant market shares. Our operating revenues from sale of advertising is affected by our ability to offer competitive advertising products that can compete with the product offerings from such companies. We have deployed strategic and short-term initiatives to address this. The short-term measures include strengthening the sales teams and collaboration initiatives with our advertising technology partners. In the longer term, we intend to develop new formats and products and capture synergies between the advertising and classifieds business.
- *Shift in digital advertising spending.* The global spend on digital advertising (search, social media, video and display) is increasing and search, social media and video advertising are the main growth drivers whereas overall advertising spend is stagnating. We are predominantly present in display advertising and a further acceleration of this trend may negatively impact our advertising sales.
- *Advertising technology.* The technology for programmatic advertising is constantly evolving and our operating revenues will continue to be affected by our ability and the ability of our technology vendors, such as AppNexus, to adapt to changes in market dynamics.
- *General macro-economic conditions.* The general level of marketing spending is significantly impacted by general economic conditions. Marketing expenses were reduced by more than 50% in the second quarter of 2020, compared to the second quarter of 2019, as cost cutting measures were implemented to mitigate the impact of COVID-19 and campaigns were cancelled or delayed due to the decline in expected returns during the COVID-19 lockdown.
- *Seasonality.* Activity levels vary from quarter to quarter, see "—*Seasonality*".

The relationship between operating revenues and operating expenses

Our operating expenses are primarily related to the operation of the sites, marketing efforts to attract and increase traffic to these sites and launch new products, sales efforts to attract and retain professional customers and advertisers and product development to provide an attractive user experience through continuous efforts on product enhancement and new features, as well as investments in IT equipment and facilities services (such as rent and energy). The direct costs to us for each listing or advertisement placed on our website are marginal. Consequently, neither volumes in listings nor product and customer mix has a significant impact on our operating expenses. This means that if we are successful in increasing our operating revenues, our operating margins will also increase. Conversely, a fall in revenue will not necessarily result in a decrease in expenses. As such, an important element of our strategy is to increase "operational leverage", that is, increase operating revenue over a stable cost base.

During the period under review, our operating expenses as a share of operating revenues decreased from 81.3% to 74.6% and to 70.7% in the years ended December 31, 2017, 2018 and 2019, respectively, principally reflecting the increase in operating revenue during the period.

Marketing expenses are an important element in trying to improve market positions. During the period under review, our marketing expenses as a percentage of operating revenues was 14.2%, 19.7% and 23.0% in the years ended December 31, 2019, 2018 and 2017, respectively. Our efforts to establish sites in a new market, or strengthening the market position of sites in an existing market, are primarily carried out by aiming to build the right product with the right market-fit, developing the right go-to-market strategy and building brand awareness, as well as increasing traffic through marketing investment. For this reason, our Investment Phase Operations generally incur higher expenses relative to their operating revenues. As marketing costs represent an important part of the costs of such sites, we do, however, have the ability to reduce costs significantly in a relatively short time if we no longer believe that we will receive a satisfactory return on our investment.

Marketing is, relatively speaking, less important where we have established sites due to the network effects from which such sites benefit. Therefore, we believe that we are in a position to maintain our market share while spending proportionately less of our operating revenues on marketing, which contributes to higher margins and profitability. However, established sites have had variations in marketing expenses as increased marketing efforts are used to strengthen the position of a site for a number of reasons, including the competitive landscape and in connection with the launch of a new product or service.

Product and technology

We have placed, and will continue to place, significant focus on continuously improving user experience through product innovation and technology investments in order to attract professional customers and drive classifieds operating revenues. We have during the period under review invested in our products and related technology to improve our offering to consumers, customers and third parties and product and technology costs are, accordingly, important cost items for us. Development in products and technology takes place both centrally and locally within each segment. Local product development focuses on improving features in that market, while the centralized product and technology development has a group-wide perspective to benefit from business synergies, such as managing cloud services or developing components to be deployed across our online classifieds sites. In the year ended December 31, 2019, our innovation efforts focused on the transactional business model, products supporting professional customers both up- and downstream, data analytics, privacy and identity.

Our product development is typically in the form of enhancements on existing products and development of new features on our sites, which requires man-hours. Consequently, our investments in products and technology primarily impact our number of employees and its personnel expenses, which are partly capitalized and partly expensed.

Our development and purchase of intangible assets and property, plant and equipment, which principally relate to capitalized product development, have remained fairly stable as a percentage of operating revenues during the period under review, comprising 7%, 5% and 6% of operating revenues in year ended December 31, 2019, 2018 and 2017, respectively.

Strategic investments and acquisitions

Acquisitions and investments have been, and are expected to continue to be, an important driver of our growth, supporting our strategy of maintaining market leading positions and creating value in the verticals. During the period under review, we acquired different complementary businesses, including L'Argus, Paycar and Locasun in France and eBay Classifieds which we have recently agreed to acquire. Each of these acquisitions led (or is expected to lead) to an increase in our operating revenues, as well as an increase in operating expenses, most notably in personnel costs as well as transaction-related expenses. During the period under review, the Group has also made significant investments through the increase of its ownership in OLX Brazil from 25% to 50% in June 2017 and in Schibsted Spain from 90% to 100% in January 2019. Additionally, in March 2020, OLX Brazil entered into an agreement to acquire 100% of the shares of Grupo ZAP, strengthening its position in the real estate vertical segment in the country. These investments do not affect operating revenue or operating expenses, since OLX Brazil was not consolidated in the period (though this does impact our share of profit (loss) of joint ventures and associations) and since Schibsted Spain was fully consolidated throughout the period. Historically, we have financed acquisitions and investments with cash from operations and prior to the spinoff through Schibsted, either in the form of equity contributions, or as intra-group loans from Schibsted. More recently, our acquisitions of Argus and Grupo ZAP have been financed with external debt. Each acquisition has required substantial management time and attention and has generated direct transaction costs.

Stand-alone Separation Costs

Historically, the business areas comprising the Adevinta business within the Schibsted Group prior to the spinoff have been allocated a share of regional management and corporate costs incurred by the Schibsted Group. These costs are related to services such as IT, human resources services, communication, tax, legal services internal banking systems and cash pool systems. The share of corporate costs historically allocated to the business areas comprising the Adevinta business within the Schibsted Group, as included in the

Adevinta Audited Combined Financial Statements for 2018 and 2017, are not necessarily representative of the costs that Adevinta would have incurred had it operated as a separate stand-alone business prior to the separation from Schibsted.

Schibsted has made investments in centralized product and technology development over the last few years. Global teams have built infrastructure services and end-user products that are in use by multiple online classifieds sites and in some instances also shared with the media division in Schibsted Group. As part of our spin-off from Schibsted, we provided many of these services and products independently of Schibsted. Also, the scale effects of any given component are limited by the fact that there are fewer sites that can benefit from each component, meaning the cost per site will be higher.

Foreign exchange rate exposure

The EUR is our presentation currency. As a result, we are exposed to fluctuations in exchange rates in other currencies through our operations in countries outside the Euro zone, such as Belarus, Brazil, Chile, Hungary, Mexico, Morocco and the United Kingdom. We have currency risks linked to both the translation of statement of financial position and income statement line items and net investments in foreign operations Our most significant exposures are fluctuations in Brazilian real (BRL) and Pound sterling (GBP). Our local operations generally serve as a natural hedge against foreign exchange exposure, as operating revenues and costs are mainly in the same currency. As part of the Acquisition, we have entered into hedging arrangements to fix our EUR debt commitment relative to the USD cash consideration. As part of the Grupo ZAP acquisition, we have also entered into a deal contingent hedge to fix the purchase price in EUR and eliminate the currency risk. If there was a 10% change in the EUR compared to the actual rate as at December 31, 2019 for BRL, our net foreign exchange effect would change by approximately €2.5 million.

The Group had various intercompany loans between entities operating across different geographic markets and has thereby been exposed to fluctuations in foreign exchange rates. In the year ended December 31, 2019, net foreign exchange gain was €1.4 million, while it was a net foreign exchange loss of €1.9 million in 2018 and a net foreign exchange gain of €6.6 million in 2017. In the year ended December 31, 2019, net foreign exchange gain (loss) is mainly related to the change of functional currency in some Norwegian entities from NOK to €. In the year ended December 31, 2018, net foreign exchange gain (loss) was largely related to currency effects in Adevinta's business in Latin America.

Recent Developments

Although results of operations for the three months ended September 30, 2020 are not yet final, see "*Summary—Recent Developments—Adevinta's preliminary results as of and for the three months ended September 30, 2020*" for unaudited information reflecting our preliminary expectations with respect to such results based on information currently available to management, as well as a description of certain other recent developments.

Description of certain line items

Set forth below is a brief description of the composition of certain line items of the income statement. This description must be read in conjunction with the significant accounting policies herein and in the notes to the Adevinta Consolidated Financial Statements for 2019 and the Adevinta Audited Combined Financial Statements for 2017 and 2018 included herein.

Operating revenues

Operating revenues are primarily comprised of classifieds revenues and advertising revenues. Classifieds revenues consist of listing fees and other revenues from premium products, such as products offering increased visibility. Advertising revenues consist of sales of advertisement space on our sites.

Personnel expenses

Personnel expenses (net of capitalization of internally generated software) are primarily comprised of salaries, social security costs, pension expense and share-based payments.

Other operating expenses

Other operating expenses are primarily comprised of marketing expenses, expenses related to product and technology development, office rental, as well as other operating expenses, such as IT expenses and commissions paid to financial institutions for providing payment solutions and to sales agents for sale of online advertising.

Gross operating profit (loss)

Gross operating profit (loss) comprises total operating revenues after deducting personnel expenses and other operating expenses. This line item is also referred to as EBITDA (earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortization). See "*Summary—Adevinta Summary Consolidated and Combined Financial Information and Other Non-Financial Data*".

Depreciation and amortization

Depreciation and amortization are primarily related to amortization of our internally generated intangible assets within product and technology development, as well as amortization of customer contracts acquired through business combinations and depreciation of office equipment.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. Depreciation schedules reflect the assets' residual value. Intangible assets with a finite expected useful life are amortized on a straight-line basis over the expected useful life.

Share of profit (loss) of joint ventures and associates

Share of profit (loss) of joint ventures and associates is primarily comprised of the profit (loss) of our joint ventures and associates in Latin America, Austria, Asia, Portugal and France. This included our operations in Chile up until the second quarter of 2017, from which point the business was fully consolidated as we acquired the remaining 50% interest in the company. Our operations in Asia have been included in this line item, but the majority of these operations were divested in 2017 and 2018. Our 50% interest in OLX Brazil, which is accounted for under the equity method, is reflected in this line item in the combined and consolidated income statements. OLX Brazil is currently a 50/50 joint venture with a subsidiary of Prosus N.V., but in part of 2017, we owned 25% of OLX Brazil.

Impairment loss

Property, plant, equipment, intangible assets and goodwill are reviewed for impairment whenever an indication that the carrying amount of these assets may not be recoverable is identified. Goodwill and other intangible assets that have an indefinite useful life are tested annually for impairment. Impairment indicators will typically be changes in market developments, competitive situation or technological developments. An impairment loss is recognized in the income statement if the carrying amount of an asset (cash generating unit) exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Other income and expenses

Other income and expenses include income and expenses of a special nature are presented on a separate line within operating profit (loss). Such items are characterized by being transactions and events not considered to be part of operating activities and not being reliable indicators of underlying operations. Other income and expenses include items such as restructuring costs, acquisition-related costs, gains or losses on sale or remeasurement of assets, investments in operations and other expenses. Acquisition-related costs may include both costs related to acquisitions done and transactions that were not completed.

Operating profit (loss)

Operating profit (loss) comprises gross operating profit (loss) after deducting depreciation and amortization, share of profit (loss) of joint ventures and associates, impairment loss and other income and expenses.

Financial income and expenses

Financial income and expenses consist of interest income (expenses), foreign exchange gain (loss) and other financial income (expenses). Financial expenses for 2017 and 2018 were primarily related to interest on credit positions in Schibsted Group's cash pool. Financial expenses for the year ended December 31, 2019 were primarily related to interest on loans from Schibsted and credit positions in Schibsted Group's cash pool, revolving credit facility and lease liabilities.

Tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Any amount recognized as current tax assets or liabilities and deferred tax assets or liabilities are recognized in profit or loss, except to the extent that the tax arises from a transaction or event recognized in other comprehensive income or directly in equity or arises from a business combination.

Profit (loss)

Profit (loss) comprises operating profit (loss) after deducting financial income and expenses and tax.

Results of operations

Results of operations for the six months ended June 30, 2020 compared to the six months ended June 30, 2019

The following table sets forth our income statement data for the six months ended June 30, 2019 and 2020.

(in EUR million)	Six months ended June 30, 2019[(1)] (unaudited)	Six months ended June 30, 2020 (unaudited)	Change %
Operating revenues	**330.6**	**319.5**	(3.4)%
Personnel expenses	(110.7)	(128.6)	16.2%
Other operating expenses	(121.6)	(112.1)	(7.8)%
Gross operating profit (loss)	**98.3**	**78.8**	(19.8)%
Depreciation and amortization	(21.7)	(28.6)	31.8%
Share of profit (loss) of joint ventures and associates	0.5	2.4	380.0%
Impairment loss	(0.3)	—	—
Other income and expenses	(7.5)	(4.5)	40%
Operating profit (loss)	**69.3**	**48.1**	(30.6)%
Financial income	3.6	0.1	(97.2)%
Financial expenses	(4.6)	(67.6)	1,369.6%
Profit (loss) before taxes	**68.2**	**(19.3)**	(128.3)%
Taxes	(27.0)	(20.8)	(23.0)%
Profit (loss)	**41.2**	**(40.1)**	(197.3)%

(1) Commencing in 2020, the segment figures for Willhaben (our 50/50 joint venture) are presented on a 100% consolidated basis to reflect how the business and performance is monitored by management and comparative figures for 2019 (i.e. for the six months ended June 30, 2019) have been restated accordingly. Subsequent adjustments are included in "Eliminations" to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

Operating revenues

The following table sets out the breakdown of our operating revenues by segment for the six months ended June 30, 2019 and 2020:

(in EUR million)	Six months ended June 30, 2019[1]	2020	Change %
	(unaudited)		
Operating revenues			
France	170.2	183.5	7.8%
Spain	89.9	79.4	(11.7)%
Brazil[2]	40.8	32.7	(19.9)%
Global Markets	81.2	69.3	(14.7)%
Other/Headquarters	7.2	4.5	(37.5)%
Eliminations	(58.7)	(49.9)	15.0%
Total	**330.6**	**319.5**	(3.4)%

(1) Commencing in 2020, the segment figures for Willhaben (our 50/50 joint venture) are presented on a 100% consolidated basis to reflect how the business and performance is monitored by management and comparative figures for 2019 (i.e. for the six months ended June 30, 2019) have been restated accordingly. Subsequent adjustments are included in "Eliminations" to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

(2) The Brazil segment primarily comprises the joint venture OLX 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. Subsequent adjustments are included in "Eliminations" to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

Operating revenues for the six months ended June 30, 2020 decreased by €11.1 million, or 3.4%, from €330.6 million for the six month ended June 30, 2019 to €319.5 million for six month ended June 30, 2020. The decrease was primarily due to a decrease in operating revenues in all segments of the Group except for France, our largest market, which grew by 7.8%. In particular, primarily as a result of the impact of COVID-19 and the ensuing decline in traffic, our operating revenues experienced limited growth during the first quarter of 2019. We have experienced an improvement in operating revenues throughout the second quarter in all segments and our financial performance has recovered driven by classifieds revenues from our main verticals and transactional revenues (i.e. revenues from our delivery and payment solutions). Our traffic and leads are now back to pre-COVID-19 levels and above the levels of 2019 in most of our markets.

France

Operating revenues from our French segment for the six months ended June 30, 2020 increased by €13.3 million, or 7.8%, from €170.2 million for the six months ended June 30, 2019 to €183.5 million for six months ended June 30, 2020. The increase was primarily due to contribution to our operating revenues from (i) our acquisition of L'Argus, (ii) our subscription revenues from motor and real estate verticals and (iii) the ramp up in transactional revenues. Following the lifting of lockdown restrictions, our operating revenue returned to double digit growth in June 2020, driven by classifieds revenue, while advertising revenue remained below 2019 levels.

Spain

Operating revenues from our Spanish segment for the six months ended June 30, 2020 decreased by €10.5 million, or 11.7%, from €89.9 million for the six months ended June 30, 2019 to €79.4 million for six months ended June 30, 2020. The decrease was primarily due to a decline in operating revenues across all verticals, primarily as a result of COVID-19. The decrease in operating revenues was partially offset by the contribution to operating revenues during January and February 2020, resulting primarily from the increase in our customers as well as price increases in our motor vertical, as well as post-COVID-19 recovery during the end of the second quarter of 2020, with operating revenues from our real estate and motor verticals starting to recover in June 2020. Programmatic revenues with respect to display advertising also returned to normal levels in June 2020, in line with the recovery in traffic.

Brazil

Operating revenues from our Brazilian segment, which is based on 100% of operating revenues in OLX Brazil in which we own a 50% interest, for the six months ended June 30, 2020 decreased by €8.1 million, or 19.9%, from €40.8 million for the six months ended June 30, 2019 to €32.7 million for six months ended June 30, 2020. The decrease was primarily due to the depreciation of the BRL against the Euro, as compared to the six months ended June 30, 2019. Excluding foreign exchange effects, operating revenue from our Brazilian business decreased by 1.9%. The decrease was primarily due to a slowdown in supply in our real estate and motor verticals, as well as a decline in indirect advertising revenues (i.e. related to advertising sales not sold through direct sales team), primarily due to the impact of COVID-19. This was partially offset by our recovery in professional revenues towards the end of the second quarter of 2020, driven by successful initiatives to improve retention and new sales, as well as in indirect advertising, due to improvement in advertising formats and the increase in traffic commencing in mid-May 2020.

Global markets

Operating revenues from our Global Markets segment for the six months ended June 30, 2020 decreased by €11.9 million, or 14.7%, from €81.2 million for the six months ended June 30, 2019 to €69.3 million for six months ended June 30, 2020. The decrease was primarily due to the 9% decrease in classifieds operating revenues as well as the 24% decrease in advertising revenues in the six months ended June 30, 2020, compared to the six months ended June 30, 2019, mainly as a result of COVID-19. The decrease was partially offset by increases in operating revenues at the end of the second quarter of 2020, driven by the post-COVID-19 recovery, with Willhaben (which is a 50% owned joint venture) showing improvement in terms of both advertising (commencing in June 2020) and classifieds operating revenues (commencing in May 2020).

Personnel expenses

Personnel expenses for the six months ended June 30, 2020 increased by €17.9 million, or 16.2%, from €110.7 million for the six months ended June 30, 2019 to €128.6 million for six months ended June 30, 2020. The increase in personnel expenses was primarily due to our investment in talent and resources to support the long-term development of our business. These expenses were limited to the second quarter of 2020, driven by hiring freeze guidelines and by the activation of government support measures in France and Spain.

Other operating expenses

Other operating expenses for the six months ended June 30, 2020 decreased by €9.5 million, or 7.8%, from €121.6 million for the six months ended June 30, 2019 to €112.1 million for six months ended June 30, 2020. The decrease in the amount of Other operating expenses was primarily due to cost reduction measures, including a reduction in marketing expenses in the second quarter of 2020, implemented to mitigate the impact of the shortfall in operating revenues, primarily due to COVID-19.

Gross operating profit (loss)

Gross operating profit for the six months ended June 30, 2020 decreased by €19.5 million, or 19.8%, from €98.3 million for the six months ended June 30, 2019 to €78.8 million for six months ended June 30, 2020. The decrease in gross operating profit was primarily due to the decrease in operating revenues across all of our markets, mainly as a result of COVID-19. The decrease was partially offset by cost reduction initiatives implemented throughout the Group in order to mitigate the negative impact.

Operating expenses as a percentage of operating revenues was 70.3% in the six months ended June 30, 2019 compared to 75.3% in the six months ended June 30, 2020, while other operating expenses as a percentage of operating revenues decreased in the period, from 36.8% in 2019 to 35.1% in 2020.

The following table sets out the breakdown of our gross operating profit by segment for the six months ended June 30, 2019 and 2020:

(in EUR million)	Six months ended June 30, 2019[(1)]	Six months ended June 30, 2020	Change %
	(unaudited)		
Gross operating profit			
France	93.3	87.8	(5.9)%
Spain	28.1	24.5	(12.8)%
Brazil	(2.2)	7.0	418.2%
Global Markets	8.0	3.6	(55.0)%
Other/Headquarters	(26.2)	(31.5)	(20.2)%
Eliminations	(2.7)	(12.6)	(366.7)%
Total	**98.3**	**78.8**	(19.8)%

(1) Commencing in 2020, the segment figures for Willhaben (our 50/50 joint venture) are presented on a 100% consolidated basis to reflect how the business and performance is monitored by management and comparative figures for 2019 have been restated accordingly. Subsequent adjustments are included in Eliminations to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

France

Gross operating profit from our French segment decreased by €5.5 million, or 5.9%, from €93.3 million for the six months ended June 30, 2019 to €87.8 million for the six months ended June 30, 2020. The decrease was primarily due to the decrease in operating revenues in our French segment described above and the investment in the transactional model ahead of revenue generation. This was partially offset by mitigation initiatives implemented during the COVID-19 lockdown, including government support measures related to employees.

Spain

Gross operating profit from our Spanish segment decreased by €3.6 million, or 12.8%, from €28.1 million for the six months ended June 30, 2019 to €24.5 million for the six months ended June 30, 2020. The decrease was primarily due to the decrease in operating revenues in our Spanish segment described above. The decrease was partially offset by the execution of cost saving initiatives, which partially mitigated the impact of the operating revenue decline on profitability. Such initiatives included reductions in marketing investment, selective temporary working hours reduction and negotiation with key providers regarding pricing and payments. We also progressed in our convergence strategy in order to reduce cost duplication and improve our cost base.

Brazil

Gross operating profit from our Brazilian segment increased by €9.2 million, or 418.2%, from gross operating loss of €2.2 million for the six months ended June 30, 2019 to gross operating profit of €7.0 million for the six months ended June 30, 2020. The increase was primarily due to a one-off reversal in the six months ended June 30, 2020 of expenses relating to the management long-term incentive plan in OLX Brazil as well as cost-saving initiatives. This was partially offset by the decrease in operating revenues from our Brazilian segment described above and the investments in Product & Technology resources.

Global Markets

Gross operating profit from our Global Markets segment decreased by €4.4 million, or 55%, from €8.0 million for the six months ended June 30, 2019 to €3.6 million for the six months ended June 30, 2020. The increase was primarily due to the decrease in operating revenues from our Global Markets segment described above, partially offset by the implementation of cost reduction measures.

HQ and other

Gross operating profit from our HQ business for the six months ended June 30, 2020 decreased by €5.3 million, or 20.2%, from a loss of €26.2 million for the six months ended June 30, 2019 to a loss of €31.5 million for the six months ended June 30, 2020. The decrease was primarily due to an increase in operating expenses as a result of the set-up of corporate functions following our April 2019 IPO. The increase was partially offset by one-off positive contributions to HQ and other costs, through the recognition of government grants as R&D credits, as well as lower travel and meetings expenses.

Depreciation and amortization

Depreciation and amortization for the six months ended June 30, 2020 increased by €6.9 million, or 31.8%, from €21.7 million for the six months ended June 30, 2019 to €28.6 million for six months ended June 30, 2020. The increase was mainly due to increase in right of use assets and in internally developed intangible assets.

Share of profit (loss) of joint ventures and associates

Share of profit (loss) of joint ventures and associates for the six months ended June 30, 2020 increased by €1.9 million from €0.5 million for the six months ended June 30, 2019 to €2.4 million for six months ended June 30, 2020. Share of profit (loss) of joint ventures comprised primarily of the results of OLX Brazil and Willhaben.

The proportionate share of profit and loss after tax from joint ventures and associates is recognized on a separate line in our statements of profit and loss.

Impairment loss

Impairment loss for the six months ended June 30, 2020 was zero compared to €0.3 million for six months ended June 30, 2019.

Other income and expenses

Other income and expenses for the six months ended June 30, 2020 decreased by €3.0 million from net other expense of €7.5 million for the six months ended June 30, 2019 to net other expense of €4.5 million for six months ended June 30, 2020. The change was primarily due to restructuring and IPO-related costs in 2019 that we did not have in 2020.

Operating profit (loss)

Operating profit for the six months ended June 30, 2020 decreased by €21.2 million, or 30.6%, from €69.3 million for the six months ended June 30, 2019 to €48.1 million for six months ended June 30, 2020. The decrease was primarily due to the factors described above.

Financial income

Financial income for the six months ended June 30, 2020 decreased by €3.5 million, or 97.2%, from €3.6 million for the six months ended June 30, 2019 to €0.1 million for the six months ended June 30, 2020. The decrease was primarily due to the fact that for the six months ended June 30, 2019 there was a net foreign exchange gain amounting to €3.4 million whereas for the six months ended June 30, 2020 the net foreign exchange result was a loss.

Financial expenses

Financial expenses for the six months ended June 30, 2020 increased by €63.0 million, from €4.6 million for the six months ended June 30, 2019 to €67.6 million for the six months ended June 30, 2020. The increase was primarily due €63.1 million of foreign exchange losses, mainly due to changes in the fair value of certain contingent derivatives we entered into in connection with the acquisition of Grupo Zap which resulted in an unrealized foreign exchange loss.

Taxes

Taxes for the six months ended June 30, 2020 decreased by €6.2 million, or 23%, from €27 million for the six months ended June 30, 2019 to €20.8 million for six months ended June 30, 2020. Generally, we recognize a reported tax rate that exceeds the nominal tax rate primarily due to losses for which no deferred tax asset is recognized. The reported tax rate in the six months ended June 30, 2019 was significantly lower compared to the six months ended June 30, 2020 because we in 2020 recognized foreign exchange losses related to derivatives for which no deferred tax asset was recognized.

Profit (loss)

Profit for the six months ended June 30, 2020 decreased by €81.3 million, from a profit of €41.2 million for the six months ended June 30, 2019 to a loss of €40.1 million for six months ended June 30, 2020. The decrease was primarily due to the factors described above.

Results of operations for the year ended December 31, 2019 compared to the year ended December 31, 2018

The following table sets forth our income statement for the years ended December 31, 2018 and 2019, respectively. Adevinta has presented combined financial statements until the first quarter of 2019. IFRS 10 Consolidated Financial Statements requires a parent company to present consolidated financial statements. Adevinta did not control its subsidiaries until April 2019 and thus did not prepare consolidated financial statements prior to such date. Following its demerger from Schibsted, Adevinta obtained control of the subsidiaries and ownership interests comprising the Group and reports consolidated financial statements according to IFRS 10.

	Year ended December 31,		
(in EUR million)	**2018**	**2019**	**Change %**
Operating revenues	**594.6**	**680.3**	14.4%
Personnel expenses	(201.3)	(234.8)	16.6%
Other operating expenses	(242.3)	(246.0)	1.5%
Gross operating profit (loss)	**151.0**	**199.5**	32.1%
Depreciation and amortization	(26.5)	(45.3)	70.9%
Share of profit (loss) of joint ventures and associates	6.8	5.9	(13.2)%
Impairment loss	(56.6)	(24.6)	(56.5)%
Other income and expenses	(6.3)	(12.8)	103.2%
Operating profit (loss)	**68.4**	**122.8**	79.5%
Financial income	1.2	1.7	41.7%
Financial expenses	(15.3)	(7.8)	(49.0)%
Profit (loss) before taxes	**54.3**	**116.7**	114.9%
Taxes	(61.3)	(49.6)	(19.1)%
Profit (loss)	**(7.0)**	**67.1**	1,058.6%

Operating revenues

The following table sets out the breakdown of our operating revenues by segment for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
(in EUR million)	**2018**	**2019**	**Change %**
Operating revenues[(1)]			
France	306.6	357.4	16.6%
Spain	160.0	182.0	13.8%
Brazil[(1)]	68.9	86.0	24.8%
Global Markets	118.3	124.2	5.0%
Other/Headquarters	7.1	13.4	88.7%
Eliminations	(66.2)	(82.7)	(24.9)%
Total	**594.6**	**680.3**	**14.4%**

(1) The Brazil segment primarily comprises the joint venture OLX 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. Subsequent adjustments are included in Eliminations to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

Operating revenues for year ended December 31, 2019 increased by €85.7 million, or 14.4%, from €594.6 million for the year ended December 31, 2018 to €680.3 million for the year ended December 31, 2019. The increase was primarily due to an increase in operating revenues in all segments of the Group.

France

Operating revenues from our French segment for year ended December 31, 2019 increased by €50.8 million, or 16.6%, from €306.6 million for the year ended December 31, 2018 to €357.4 million for the year ended December 31, 2019. The increase was primarily due to the increase in operating revenues from our real estate and motor verticals and the incorporation of L'Argus into the French portfolio in October 2019, as well as Locasun and Paycar.

Spain

Operating revenues from our Spanish segment for the year ended December 31, 2019 increased by €22.0 million, or 13.8%, from €160 million for the year ended December 31, 2018 to €182 million for year ended December 31, 2019. The increase was primarily due to continued growth in operating revenues from the motor, jobs and real estate verticals. Display advertising also contributed positively to the strong performance, but with a lower growth rate compared to the verticals.

Brazil

Operating revenues from the Brazilian business, which is based on 100% of operating revenues in OLX Brazil, for the year ended December 31, 2019 increased by €17.1 million, or 24.8%, from €68.9 million for year ended December 31, 2018 to €86.0 million for the year ended December 31, 2019. The increase was primarily due to the continued monetization of the motor and real estate verticals. Infojobs Brazil also contributed positively to revenue growth. The increase was partially offset by foreign exchange effects.

Global markets

Operating revenues from the Group's Global Markets business for year ended December 31, 2019 increased by €5.9 million, or 5.0%, from €118.3 million for the year ended December 31, 2018 to €124.2 million for the year ended December 31, 2019. The increase was due to an increase in classifieds revenues. In Italy operating revenues continued increasing in 2019, particularly driven by motor, partially offset by weaker revenue contribution in display advertising. In Hungary, operating revenues continued to grow in 2019. Our Investment Phase Operations continued to develop in terms of revenue and traffic.

Other/Headquarters

Operating revenues from the our Other/Headquarters business for the year ended December 31, 2019 increased by €6.3 million, or 88.7%, from €7.1 million for the year ended December 31, 2018 to €13.4 million for year ended December 31, 2019. The increase was primarily due to re-invoicing costs to Schibsted in connection with certain shared teams.

Personnel expenses

Personnel expenses for year ended December 31, 2019 increased by €33.5 million, or 16.6%, from €201.3 million for the year ended December 31, 2018 to €234.8 million for the year ended December 31, 2019. The increase in personnel expenses was primarily due to a higher number of FTEs in the Group, which increased from 3,639 in the year ended December 31, 2018 to 4,169 in the year ended December 31, 2019. Personnel expenses as a percentage of operating revenues decreased from 33.9%% in the year ended December 31, 2018 to 34.5% in the year ended December 31, 2019. The increase in the number of FTEs was primarily due to new recruitments as a result of increased activity in existing businesses in France and Spain as well as the acquisition of L'Argus in October 2019.

Other operating expenses

Other operating expenses for the year ended December 31, 2019 increased by €3.7 million, or 1.5%, from €242.3 million for the year ended December 31, 2018 to €246.0 million for the year ended December 31, 2019. The increase was primarily due to an increase in expenses related to Product & Technology development, partially offset by the decrease in marketing spend mainly due to the strategic adjustments in

Shpock and Mexico. Other operating expenses were significantly impacted by the implementation of IFRS 16. The implementation of IFRS 16 contributed €14.4 million to other operating expenses.

Gross operating profit (loss)

Gross operating profit for the year ended December 31, 2019 increased by €48.5 million, or 32.1%, from €151.0 million for the year ended December 31, 2018 to €199.5 million for year ended December 31, 2019. The increase was primarily due to the increase in operating revenues, partially offset by the increased costs arising from product development and the establishment of our corporate structure following the demerger from Schibsted. Furthermore, the implementation of IFRS 16 contributed €14.4 million to the increase in gross operating profit.

Operating expenses as a percentage of operating revenues was 70.7% in the year ended December 31, 2019 compared to 74.6% in the year ended December 31, 2018.

The following table sets out the breakdown of our gross operating profit for the years ended December 31, 2018 and 2019:

(in EUR million)	Year ended December 31, 2018	Year ended December 31, 2019	Change %
	(unaudited)		
Gross operating profit			
France	169.3	191.3	13.0%
Spain	47.1	60.5	28.5%
Brazil	2.6	6.0	130.8%
Global Markets	(30.4)	10.1	133.2%
Other/Headquarters	(34.8)	(63.2)	(81.6)%
Eliminations	(2.7)	(5.2)	(92.6)%
Total	**151.0**	**199.5**	32.1%

France

Gross operating profit from our French segment increased by €22 million, or 13%, from €169.3 million for the year ended December 31, 2018 to €191.3 million for the year ended December 31, 2019. The increase was primarily due to the increase in operating revenues described above. EBITDA margin, however, decreased due to the dilutive impact of acquisitions and an increase in expenses related to Product and Technology development as well as sales activities.

Spain

Gross operating profit from our Spanish segment increased by €13.4 million, or 28.5%, from €47.1 million for the year ended December 31, 2018 to €60.5 million for the year ended December 31, 2019. The increase was primarily due to higher growth in operating revenues compared to operating expenses, reflecting increased operational leverage.

Brazil

Gross operating profit from our Brazilian segment increased by €3.4 million, or 130.8%, from €2.6 million for the year ended December 31, 2018 to €6 million for the year ended December 31, 2019. The increase was primarily due to higher growth in operating revenues compared to operating expenses.

Global markets

Gross operating profit from our Global markets segment increased from a loss of €30.4 million for the year ended December 31, 2018 to a profit of €10.1 million for the year ended December 31, 2019. The increase was primarily due to the increase in our Developed Phase Operations, to €20 million for the year ended December 31, 2019 from €12.7 million for the year ended December 31, 2018, due to operational leverage, particularly in Ireland and Hungary, and cost structure improvements. Our Investment Phase Operations reduced losses to €9.8 million for the year ended December 31, 2019, from a loss of €43.1 million for the year ended December 31, 2018, due to sharpened focus on the cost base through marketing and other cost reduction in both Shpock and Mexico. (This is a non-IFRS measure, which excludes operations in growth phase with large investments in market positions, immature monetization rate and where sustainable profitability has not been reached, and conveys information about segment profitability in developed phase operations. For a definition of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*" and for a reconciliation of this measure to the operating profit (loss) for the periods presented see Note 6 to Adevinta Audited Combined Financial Statements for 2017 and 2018).

Other/Headquarters

Gross operating profit from the our Other/Headquarters business for the year ended December 31, 2019 decreased by €28.4 million, or 81.6%, from a loss of €34.8 million for the year ended December 31, 2018 to a loss of €63.2 million for year ended December 31, 2019. The decrease was primarily due investments in scalable technology and data and expenses relating to the setup of corporate and functional teams as a result of the demerger from Schibsted.

Depreciation and amortization

Depreciation and amortization for year ended December 31, 2019 increased by €18.8 million, or 70.9%, from €26.5 million for year ended December 31, 2018 to €45.3 million for the year ended December 31, 2019. The increase was primarily due to depreciation of right of use assets due to implementation of IFRS 16.

Share of profit (loss) of joint ventures and associates

Share of profit (loss) of joint ventures and associates for year ended December 31, 2019 decreased by €0.9 million from €6.8 million for year ended December 31, 2018 to €5.9 million for the year ended December 31, 2019. Share of profit (loss) of joint ventures are comprised primarily of OLX Brazil and Willhaben.

The proportionate share of profit and loss after tax from joint ventures and associates is recognized on a separate line in the statements of profit and loss.

Impairment loss

Impairment loss for year ended December 31, 2019 was €24.6 million, primarily relating to a write-down of goodwill in Mexico due to a decline in its performance and a change in business strategy as compared to €56.6 million for year ended December 31, 2018, primarily relating to impairment of goodwill in the Group's operations in Chile, which was effectively a partial reversal of the gain recorded in 2017 related to the remeasurement of previously held equity interest in Yapo.cl.

Other income and expenses

Other income and expenses for year ended December 31, 2019 increased by €6.5 million from net other expense of €6.3 million for year ended December 31, 2018 to net other expense of €12.8 million for the year ended December 31, 2019. Other expense primarily comprised restructuring costs in 2018 and restructuring, transition and listing costs and other expenses related to Adevinta's IPO in 2019.

Operating profit (loss)

Operating profit for year ended December 31, 2019 was €122.8 million, an increase of €54.4 million, or 79.5%, from €68.4 million for year ended December 31, 2018. The increase was primarily due to the reasons described above.

Financial income

Financial income increased by €0.5 million, or 41.7%, from €1.2 million for year ended December 31, 2018 to €1.7 million for the year ended December 31, 2019. Financial income mainly comprised of interest revenues of €1.1 million and net foreign exchange gains of €1.4 million in the years ended December 31, 2018 and 2019, respectively.

Financial expenses

Financial expenses decreased by €7.5 million, or 49%, from €15.3 million for year ended December 31, 2018 to €7.8 million for the year ended December 31, 2019. Financial expenses in 2018 mainly comprised of €9.8 million relating to the net interest cash-pool with Schibsted, €1.9 million foreign exchange loss and €0.9 million interest on put options. Financial expenses in 2019 mainly comprised €4.4 million relating to the net interest cash-pool with Schibsted and other interest expenses, €1.7 million relating to interest on lease liabilities and €1.5 million of other financial expense.

Taxes

Taxes decreased by €11.7 million, or 19.1%, from €61.3 million for year ended December 31, 2018 to €49.6 million for the year ended December 31, 2019, primarily due to reduction in losses for which no tax asset is recognized and subsequent recognition of previously unrecognized deferred tax benefits acquired in business combinations, partially offset by increase in tax expenses due to increase in profit before tax.

Profit (loss)

Profit increased by €74.1 million, from a loss of €7.0 million for year ended December 31, 2018 to a profit of €67.1 million for the year ended December 31, 2019. The increase was primarily due to the factors described above.

Results of operations for the year ended December 31, 2018 compared to the year ended December 31, 2017

The following table sets forth our income statement the years ended December 31, 2017 and 2018.

	Year ended December 31,		
(in EUR million)	**2017**	**2018**	**Change %**
Operating revenues	**511.4**	**594.6**	16.3%
Personnel expenses	(182.6)	(201.3)	10.2%
Other operating expenses	(233.0)	(242.3)	4.0%
Gross operating profit (loss)	**95.8**	**151.0**	57.6%
Depreciation and amortization	(21.6)	(26.5)	22.7%
Share of profit (loss) of joint ventures and associates	(13.5)	6.8	150.4%
Impairment loss	(1.1)	(56.6)	5,045.5%
Other income and expenses	139.3	(6.3)	(104.5)%
Operating profit (loss)	**198.8**	**68.4**	(65.6)%
Financial income	0.6	1.2	100%
Financial expenses	(18.3)	(15.3)	(16.4)%
Profit (loss) before taxes	**181.2**	**54.3**	(70.0)%
Taxes	(62.1)	(61.3)	(1.3)%
Profit (loss)	**119.1**	**(7.0)**	(105.9)%

Operating revenues

Operating revenues for the year ended December 31, 2018 increased by €83.2 million, or 16.3%, from €511.4 million for the year ended December 31, 2017 to €594.6 million for year ended December 31, 2018. The increase was primarily due to an increase in operating revenues in all segments of the Group.

The following table sets out the breakdown of our operating revenues by segment for the years ended December 31, 2017 and 2018:

	Year ended December 31,		
(in EUR million)	**2017**	**2018**	**Change %**
Operating revenues			
France	259.7	306.6	18.1%
Spain	137.7	160.0	16.2%
Brazil[(1)]	53.3	68.9	29.3%
Global Markets	107.1	118.3	10.5%
Other/Headquarters	3.8	7.1	86.8%
Eliminations	(50.2)	(66.2)	(31.9)%
Total	**511.4**	**594.6**	16.3%

(1) The Brazil segment primarily comprises the joint venture OLX 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. Subsequent

adjustments are included in Eliminations to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

France

Operating revenues for our French segment increased by €46.9 million, or 18.1%, from €259.7 million for the year ended December 31, 2017 to €306.6 million for year ended December 31, 2018. The increase was primarily due to continued growth in operating revenues derived from the real estate, motor and job verticals and a 2% increase in operating revenue reflecting the acquisition of A Vendre A Louer.

Real estate vertical

Operating revenues from our real estate vertical in France increased by 25% during the period, which was principally due to a combination of a 10% increase in the number of professional customers and a 16% increase in average revenues per professional user ("ARPU"). The growth in ARPU was primarily attributable to new products and services and improved monetization by capturing value from the services offered to customers in these categories.

Motor vertical

Operating revenues from our motor vertical in France increased by 18% during the period, which was primarily attributable to an 18% increase in ARPU as the number of professional customers only increased 2% in 2018. The growth in ARPU was primarily attributable to new products and services and improved monetization by capturing value from the services offered to customers in these categories.

Job vertical

Operating revenues from our job vertical in France increased by 54% during the period, which was primarily due to a 53% increase in the number of professional customers, while ARPU increased by only 2% in 2018. The modest increase in ARPU in the period was primarily due to leboncoin's challenger position in the jobs market, which has caused it to focus on customer growth and content development, rather than on monetization.

Advertising

Operating revenues from advertising in France represented 23.5% of total operating revenues in France in 2018, increasing at a lower rate than classifieds revenue from verticals in 2018. The softening trend in advertising was due to increased competition within online advertising, particularly from global internet companies such as Facebook and Google.

Spain

Operating revenues for our Spanish segment increased by €22.3 million, or 16.2%, from €137.7 million for the year ended December 31, 2017 to €160.0 million for year ended December 31, 2018. The increase was primarily due to continued growth in operating revenues from the job, motor and real estate verticals.

Job vertical

Operating revenues from our job vertical in Spain increased by 14% during the period, which was primarily attributable to growth in core recruitment products, including our CV database. In the year ended December 31, 2018, operating revenue from new customers in the job vertical was a key driver for growth with the number of professional customers on InfoJobs increasing by 29%, together with an approximate 8% increase in ARPU from existing customers with an annual spending above €500 in 2017, who were also paying customers in 2018. Overall, ARPU in the job vertical decreased by 10% from 2017 to 2018, which was in large part due to an increase in the number of paying professional customers in the small to medium enterprise (or SME) segment. As the SME customers often buy products directly on the sites as a self-service, operating revenue from each customer is generally low as these are typically one-off purchases, which in turn results in lower ARPU.

Motor vertical

Operating revenues from our motor vertical in Spain increased by 27% during the period, which was primarily driven by a strong online classifieds site traction overall and also improved product bundling on

Milanuncios and optimized categorization of classifieds on Coches.net, with an approximate 25% increase in ARPU relating to existing customers with monthly spending above €100 in 2017. However, the number of professional customers buying recurrent classifieds products from the sales force on the sites increased by 24% from 2017 to 2018 due to a strengthened focus to attract such customers. Overall, ARPU increased by approximately 5% from 2017 to 2018.

Real estate vertical

Operating revenues from our real estate vertical in Spain increased by 14% during the period, which was primarily attributable to customer expansion in both Fotocasa and Habitaclia (9% increase in professional customers buying recurrent classifieds products from the sales force on Fotocasa from 2017 to 2018) and an ARPU increase of approximately 3% from 2017 to 2018. The increase in customers was principally due to continued focus on customer expansion and synergies among the sites. Habitaclia, which was acquired in 2017, also contributed to revenue growth, having had an above 15% increase in professional customers from 2017 to 2018 with a resulting increase in ARPU of more than 3%.

Advertising

Operating revenues from advertising in Spain represented 13.5% of total operating revenues in 2018, a 9% increase that was lower than growth in classifieds revenues in the verticals in 2018. The softening trend in advertising was primarily due to increased competition within online advertising, in particular from global internet companies such as Google and Facebook.

Brazil

Segment operating revenues from the Brazilian business, which was based on 100% of operating revenues in OLX Brazil, increased by €15.6 million, or 29.3%, from €53.3 million for the year ended December 31, 2017 to €68.9 million for year ended December 31, 2018. The increase was primarily due to continued growth in revenues from the motor and real estate verticals.

Real estate vertical

Operating revenues from the real estate vertical increased by 50%, which was partly attributable to the 13% increase in customers and the 32% growth in ARPU.

Motor vertical

Operating revenues from the motor vertical increased by 78%, which was partly attributable to a 17% increase in the number of customers and a 52% increase in ARPU.

OLX Brazil's operating revenues also benefited from increasing network effects and scale, as well as the introduction of new products, offers and content on the sites.

Advertising

Operating revenues from advertising represented 21.4% of total operating revenues in Brazil in 2018 and although it had a lower growth rate than operating revenues from the verticals, the Brazil segment had a higher growth rate in advertising than the other segments.

Global markets

Operating revenues from ours Global Markets business increased by €11.2 million, or 10.5%, from €107.1 million for the year ended December 31, 2017 to €118.3 million for year ended December 31, 2018. The increase was due to a general growth in operating revenues for all markets in the segment, particularly Italy, Ireland and Hungary. Further, Yapo in Chile was consolidated into the segment from the third quarter in 2017, which had a positive effect on operating revenues in Global Markets for the entire 2018.

Personnel expenses

Personnel expenses increased by €18.7 million, or 10.2%, from €182.6 million for the year ended December 31, 2017 to €201.3 million for year ended December 31, 2018. The increase in personnel expenses was primarily due to a higher number of FTEs in the Group, which increased from 3,227 in 2017 to 3,637 in 2018, while personnel expenses as a percentage of operating revenues decreased from 35.7% in

2017 to 33.9% in 2018. The increase in the number of FTEs was primarily due to new recruitments as a result of increased activity in existing businesses in France and inclusion of personnel and personnel expenses from the acquisition of A Vendre A Louer in November 2017.

Other operating expenses

Other operating expenses increased by €9.3 million, or 4.0%, from €233.0 million for the year ended December 31, 2017 to €242.3 million for year ended December 31, 2018. The increase in Other operating expenses was primarily due to acquisition of new entities such as A Vendre A Louer in France, which contributed with €4.5 million of the increase in other operating expenses in the period, as well as investments in IT equipment which increased from €32.6 million in 2017 to €38.3 million in 2018. Further, professional fees for ad-reviewing and other professional services increased from €28.4 million in 2017 to €33.3 million in 2018, while rent, maintenance, office expenses and energy increased from €14.7 million in 2017 to €18.4 million in 2018. The Group's marketing expenses decreased slightly from €117.5 million in 2017 to €116.9 million in 2018.

Gross operating profit (loss)

Gross operating profit for the year ended December 31, 2018 increased by €55.2 million, or 57.6%, from €95.8 million for the year ended December 31, 2017 to €151.0 million for year ended December 31, 2018. The increase was primarily due to growth in operating revenues. Operating expenses as a percentage of operating revenues was 74.6% in 2018 compared to 81.3% in 2017, while other operating expenses as a percentage of operating revenues decreased in the period, from 45.6% in 2017 to 40.8% in 2018.

The following table sets out the breakdown of our gross operating profit by segment for the years ended December 31, 2017 and 2018:

(in EUR million)	**Year ended December 31,**		
	2017	**2018**	**Change %**
	(unaudited)		
Gross operating profit			
France	151.9	169.3	11.5%
Spain	34.4	47.1	36.9%
Brazil	(5.5)	2.6	147.3%
Global Markets	(51.5)	(30.4)	41.0%
Other/Headquarters	(39.3)	(34.8)	11.5%
Eliminations	5.7	(2.7)	(147.4)%
Total	**95.8**	**151.0**	57.6%

France

Gross operating profit from the Group's France segment increased by €17.4 million, or 11.5%, from €151.9 million for the year ended December 31, 2017 to €169.3 million for the year ended December 31, 2018. The increase was primarily due to operating revenue growth, which was partially offset by an increase in operating expenses (27.4% in 2018), which primarily resulted from increases in personnel expenses (with more employees in sales and product and technology, in particular) and higher marketing expenses, as well as acquisitions of companies with lower EBITDA margins than leboncoin.

Spain

Gross operating profit from the Group's Spain segment increased by €12.7 million, or 36.9%, from €34.4 million for the year ended December 31, 2017 to €47.1 million for year ended December 31, 2018. The increase was primarily due to higher growth in operating revenues than in operating expenses, reflecting increased operational leverage, particularly in the form of increased efficiency having also growth in personnel, mainly in sales, but also continued growth in technology. Operating expenses in Spain increased by 9% in 2018, primarily reflecting an increase in the number of FTEs from 952 in 2017 to 1,002 in 2018.

Brazil

Gross operating profit (which is based on 100% of gross operating profit in OLX Brazil) from the Brazil segment increased by €8.1 million, or 147.3%, from a loss of €5.5 million for the year ended December 31, 2017 to a profit of €2.6 million for year ended December 31, 2018. The increase was primarily due to operating revenue growth, which was higher than the growth in operating expenses. Operating expenses in Brazil increased 13% in 2018, driven primarily by higher marketing spending.

Global markets

Gross operating loss from Global Markets decreased by €21.1 million, from a loss of €51.5 million for the year ended December 31, 2017 to a loss of €30.4 million for year ended December 31, 2018. Global Markets segment gross operating loss for Investment Phase Operations decreased from a loss of €59.2 million to a loss of €43.1 million from 2017 to 2018.

The decrease in gross operating loss for Investment Phase Operations was primarily due to operating revenue growth as well as a decrease in operating expenses, primarily related to reduction of operating expenses in Shpock, as Shpock cut down on marketing expenses related to brand building and user acquisition.

Other/Headquarters

Gross operating profit from the Group's Other/Headquarters business increased by €4.5 million, from a loss of €39.3 million for the year ended December 31, 2017 to a loss of €34.8 million for year ended December 31, 2018. The increase was primarily due to a decrease in operating expenses, primarily in product and technology development.

Depreciation and amortization

Depreciation and amortization for the year ended December 31, 2018 increased by €4.9 million, or 22.7%, from €21.6 million for the year ended December 31, 2017 to €26.5 million for year ended December 31, 2018. The increase reflects the acquisition of entities such as A Vendre A Louer in France and investments within product and technology, resulting in higher asset values subject to depreciation and amortization.

Share of profit (loss) of joint ventures and associates

Share of profit (loss) of joint ventures and associates for the year ended December 31, 2018 increased by €20.3 million from a loss of €13.5 million for the year ended December 31, 2017 to a profit of €6.8 million for year ended December 31, 2018. Share of profit (loss) of joint ventures comprised primarily of a share of profit from OLX Brazil of €4.9 million, which increased from a share of loss of €3.0 million in 2017.

In 2018, Willhaben in Austria represented €2.6 million of the Group's share of profit from joint ventures, while associates represented a share of loss of €0.7 million.

In 2017, the share of profit from Willhaben represented €1.5 million, while other joint ventures represented a loss of €8.6 million, including operations disposed during 2017. Associated entities experienced a loss of €6.5 million, primarily related to operations in Asia which were partially disposed during 2017.

The proportionate share of profit and loss after tax from joint ventures and associates is recognized on a separate line in the combined statements of profit and loss.

Impairment loss

Impairment loss for the year ended December 31, 2017 was €1.1 million compared to €56.6 million for year ended December 31, 2018, with the impairment in 2018 primarily due to impairment of goodwill in the Group's operation in Chile which was effectively a partial reversal of the gain recorded in 2017 related to the re-measurement of previously held equity interest in Yapo.cl. The impairment loss in 2018 was a result of increased competition and resulting lower estimated future cash flows than previously forecasted. We also discontinued a joint generalist platform project in 2018, which was reflected in impairment loss for the year.

Other income and expenses

Other income and expenses decreased by €145.6 million from net other income of €139.3 million for the year ended December 31, 2017 to net other expense of €6.3 million for year ended December 31, 2018. Net other expense in 2018 primarily comprised restructuring costs of €7.0 million mainly related to severance pay to employees and loss on an office rental contract, which were partially offset by gains on sale of subsidiaries, joint ventures and associates of €1.3 million relating to the sale of Custo Justo and gain on dilution of Younited. Net other income in 2017 mainly comprised gains on sale of subsidiaries, joint ventures and associates, including the sale of 701 Search Pte Ltd, of €91.5 million and gains on re-measurement of the remaining 50% interest in Chile of €52.3 million, which were partially offset by restructuring costs of €3.0 million.

Operating profit (loss)

For the reason described above, operating profit for the year ended December 31, 2018 decreased by €130.4 million, or 65.6%, from €198.8 million for the year ended December 31, 2017 to €68.4 million for year ended December 31, 2018.

Financial income

Financial income increased by €0.6 million, or 100%, from €0.6 million for the year ended December 31, 2017 to €1.2 million for year ended December 31, 2018. Financial income mainly comprised interest income of €1.1 million in 2018 and interest income of €0.4 million in 2017. The increase in interest income in 2018 was primarily due to higher debit positions in Schibsted Group's cash pool in the period.

Financial expenses

Financial expenses for the year ended December 31, 2018 decreased by €3.0 million, or 16.4%, from €18.3 million for the year ended December 31, 2017 to €15.3 million for year ended December 31, 2018. In 2018, financial expenses mainly comprised interest expenses of €9.8 million on the Group's credit positions in Schibsted Group's cash pool, as well as a net foreign exchange loss of €1.9 million. In 2017, financial expenses mainly comprised €9.3 million net interest on the Group's credit positions in Schibsted Group's cash pool, as well as a net foreign exchange loss of €6.6 million. The net foreign exchange loss was mainly caused by a net foreign exchange loss on internal Euro loan to InfoJobs Brazil and a net foreign exchange loss on put obligations in Euro held by minority shareholders in Shpock recognized in a NOK functional reporting unit.

Taxes

Taxes for the year ended December 31, 2018 decreased by €0.8 million, or 1.3%, from €62.1 million for the year ended December 31, 2017 to €61.3 million for year ended December 31, 2018. Generally, we recognize an effective tax rate that exceeds the nominal tax rate primarily due to losses for which no deferred tax asset is recognized. In 2018, we recognized non-tax deductible impairment losses related to goodwill, which increased the effective tax rate. The effective tax rate in 2017 was significantly lower compared to 2018 due to non-taxable gains relating to gain on sale of the associate 701 Search Pte Ltd and income from gain on re-measurement related to the acquisition of the remaining 50% interest in Chile reported under Other income and expenses in 2017.

Profit (loss)

Profit decreased by €126.1 million, from a profit of €119.1 million for the year ended December 31, 2017 to a loss of €7.0 million for year ended December 31, 2018. The decrease was primarily due to the impairment loss recognized on goodwill related to Yapo in Chile and a reduction in other income and expenses partially offset by higher growth in operating revenues compared to operating expenses and reduced financial expenses.

Liquidity and capital resources

Our liquidity requirements arise primarily from the requirement to fund our operating expenses, investments in product and technology development, development and purchase of intangible assets and property, plant and equipment and payment of debt. Our principal sources of liquidity are cash generated from our operations and debt financing from banks. Our policy is to maintain available liquidity (cash, cash equivalents and available long-term bank facilities) in a minimum amount equal to at least 10% of next twelve months revenues.

Our Net Leverage Ratio was 1.0, 1.0 and 1.2 for the years ended December 31, 2018, 2019 and the twelve months ended June 30, 2020 respectively. We aim to maintain a targeted leverage ratio (net interest-bearing debt to EBITDA) in the range of 1-4x. The Group is willing to temporarily increase the leverage target to achieve transformative acquisitions such as the Acquisition.

As of June 30, 2020, we had total net debt (which is total debt of €526.7 million net of cash and cash equivalents of €308.3 million) of €218.4 million. As adjusted to give effect to the Transactions, as of June 30, 2020, the combined business' as adjusted total net debt would be €2,478.7 million, consisting primarily of the Notes and the Senior Credit Facilities, net of as adjusted cash and cash equivalents of €34.2 million, see "*Capitalization*."

Our ability to generate cash from operations depends on its future operating performance, which is in turn dependent to some extent on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in "*Risk Factors*."

As of the date hereof, we believe that our operating cash flows and borrowing capacity will be sufficient to meet our requirements and commitments for the foreseeable future. Although we believe that our expected cash flows from operating activities, together with available borrowings will be adequate to meet our anticipated general liquidity needs and debt service obligations, we cannot assure you that our business will generate sufficient cash flows from operations to meet these needs or that future debt or equity financing will be available to us in an amount sufficient to enable us to fund our liquidity needs, including making payments on the Notes, the Senior Credit Facilities or other debt when due. If our cash flow from operating activities are lower than expected or our capital expenditure requirements exceed our projections, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and the cost of our current and future debt obligations depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions and capital markets, restrictions in instruments governing our debt and our general financial performance. See "*Risk Factors—Risks Related to our Business—We may be unable to access sufficient funding*."

As part of the Acquisition, we have entered into hedging arrangements to fix our EUR debt commitment relative to the USD cash consideration. As part of the Grupo ZAP acquisition, we have also entered into a series of deal contingent hedges to fix the purchase price in EUR and eliminate the currency risk.

Dividends and Buybacks

Adevinta has not paid any dividends since our incorporation on November 9, 2018. Pursuant to its dividend policy, the Company aims to pay a stable and growing dividend going forward while maintaining flexibility to invest in growth and considers share buybacks as a tool to optimize the capital structure. However, this policy is subject to review by the new Board following completion of the Acquisition. We also have and plan to continue performing share buybacks in the short to medium term to cover obligations arising from share incentive programs.

Cash flows

The following table presents the primary components of our consolidated cash flows as included in the Adevinta Consolidated Unaudited Interim Financial Statements for six-month periods ended June 30, 2020 and 2019 and the Adevinta Consolidated Audited Financial Statements for 2019 and Adevinta Audited Combined Financial Statements for 2017 and 2018. As our business was financed through Schibsted's centralized funding for the years ended December 31, 2017 and 2018, the cash flows from financing below will not be entirely comparable with the cash flows from financing following completion of the demerger from Schibsted.

Cash flows for the six months ended June 30, 2019 and 2020

The following table summarizes the principal components of our combined net cash flows for the six months ended June 30, 2019 and 2020:

(in EUR million)	**Six months ended June 30,**	
	2019	**2020**
	(unaudited)	
Consolidated Statement of Cash Flows		
Net cash flow from operating activities	70.8	56.0
Net cash flow used in investing activities	(40.4)	(33.9)
Net cash flow from financing activities	(20.8)	214.8
Effects of exchange rate changes on cash and cash equivalents	—	(0.4)
Net increase (decrease) in cash and cash equivalents	**9.7**	**236.5**

Cash flows from operating activities decreased by €14.8 million, from €70.8 million in the six months ended June 30, 2019 to €56.0 million in the six months ended June 30, 2020. The decrease was mainly caused by the decrease in operating profit.

Cash flows used in investing activities decreased by €6.5 million, from €40.4 million in the six months ended June 30, 2019 to €33.9 million in the six months ended June 30, 2020. The decrease was mainly caused by lower expenditure in the acquisition of subsidiaries and in the investments in other shares.

Cash flows from financing activities increased by €235.6 million, from cash outflows of €20.8 million in the six months ended June 30, 2019 to cash inflows of €214.8 million in the six months ended June 30, 2020. The significant increase was mainly caused by the cash received from the Grupo Zap Bridge Term Loan Facilities, as well as due to the fact that in the first half-year of 2019 we had cash outflows for the increase in our ownership interest in Spain to 100%, which was partly offset by net financing received from Schibsted.

Cash flows for the years ended December 31, 2019 and 2018

The following table summarizes the principal components of our cash flows for the years ended December 31, 2018 and 2019:

(in EUR million)	**Year ended December 31,**	
	2018	**2019**
Consolidated Statement of Cash Flows		
Net cash flow from operating activities	73.9	134.1
Net cash flow from investing activities	(33.8)	(137.0)
Net cash flow from financing activities	(22.9)	19.2
Effects of exchange rate changes on cash and cash equivalents	0.4	0.3
Net increase (decrease) in cash and cash equivalents	**17.7**	**16.6**

Cash flows from operating activities increased by €60.2 million, from €73.9 million in the year ended December 31, 2018 to €134.1 million in the year ended December 31, 2019. The increase was mainly caused by the increase in operating profit.

Cash flows used in investing activities increased by €103.2 million, from €33.8 million in the year ended December 31, 2018 to €137 million in the year ended December 31, 2019. The increase was mainly caused by the acquisition of subsidiaries and increases in the development and purchase of intangible assets and property, plant and equipment.

Cash flows from financing activities increased by €42.1 million, from cash outflows of €22.9 million in the year ended December 31, 2018 to cash inflows of €19.2 million in the year ended December 31, 2019. The increase was mainly caused by the spinoff from Schibsted. The increase was partially offset by the €200 million drawdown from our €400 million RCF.

Cash flows for the years ended December 31, 2018 and 2017

The following table summarizes the principal components of our combined net cash flows for the years ended December 31, 2018 and 2017:

	Year ended December 31,	
(in EUR million)	**2017**	**2018**
Consolidated Statement of Cash Flows		
Net cash flow from operating activities	5.8	73.9
Net cash flow from investing activities	(438.3)	(33.8)
Net cash flow from financing activities	389.8	(22.9)
Effects of exchange rate changes on cash and cash equivalents	0.8	0.4
Net increase (decrease) in cash and cash equivalents	**(41.9)**	**17.7**

Cash flows from operating activities increased by €68.1 million, from €5.8 million in the year ended December 31, 2017 to €73.9 million in the year ended December 31, 2018. The increase was mainly caused by increase in gross operating profit of €55.2 million, primarily due to growth in operating revenues, a decrease in tax payments of €7.1 million and less negative development in working capital in the period.

Cash flows used in investing activities decreased by €404.5 million, from €438.3 million in the year ended December 31, 2017 to €33.8 million in the year ended December 31, 2018. The decrease was primarily driven by lower net cash outflows related to acquisition of subsidiaries and investment in other shares. In 2017, the Group's cash flows used in investing activities primarily related to the increase in ownership in OLX Brazil, as well as the acquisitions of Yapo in Chile, Habitaclia in Spain and A Vendre A Louer in France, which went from €429.0 million in 2017 to €6.4 million in 2018. The decrease was partially offset by a reduction in proceeds from sale of subsidiaries of €0.1 million in 2018 compared to €18.3 million in 2017.

Cash outflows from financing activities were €22.9 million in 2018 compared to cash inflow of €389.8 million in 2017. The cash outflow in 2018 related mainly to increased ownership interests in subsidiaries and decreased financing from the Schibsted Group.

Financing arrangements

The following table summarizes the combined business' debt obligations as adjusted to give effect to the Transactions as of June 30, 2020:

	Payments due by period					
(in € millions)	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**	**Carrying amount**
Notes(1)	—	—			1,060.3	1,060.3
Senior Credit Facilities(1)	—	—	—	1,325.7	1,325.7	1,325.7
Other loans(1)(2)	0.4	2.6	0.2	—	3.2	3.0
Lease liabilities(1)	22.0	42.7	33.7	36.0	134.4	123.9
Total Debt	**22.4**	**45.3**	**563.9**	**1,891.9**	**2,523.6**	**2,512.9**

(1) See "*Capitalization*."

(2) Includes capital and interest payments.

Development and purchase of intangible assets and property, plant and equipment

For the six months ended June 30, 2020, our cash outflows for the development and purchase of intangible assets and property, plant and equipment were €22.6 million, compared to €48.5 million, €30.7 million and €30.4 million for the years ended December 31, 2019, 2018 and 2017, respectively. This comprised primarily of outflows for the development and purchase of intangible assets.

Off-balance sheet arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on its financial condition, results of operations, liquidity, capital expenditure or capital resources.

Quantitative and Qualitative Disclosures about Market Risks

For a description of the Group's management of market, credit, liquidity, capital management and interest rate risks, see Note 22 "Financial risk management" to the Adevinta Audited Financial Statements for 2019.

Critical accounting policies and estimates

Significant judgements and major sources of estimation uncertainty have been used in preparing the combined and consolidated financial statements. Estimates and judgements are evaluated on a continuous basis and are based on historical data and other sources of information that are deemed reasonable under the circumstances. The most important areas where such judgements and sources of estimation uncertainty are having an impact are addressed below.

Calculation of value in use in testing for impairment of goodwill and intangible assets

The valuation of intangible assets in connection with business combinations and the testing of intangible assets for impairment will to a large extent be based on estimated future cash flows. Correspondingly, the expected useful lives and residual values included in the calculation of depreciation and amortization will be based on estimates.

Estimates related to future cash flows and the determination of discount rates to calculate present values are based on management's expectations on market developments, the competitive situation, technological development, the ability to realize synergies, interest rate levels and other relevant factors.

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 will be significantly higher in periods with uncertain macroeconomic prognosis.

Capitalization of development costs

We have significant activities related to developing new technology to facilitate digital transformation and products that improve the ability to offer targeted advertising and personalized products for customers. Costs of developing such technology are expensed until all requirements for recognition as an asset is met. When requirements for recognition as an asset are met, the costs are capitalized. The requirements for recognition as an asset include the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Determining whether cost shall be charged to expense or be recognized as an asset based on the existing requirements involves the use of judgement by management.

Recognition of deferred tax asset for tax loss carried forward

Judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with tax planning strategies.

Recognition of contracted listing fees and premium products according to normal pattern of views

For classifieds operating revenues from certain listing fees and premium products recognized over time, judgement is required in determining the normal pattern of views for ads displayed for a defined maximum period of time. Management believes that, based on past experience a declining rate is the most appropriate reflection of the normal pattern of views, i.e. ads are viewed more frequently in the beginning of the period it is displayed than towards the end of the maximum period. Relevant contracts applying this recognition principle normally has a duration of 30-60 days.

Liabilities measured at fair value

Certain financial instruments are measured at fair value. When no quoted market price is available, fair value is estimated using different valuation techniques. Estimation uncertainty is significantly reduced due to settlement of non-controlling interests' put option in January 2019.

Fair value of contingent consideration and liabilities related to non-controlling interests' put options

The liabilities are measured at fair value based on the best estimate of future considerations. The estimates take into account the principles for determination of the consideration in the existing agreements. The estimates take further into account, when relevant, management's expectations regarding future economic development used in determining recoverable amount in impairment tests. The estimate can be changed in future periods as the consideration to be paid is dependent upon future fair value as well as future results. Estimation uncertainty is significantly reduced due to settlement of non-controlling interests' put option in January 2019.

Calculation of present value of defined benefit pension obligations

For pension plans, defined benefit plans are calculated based on a set of selected financial and actuarial assumptions. Changes in parameters such as discount rates, mortality rates, future salary adjustments, etc., could have substantial impacts on the estimated pension liability.

Assessment of contingent liabilities

Management applies judgment when assessing contingent liabilities, by considering the likelihood of occurrence of future events that are uncertain and the valuation of any potential future obligation derived from them. Contingent liabilities require a continued assessment to determine whether circumstances have changed, especially whether an outflow of resources has become probable.

Determination of lease term and estimating the incremental borrowing rate

The group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Adevinta cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. IBR is estimated using observable inputs, such as market interest rates, when available. It is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating.

New and amended accounting standards adopted by the Group

The accounting standards IFRS 2 Share-based payment (amendment), IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers has been implemented from January 1, 2018. For details of nature of change and impact on the Adevinta Combined Audited Financial Statements, see Notes 10, 24 and 7.

Also, Adevinta has implemented IFRS 16 Leases with effect from January 1, 2019. IFRS 16 replaces IAS 17 Leases and related interpretations and sets out the principles for recognition, measurement, presentation and disclosure of leases. At the date of initial application, the right-of-use assets of significant office leases are measured as if IFRS 16 had been applied since the commencement date of the related lease. For other leases, the right-of-use asset is measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments at December 31, 2018. Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application. Certain leases with a remaining lease term of less than 12 months at the date of initial application are accounted for similarly as short-term leases. The Group has, as an alternative to performing an impairment review at the date of initial application, used the practical expedient of IFRS 16 to adjust the carrying amount of right-of-use assets by any provisions for onerous lease contracts recognized under IAS 37 at December 31, 2018. The lease liability related to leases in force at the date of initial application is measured applying the incremental borrowing rate as of that date. The weighted average incremental borrowing rate was 2.67% at the implementation date.

For a description of the planned implementation and the impact of IFRS 16 on the Group's financial statements, see Note 30 "Lease Agreements" to the Adevinta Audited Financial Statements for 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ECG

General

The following discussion and analysis should be read in conjunction with the "eCG Selected Combined Financial Information and Other Data", the eCG Audited Financial Statements for 2017-2019, the eCG Interim Financial Statements for the six month periods ended June 30, 2020 and 2019 and the related notes included elsewhere in this information memorandum. eCG's financial statements have been prepared in accordance with IFRS.

Overview

eBay, the parent company of eBay Classifieds is a global commerce leader founded in 1995 in San Jose, California. In September 1998, eBay completed the initial public offering of its common stock. eBay's two reportable segments are the Marketplace and Classifieds platforms. Marketplace includes eBay's online classifieds site located at www.ebay.com, its localized counterparts and the eBay suite of mobile apps.

eBay Classifieds consists of the following eBay subsidiaries: eBay Mobile Labs LLC, eBay Services Mexico, S. de R.L. de C.V. and eBay Classifieds Holding B.V. and its subsidiaries, which includes, among others Mobile.de and excludes the Danish Entity (as it will be acquired by Schibsted Nordic following completion of the Acquisition). Founded in 2004, eBay Classifieds is a leading digital Classifieds brand across 13 countries, including Germany, Denmark, Canada, the Netherlands, Belgium, the United Kingdom and Australia. Headquartered in Amsterdam, the Netherlands, eBay Classifieds consists of multiple platforms offering online classifieds listings across motor, real estate and general classifieds. Germany, the Netherlands and Canada are eBay Classifieds' largest markets, representing 81% of eBay Classifieds' operating revenues for the twelve months ended June 30, 2020. eBay Classifieds' platforms operate under a number of brands, most significantly Mobile.de, eBayK, Marktplaats, Kijiji and Gumtree. The eBay Classifieds platforms enable users to list, buy, sell and pay for items through various online, mobile and offline channels that include retailers, distributors, liquidators, import and export companies, auctioneers, catalogue and mail-order companies, classifieds, directories, search engines, commerce participants, shopping channels and networks.

eCG is among the fastest growing major online classifieds businesses globally, with total operating revenue of €952 million for the year ended December 31, 2019 (€863 million for the year ended December 31, 2018), and EBITDA margin (which equals EBITDA margin incl. JVs, as eCG has no joint ventures) of 34.6% for the year ended December 31, 2019 (34.3% for the year ended December 31, 2018). eCG's portfolio currently includes 17 different online classifieds sites and in the six months ended June 30, 2020 attracted an average of more than 26 million daily users, 1.6 million average listings per day and 1.5 billion average monthly visits across markets with a combined population of 540 million people. For the year ended December 31, 2019, eCG derived 66% of its operating revenues from classifieds, while 34% was derived from advertising. eCG had operating revenues of €892 million, EBITDA of €281.8 million and EBITDA margin of 31.6% in the twelve months ended June 30, 2020. eCG had €408 million in operating revenues in the six months ended June 30, 2020 as compared to €468 million in the six months ended June 30, 2019.

Significant factors affecting results of operation

The factors that management believes have had a material effect on eCG's results of operations during the periods under review, as well as those considered likely to have a material effect on eCG's results of operations in the future, are described below.

Sale of classifieds products and services

eCG derives most of its operating revenues from sale of classifieds products and services. For the year ended December 31, 2019, revenues from classifieds products and services represented 66% of our operating revenues, of which the verticals (real-estate, motor and jobs) represented 84% of classifieds products and services operating revenues, while generalist online classifieds products and services represented 16% of classifieds products and services operating revenues. Classifieds revenues result from sales of products and services to its customers, including products and services sold to professional customers in the verticals to facilitate listings, such as subscription packages with various features to increase performance and convenience (for example bulk uploads, dealer tools and inventory management for a large number of listings). In general, professional customers' willingness to pay for listings and additional products and services increases when they are offered products and services that help them increase sales (e.g., increased visibility or better pricing) or improve their operations (e.g., better tools for placing new listings or managing existing listings). In addition, the volume of classifieds products and services sold is affected by the sites' market position, general market conditions, the industry shift from offline to online marketing channels and from desktop to mobile.

eCG's classifieds operating revenues are affected by the price paid by customers for the classifieds products and services. Generally, private listers placing listings on eCG's generalist sites are not charged for listings, but can pay for a limited number of features, e.g., for increased visibility.

eCG offers different types of fee structures to its professional customers, although most professional customers, particularly in its motors verticals and categories, contract with eCG through subscription packages with the options to select tiers of pricing with increased features and convenience options. The revenue generated by eCG from professional customers depends, among other things, on the market position of our platforms, the amount of effective leads being delivered by the platform, its ability to develop and improve our products and services, as well as the number and quality of features on its sites, how successful our pricing strategy is and competition.

Market position

Classifieds revenue is driven by various factors such as the amount and type of inventory on the platform, the amount of traffic and buyers visiting the platform, the amount of leads generated for buyers and the pricing applied to sellers for their listings or leads. A factor in driving traffic, listings and the number of buyers and sellers on our sites is network effects. Once a site has reached an important mass of both traffic and listings, the better the site is positioned to attract even more audience and listings.

eCG has sites with leading positions in terms of traffic in key geographies such as Germany, The Netherlands and Belgium, the UK and Canada.

In geographies where eCG does not have leading positions, eCG typically focuses more on measures aimed at increasing traffic and listings on its sites, partly by focusing on developing its classifieds product and service offerings to increase the attractiveness of the site for professional customers, while at the same time implementing marketing efforts to increase visibility of the site and increase traffic.

Macroeconomic conditions

The volumes of classifieds products and services sold to customers on eCG's sites are influenced by general economic conditions, both in the global market or in the regional markets in which we operate. In motors verticals and categories, market conditions within used and new cars, profitability of the dealer channel, the continued shift to online marketing and the number of listings placed on our sites drive the revenue from professional customers.

Germany, Benelux and Canada are the top three markets for eCG. eCG's German businesses, Mobile.de and eBayK, together are the largest contributor to the group, contributing 46%, 42% and 39% of its operating revenues in the years ended December 31, 2019, 2018 and 2017, respectively, and Germany is thus its largest regional market. Germany is Europe's largest economy by GDP, is characterized by a robust macroeconomic climate, and is perceived to have handled COVID-19 relatively well within Europe.

eCG's Benelux businesses (Marktplaats in the Netherlands and 2dehands/2ememain in Belgium) contributed 16%, 17% and 17% of its operating revenues in the years ended December 31, 2019, 2018 and 2017, respectively, and Benelux is its second largest regional market. The Netherlands and Belgium together are the fifth largest economic region in Europe by GDP and have robust economies.

eCG's Canadian business contributed 15%, 17% and 19% of our operating revenues in the years ended December 31, 2019, 2018 and 2017, respectively, and is our third largest regional market. Canada is a large and stable economy. eCG's Canadian business has, next to its strong generalist presence, increasingly focused on the motors category, including through the launch of a dedicated motors vertical, Kijiji Autos.

COVID-19

Recent macroeconomic developments due to COVID-19, protective measures and associated economic downturns have had a profound impact on the current macroeconomic environment, the full effect of which has not been absorbed. However, given that we focus on second hand goods and are pure-play online digital-only, we are less affected by such general economic conditions than traditional offline retail and we are strongly recovering from COVID-19. For further discussion on COVID-19 and related impacts see "*Summary—Recent Developments—COVID-19.*"

Synergies from operating several sites

In the geographic markets where eCG operate several online classifieds sites either through organic launches or acquisitions, eCG focuses on capturing synergies between the platforms through cross-listing of inventory across the platforms, thereby improving reach and generating incremental leads to its sellers. In addition to these synergies, in some markets eCG also leverages common technology platforms such as between Marktplaats and 2dehands and with the MoVe platform, as well as central technology components servicing the group, such as in messaging.

Seasonality

eCG has generally experienced lower levels of operating revenues, both from classifieds and in advertising, in the first and third quarter of each year, compared to the other quarters, which is due to lower activity levels in these quarters. The fourth quarter of each year is typically highest due to higher advertising budgets of customers both in online and advertising and classifieds services and products. For example, operating revenues decreased between the fourth quarter of 2018 and the first quarter of 2019, then increased between the first quarter and the second quarter of 2019, decreased between the second quarter and third quarter of 2019 and increased between the third quarter and the fourth quarter of 2019.

Revenue from advertising

Although revenue from classifieds products and services is eCG's largest revenue component, eCG also derives operating revenues from the sale of advertising on its sites. Sale of advertising represented 34% of eCG's operating revenues in the year ended December 31, 2019, compared to 37% and 39% in the years ended December 31, 2018 and 2017, respectively, with its operating revenues from the sale of advertising being affected by a number of factors, including those described under "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta—Significant factors affecting results of operations—Revenue from advertising.*"

The relationship between operating revenues and operating expenses

eCG's operating expenses are primarily related to the operation of the sites, marketing efforts to attract and increase traffic to these sites and launch new products, sales efforts to attract and retain professional customers and advertisers and product development to provide an attractive user experience through continuous efforts on product enhancement and new features, as well as investments in IT equipment and facilities services (such as rent and energy). The direct costs to eCG for each listing or advertisement placed on its website are marginal. Consequently, neither volumes in listings nor product and customer mix has a significant impact on our operating expenses. This means that if eCG is successful in increasing our operating revenues, our operating margins will also increase. Conversely, a fall in revenue will not necessarily result in a decrease in expenses. As such, an element of eCG's strategy is to increase "operational leverage", that is, increase operating revenue more than the cost base.

During the period under review, eCG's operating expenses including marketing as a share of operating revenues decreased from 61% to 58% and to 57% in the years ended December 31, 2017, 2018 and 2019, respectively, principally reflecting the increase in operating revenue during the period.

Marketing expenses are an important element in growing the businesses. During the period under review, eCG's marketing expenses as a percentage of operating revenues were 19%, 20% and 22% in the years ended December 31, 2019, 2018 and 2017, respectively as we focus on driving increased efficiency in marketing. eCG's efforts to strengthen the market position of sites in an existing market are primarily carried out by aiming to build the right product with the right market-fit, developing the right go-to-market strategy and building brand awareness, as well as increasing traffic through marketing investment.

Product and technology

eCG has placed, and will continue to place, significant focus on continuously improving user experience through product innovation and technology investments in order to attract professional customers and drive classifieds operating revenues. eCG has, during the period under review, continued to invest in its products and related technology to improve its offering to consumers, customers and third parties and product and technology costs are, accordingly, important cost items for eCG. Development in products and technology takes place both centrally and locally. Central product development focuses on those areas which are common for the group and/or where synergies can be achieved through deployment across multiple platform such as site operations, common technology components for the group such as a messaging platform, data science and analytics and trust & safety.

eCG's product development is typically in the form of enhancements on existing products and development of new features on our sites, which requires man-hours. Consequently, eCG's investments in products and technology primarily impact its number of employees and its personnel expenses, which are all expensed.

Strategic investments and acquisitions

Acquisitions and investments have been, and are expected to continue to be, an important driver of eCG's growth, supporting its strategy of maintaining market leading positions and creating value in the verticals. During the period under review, eCG acquired different complementary businesses, including Kapaza! Belgium in 2017, Motors.co.uk in 2019 and Carsguide/Autotrader Australia in 2020. Each of these acquisitions led (or is expected to lead) to an increase in eCG's operating revenues through acquired revenues as well as deal synergies, and an increase in operating expenses, most notably in personnel costs as well as transaction-related expenses.

Foreign exchange rate exposure

The USD is eCG's presentation currency. eCG's carve-out financial statements presented herein are presented in EUR by translating its USD results into EUR. As a result, eCG is exposed to fluctuations in exchange rates in other currencies through its operations in countries outside the United States.

Results of operations

Comparison of the six months ended June 30, 2020 to the six months ended June 30, 2019

	Six months ended June 30		
(in EUR million)	**2019**	**2020**	**% Change**
	(unaudited)		
Net revenues	468	408	(12.8)
Cost of net revenues	46	52	13.0
Gross profit	**422**	**356**	(15.6)%
Operating expenses	291	269	(7.6)%
Sales and marketing	161	136	(15.5)%
Product development	68	70	2.9%
General and administrative	51	51	(0.0)%
Provision for bad debts	5	8	60.0%
Amortization of acquired intangible assets	6	4	(33.3)%
Profit from operations	131	87	(33.6)%
Interest and other, net	(1)	1	N/A
Profit before income tax	130	88	(32.3)%
Income tax benefit (provision)	(197)	(25)	(87.3)%
Net profit (loss)	**(67)**	**63**	194.0%
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be classified to profit or loss:			
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	(5)	(11)	
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	(1)	(8)	
Comprehensive income (loss)	(73)	44	

Net revenues

Net revenues decreased by €60 million, or 12.8%, to €408 million for the six months ended June 30, 2020, compared to €468 million for the six months ended June 30, 2019. The decrease was primarily due to COVID-19. Due to the pandemic, eCG reassessed the expected credit losses, and as a result, increased its provision rates for credit losses. This influenced receivables and contract assets, as well the timing and amount of revenue to be recognized in the future. To ease the financial impact of the pandemic to eCG's customers, eCG offered extended payment terms to customers by a range of 30-90 days. In addition, eCG offered additional incentives to customers, such as fee waivers and discounts. In aggregate, the amount of the coronavirus incentives offered was approximately €40 million for the six months ended June 30, 2020.

Cost of net revenues

Cost of net revenues increased by €6 million, or 13%, to €52 million for the six months ended June 30, 2020, compared to €46 million for the six months ended June 30, 2019, primarily due to increased site operations costs, growth in customer support services and groupwide expansion into adjacent revenue streams, such as audience extension for dealers, shipping and payments, which have higher associated cost of sales.

Operating expenses

Operating expenses decreased by €22 million, or 7.6%, to €269 million for the six months ended June 30, 2020, compared to €291 million for the six months ended June 30, 2019, primarily due to reduced sales and marketing expense in the six months ended June 30, 2020. This decrease was partially offset by increased provision for bad debt. Certain Operating expenses are further discussed below.

Sales and marketing

Sales and marketing decreased by €25 million, or 15.5%, to €136 million for the six months ended June 30, 2020, compared to €161 million for the six months ended June 30, 2019, primarily due to reduced marketing spend in 2020 during the period impacted by COVID-19.

Sales and marketing expenses primarily consist of advertising and marketing program costs (both online and offline), employee compensation and contractor costs. Online marketing expenses represent online traffic acquisition costs in various channels such as paid search, affiliates marketing and display advertising as well as online brand spend. Offline advertising primarily includes brand campaigns, buyer/seller communications and public relations spend.

Product development

Product development increased by €2 million, or 2.9%, to €70 million for the six months ended June 30, 2020, compared to €68 million for the six months ended June 30, 2019, primarily due to growth in Germany.

Product development expenses primarily consist of employee compensation, contractor costs, facilities costs and depreciation on equipment.

General and administrative

General and administrative remained stable at €51 million for the six months ended June 30, 2020 and the six months ended June 30, 2019.

General and administrative expenses primarily consist of employee compensation, contractor costs, facilities costs, depreciation of equipment, employer payroll taxes on stock-based compensation, legal expenses, restructuring, insurance premiums and professional fees.

Provision for bad debt

Provision for bad debt increased by €3 million, or 60%, to €8 million for the six months ended June 30, 2020, compared to €5 million for the six months ended June 30, 2019, primarily due to additional provisions relating to the changed economic environment due to COVID-19. Our expected collection will be lower and have therefore increased our provision.

Provision for bad debt primarily consists of bad debt expense associated with eCG's accounts receivable balance. eCG expects the provision for bad debt to fluctuate depending on many factors, including changes to its protection programs.

Interest and other, Net

Interest and other, net increased by €2 million, or 200%, to €1 million for the six months ended June 30, 2020, compared to a negative €1 million for the six months ended June 30, 2019, primarily due to the higher USD cash exposure in 2020 compared to 2019, where USD had higher interest rates than EUR.

Income tax provision

eCG's income tax provisions will not carry over to the combined business. Income tax provision for the six months ended June 30, 2020 was €(25) million. Income tax benefit (provision) for the six months ended June 30, 2019 were €(197) million.

Net profit for the period

Net profit for the period increased by €130 million, or 194.0%, to €63 million for the six months ended June 30, 2020, compared to a loss of €(67) million for the six months ended June 30, 2019, for the reasons outlined above.

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

	Year ended December 31,		**% Change**
	2018	**2019**	
(in EUR million)	**(audited)**		
Net revenues	863	952	10.3%
Cost of net revenues	90	95	5.6%
Gross profit	**773**	**857**	10.9%
Operating expenses:			
Sales and marketing	281	302	7.5%
Product development	117	138	17.9%
General and administrative	87	94	8.0%
Provision for bad debts	6	13	116.7%
Amortization of acquired intangible assets	15	9	(40)%
Total operating expenses	506	556	9.9%
Profit from operations	267	301	12.7%
Interest and other, net	(1)	—	—
Profit before income tax	266	301	13.2%
Income tax benefit (provision)	(177)	(229)	29.4%
Net profit	**89**	**72**	(19.1)%
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be classified to profit or loss:			
Gains (losses) on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	3	(17)	
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	(2)	5	
Comprehensive income	**90**	**60**	

Net revenues

Net revenues increased by €89 million, or 10.3%, to €952 million for the year ended December 31, 2019, compared to €863 million for the year ended December 31, 2018. This increase was primarily due to growth in classifieds motor revenue streams.

Cost of net revenues

Cost of net revenues increased by €5 million, or 5.6%, to €95 million for the year ended December 31, 2019, compared to €90 million for the year ended December 31, 2018, primarily due to increased service costs for new revenue streams in Germany and the Netherlands. This increase was partially offset by reduced payment processing expense in the Netherlands.

Operating expenses

Operating expenses increased by €50 million, or 9.9%, to €556 million for the year ended December 31, 2019, compared to €506 million for the year ended December 31, 2018, primarily due to growth in sales and marketing spend and product development costs. Certain Operating expenses are further discussed below.

Sales and marketing

Sales and marketing increased by €21 million, or 7.5%, to €302 million for the year ended December 31, 2019, compared to €281 million for the year ended December 31, 2018, primarily due to growth in UK marketing driven by the acquisition of Motors.co.uk along with continued expansion in Germany and an increase in sales and marketing expense in Mexico. This increase was partially offset by lower spend in The Netherlands. Sales and marketing expenses primarily consist of advertising and marketing program costs (both online and offline), employee compensation and contractor costs. Online marketing expenses represent traffic acquisition costs in various channels such as paid search, affiliates marketing and display advertising. Offline advertising primarily includes brand campaigns and buyer/seller communications.

Product development

Product development increased by €21 million, or 17.9%, to €138 million for the year ended December 31, 2019, compared to €117 million for the year ended December 31, 2018, primarily due to growth in the technology team driving motor development alongside expansion in the UK following the acquisition of Motors.co.uk. Product development expenses primarily consist of employee compensation, contractor costs, facilities costs and depreciation on equipment.

General and administrative

General and administrative increased by €7 million, or 8%, to €94 million for the year ended December 31, 2019, compared to €87 million for the year ended December 31, 2018, primarily due to restructuring expense, market research and facilities costs. This increase was partially offset by lower software maintenance and temporary contractors spend.

General and administrative expenses primarily consist of employee compensation, contractor costs, facilities costs, depreciation of equipment, employer payroll taxes on stock-based compensation, legal expenses, restructuring, insurance premiums and professional fees.

Provision for bad debt

Provision for bad debt increased by €7 million, or 116.7%, to €13 million for the year ended December 31, 2019, compared to €6 million for the year ended December 31, 2018, primarily due to additional bad debt provisions taken in Mexico, the Netherlands and Australia.

Provision for bad debt primarily consists of bad debt expense associated with eCG's accounts receivable balance. eCG expects the provision for bad debt to fluctuate depending on many factors, including changes to its protection programs.

Interest and other, net

Interest and other, net decreased by €1 million, or 100%, to zero for the year ended December 31, 2019, compared to €1 million for the year ended December 31, 2018.

Interest and other, net primarily consists of interest earned on cash, cash equivalents and investments, as well as foreign exchange transaction gains and losses, gains and losses.

Income tax provision

eCG's income tax provisions will not carry over to the combined business. Income tax benefit (provision) for the year ended December 31, 2019 was €(229) million compared to €(177) million for the year ended December 31, 2018.

Net profit for the period

Net profit for the period decreased by €17 million, or 19.1%, to €72 million for the year ended December 31, 2019, compared to €89 million for the year ended December 31, 2018, for the reasons outlined above.

Comparison of the year ended December 31, 2018 to the year ended December 31, 2017

	Year ended December 31,		% Change
	2017	**2018**	
(in EUR million)	**(audited)**		
Net revenues	789	863	9.4%
Cost of net revenues	88	90	2.3%
Gross profit	**701**	**773**	**10.3%**
Operating expenses:			
Sales and marketing	300	281	(6.3)%
Product development	102	117	14.7%
General and administrative	72	87	20.8%
Provision for bad debts	6	6	—
Amortization of acquired intangible assets	16	15	(6.3)%
Total operating expenses	496	506	2.0%
Profit from operations	205	267	30.2%
Interest and other, net	—	(1)	100%
Profit before income tax	205	266	29.8%
Income tax benefit (provision)	604	(177)	(129.3)%
Net profit	**809**	**89**	**(89.0)%**
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be classified to profit or loss:			
Gains (losses) on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	(2)	3	
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	(3)	(2)	
Comprehensive income	**804**	**90**	

Net revenues

Net revenues increased by €74 million, or 9.4%, to €863 million for the year ended December 31, 2018, compared to €789 million for the year ended December 31, 2017. The increase was primarily due to growth in Germany and groupwide expansion into motor classifieds.

Cost of net revenues

Cost of net revenues increased by €2 million, or 2.3%, to €90 million for the year ended December 31, 2018, compared to €88 million for the year ended December 31, 2017, primarily due to expansion of site operations and growth in Denmark and The Netherlands. This increase was partially offset by lower costs in Australia.

Operating expenses

Operating expenses increased by €10 million, or 2.0%, to €506 million for the year ended December 31, 2018, compared to €496 million for the year ended December 31, 2017, primarily due to growth in product development and general and administrative costs offset by reduction in sales and marketing spend.

Sales and marketing

Sales and marketing decreased by €19 million, or 6.3%, to €281 million for the year ended December 31, 2018, compared to €300 million for the year ended December 31, 2017, primarily due to the transfer of one of eCG's US businesses to the parent company along with lower spend in The Netherlands and Germany.

Sales and marketing expenses primarily consist of advertising and marketing program costs (both online and offline), employee compensation and contractor costs. Online marketing expenses represent traffic acquisition costs in various channels such as paid search, affiliates marketing and display advertising. Offline advertising primarily includes brand campaigns and buyer/seller communications.

Product development

Product development increased by €15 million, or 14.7%, to €117 million for the year ended December 31, 2018, compared to €102 million for the year ended December 31, 2017, primarily due to expansion in motor technology resources.

Product development expenses primarily consist of employee compensation, contractor costs, facilities costs and depreciation on equipment.

General and administrative

General and administrative increased by €15 million, or 20.8%, to €87 million for the year ended December 31, 2018, compared to €72 million for the year ended December 31, 2017, primarily due to allocations from the parent company, restructuring charges and increased market research, alongside general company employee growth.

General and administrative expenses primarily consist of employee compensation, contractor costs, facilities costs, depreciation of equipment, employer payroll taxes on stock-based compensation, legal expenses, restructuring, insurance premiums and professional fees.

Provision for bad debt

Provision for bad debt remained €6 million for the year ended December 31, 2018, same as for the year ended December 31, 2017.

Provision for bad debt primarily consists of bad debt expense associated with eCG's accounts receivable balance. eCG expects the provision for bad debt to fluctuate depending on many factors, including changes to its protection programs.

Interest and other, Net

Interest and other, net decreased by €1 million, or 100%, to €(1) million for the year ended December 31, 2018, compared to zero for the year ended December 31, 2017.

Interest and other, net primarily consists of interest earned on cash, cash equivalents and investments, as well as foreign exchange transaction gains and losses, gains and losses.

Income tax benefit (provision)

eCG's income tax provision will not carry over to the combined business. Income tax benefit (provision) for the year ended December 31, 2018 was €(177) million compared to €604 million for the year ended December 31, 2017.

Net profit for the period

Net profit for the period decreased by €720 million, or 89%, to €89 million for the year ended December 31, 2019, compared to €809 million for the year ended December 31, 2018, for the reasons outlined above.

Liquidity and capital resources

eCG's liquidity requirements principally relate to the funding of working capital. Its principal sources of funds have historically been from cash flow from operations.

As of June 30, 2020, eCG had cash and cash equivalents of €17 million. As of December 31, 2019, it had cash and cash equivalents of €20 million.

As of June 30, 2020, and December 31, 2019, eCG had no loans or borrowings outstanding.

Set forth below is a discussion of eCG's cash flows for the periods under review.

	Year ended December 31,			Six months ended June 30	
	2017	2018	2019	2019	2020
(in EUR million)				(unaudited)	
Net cash provided by operating activities	268	269	319	154	83
Net cash used in investing activities	(34)	(12)	(100)	(91)	(42)
Net cash used in financing activities	(217)	(261)	(241)	(71)	(42)
Effect of exchange rate changes on cash and cash equivalents	(2)	—	—	—	(2)
Net increase (decrease) in cash and cash equivalents	15	(4)	(22)	(8)	(3)
Cash and cash equivalents at the beginning of the period	31	46	42	42	20
Cash and cash equivalents at the end of the period	46	42	20	34	17

Cash flows from operating activities

For the six months ended June 30, 2020, cash flows provided by operating activities amounted to €83 million as compared to €154 million for the six months ended June 30, 2019. The decrease was mainly due to the COVID-19 related discounts and the extended payment terms given to car dealers during the second quarter of 2020. For the year ended December 31, 2019, cash flows provided by operating activities amounted to €319 million as compared to €269 million for the year ended December 31, 2018, driven by the increase in operating revenue and EBITDA in the year ended December 31, 2019 compared to 2018. For the year ended December 31, 2018, cash flows provided by operating activities amounted to €269 million as compared to €268 million for the year ended December 31, 2017, driven by the increase in operating revenue and EBITDA in the year ended December 31, 2018 compared to 2017.

Cash flows used in investing activities

For the six months ended June 30, 2019, cash flows used in investing activities amounted to €91 million, of which €82 million related to acquisitions and €9 million related to capital expenditures. For the year ended December 31, 2019, cash flows used in investing activities amounted to €100 million, of which €82 million related to acquisition and €18 million related to capital expenditures. For the year ended December 31, 2018, cash flows used in investing activities amounted to €12 million, which fully related to capital expenditures. For the year ended December 31, 2017, cash flows used in investing activities amounted to €34 million, including €12 million related to capital expenditures and €18 million to purchases of intangible assets.

Cash flows used in financing activities

For the six months ended June 30, 2020, cash outflows used in financing activities amounted to €42 million, as compared to cash outflows of €71 million for the six months ended June 30, 2019. For the year ended December 31, 2019 cash flows used in financing activities amounted to €241 million, as compared to €261 million for the year ended December 31, 2018. For the year ended December 31, 2018 cash flows used in financing activities amounted to €261 million, as compared to €217 million for the year ended December 31, 2017.

Capital expenditures

For the six months ended June 30, 2020, capital expenditure was €3 million, comprising of €2 million for computer equipment and software.

For the year ended December 31, 2019, capital expenditure was €18 million, comprising of €17 million for computer equipment and software.

For the year ended December 31, 2018, capital expenditure was €12 million, comprising of €9 million for computer equipment and software.

For the year ended December 31, 2017, capital expenditure was €12 million, comprising of €12 million for computer equipment and software.

eCG did not capitalize any product development costs in any of the periods detailed above.

Financing arrangements

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta.*"

Off balance sheet arrangements

There are no off balance sheet arrangements.

Critical accounting policies estimates

eCG Management has made use of estimates and assumptions in preparing the consolidated financial statements. The most important areas where estimates are having an impact are listed below. Detailed information of these estimates and judgements is included in the relevant notes. The short-term impact of COVID-19 is not expected to have a material impact on significant estimates.

See Note 3(a) to eCG Audited Financial Statements for 2017-2019 for an overview of significant estimates and judgements.

New or amended and recently adopted accounting standards

As a first-time adopter of IFRS, the following accounting pronouncements that have been issued have been adopted by eCG.

Conceptual Framework for Financial Reporting

In March 2018, the IASB published the revised Conceptual Framework for Financial Reporting, which includes a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also issued guidance to support the transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS applies to a particular transaction. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of the standard did not have a material impact on eCG's condensed combined carve-out financial statements.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendment)

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of the standard did not have a material impact on eCG's condensed combined carve-out financial statements.

Amendments to IFRS 3—Business Combinations ("IFRS 3")

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after January 1, 2020 with early adoption permitted. As a first-time IFRS adopter, eCG adopted the standard for annual periods beginning on January 1, 2017. The adoption of the standard did not have a material impact on eCG Audited Financial Statements for 2017-2019.

IFRS 16—New Leases Standard ("IFRS 16")

In January 2016, the IASB issued new guidance related to accounting for leases. The guidance requires the recognition of ROU assets and lease liabilities by lessees for all leases. As a first-time IFRS adopter, eCG adopted IFRS 16 for annual periods beginning on January 1, 2017, the date of transition to IFRS. The adoption of the standard resulted in the recognition of €23 million of ROU assets and €23 million of lease liabilities on eCG's combined carve-out balance sheet at adoption on January 1, 2017 related to office space and data centers.

COVID-19 Related Rent Concessions (Amendment to IFRS 16)

In May 2020, the IASB published "COVID-19 Related Rent Concessions (Amendment to IFRS 16)" amending the standard to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020. The adoption of the standard did not have a material impact on eCG's condensed combined carve-out financial statements.

IFRS 9—Financial instruments ("IFRS 9")

In July 2014, the IASB issued IFRS 9 that provides an update to accounting guidance related to the accounting for financial instruments. IFRS 9 contains three principal measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. A single approach is used to determine the classification and measurement of financial assets which is based on eCG's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

IFRS 9 also provides a new model for the recognition of impairment losses—the expected credit losses ("ECL") model, which requires entities to record a loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. For trade receivables that are short term in nature and do not contain a significant financing component, the simplified approach is required to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

As a first-time IFRS adopter, eCG adopted IFRS 9 for annual periods beginning on January 1, 2017. The adoption of IFRS 9 resulted in the recognition of an additional €33 million of equity investments, an additional €2 million of allowance for doubtful receivables and €31 million in net parent investment on eCG Audited Financial Statements for 2017-2019 at adoption due to the recognition of the investments at fair value through other comprehensive income or loss, subsequent to adoption.

IFRS 15—New Revenue Recognition Standard ("IFRS 15")

In May 2014, the IASB issued new accounting guidance related to revenue recognition. The revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. As a first-time IFRS adopter, eCG adopted the standard for annual periods beginning on January 1, 2017, the date of transition to IFRS. The adoption of the standard did not have a material impact on eCG Audited Financial Statements for 2017-2019.

Interest Rate Benchmark Reform ("IBOR") Phase 1 Amendments

In September 2019, the IASB issued "Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)" as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of the standard did not have a material impact on eCG's condensed combined carve-out financial statements.

Other standards

As a first-time IFRS adopter, eCG also adopted the following standards and amendments for annual periods beginning on January 1, 2017.

- Disclosure Initiative (Amendments to IAS 7);
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12);
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12);
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2);
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28);
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments;

The adoption of these standards and amendments did not have a material impact on eCG Audited Financial Statements for 2017-2019.

New or amended accounting standards issued but not yet effective

IBOR Reform Phase 2 Amendments

In August 2020, the IASB issued "Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)" with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021. eCG is currently evaluating the new guidance and does not expect it to have a material impact on its condensed combined carve-out financial statements.

Quantitative and qualitative disclosures about market risk

In the course of its operations, eCG is exposed to various types of market risks, including credit risk, liquidity risk and foreign exchange risk. eCG has implemented policies to identify, analyze and monitor these risks and to set appropriate risk limits and controls. Such policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting the company's business.

For more information on credit, liquidity and foreign exchange risk see Note 13 "Financial risk management" in the Notes to the Financials of eCG Audited Financial Statements for 2017-2019.

INDUSTRY

Online Classified Industry Overview

Classified listings have historically been the domain of newspapers, offering cheap, small-type notices of goods and services for sale under specific categories. These listings gave consumers an easy way to browse various local offers, often from private listers who purchased classified listings in printed publications to facilitate sales of their goods and services. However, as internet penetration increased, online classifieds like Craigslist (founded in 1995) grew in popularity and marked the beginning of a new, fast-growing industry.

There are two primary online classified listings business models: (i) the generalist model where the online classifieds site includes listings across a wide range of categories of goods and services; and (ii) the vertical-focused model, which encompasses a single category such as real estate, motor or jobs. Vertical categories can either be an extended feature within a generalist online classifieds site or a separate specialist online classifieds site focusing on the respective category. Examples of generalist online classifieds sites include Craigslist in the United States and leboncoin in France, while Mobile.de and AutoScout24 are examples of online classifieds sites within the motor vertical.

Online classifieds sites involve different stakeholders: (i) consumers who browse the platforms, search for and purchase products and services listed on the online classifieds sites as well as jobseekers who browse the platform for job listings; and (ii) listers who place inventory for sale, including (a) professional listers who post their inventory on the online classifieds sites, such as real estate agents, motor dealers and recruiters and (b) private listers who post their inventory on the online classifieds sites for sale; and (iii) third parties, such as advertisers who use the online classifieds sites to promote their products or services or otherwise generate business from leads.

Online classifieds sites are a fast-growing industry. According to Statista's "2019 Digital Market Outlook," the global online classifieds market generated €19.6 billion in revenues in 2019 and is forecasted to grow to €24.4 billion by 2022, corresponding to a CAGR of 8.6% in this period (Statista).

Online Classified Business Drivers and Model Characteristics

An online classifieds site's ability to generate revenues depends, to a large extent, on the number of listings and traffic on its sites. While listings and traffic on online classifieds sites are affected by the network effects, external factors such as internet penetration, user engagement and the general market conditions of the relevant geographic markets will affect the number of listings. In addition to classified revenues, advertising sales are another revenue source for online classifieds sites.

Online classifieds sites are generally affected by a network effect which is driven by the dynamics between the number of listings and the number of users. Professionals such as motor dealers, real estate agents and recruiters, as well as private listers, typically gravitate towards online classifieds sites with many users and high traffic volume. Another important criterion for users is whether the online classifieds site has a large number of high-quality listings. These dynamics result in listing inventory and user traffic being mutually reinforcing. The volume of data enhanced by these network effects, which is gathered from the online classifieds sites in turn allows online classifieds sites to develop better data analytics and offer improved services to users. This further enhances the value proposition for both customers and consumers.

Online classifieds have also evolved from the mere digital "mirror copy" of a print classified ad connecting supply and demand to a much more sophisticated product. Value-add services improve consumer experiences and help listers better target consumers, as well as increase online classifieds' Total Addressable Market ("TAM") and potential revenue streams. For example, online classifieds are increasingly offering some transactional services, with some offering motors shoppers monthly financing payment options or third party vehicle background checks. Within the real estate vertical, some online classifieds have introduced their own holiday booking platforms, helping directly facilitate the transaction between the renter and property owner.

The general decline in readership and circulation of printed publications, as well as the rise in the audience of online and mobile destinations that are accessible free of charge to internet users, have led listers to increasingly favor digital classifieds platforms to maximize the reach of their marketing spend while targeting the most relevant consumers. Further, digital display advertising offers a wider range of flexibility in the form of advertisements (such as banner ads and commercial videos) and payment models (such as payment by volume, duration or performance-based payments).

Competitive Landscape

The competitive landscape has historically and primarily related to a geographic market's level of development, where developed markets generally exhibit high internet penetration, high mobile penetration and consumer familiarity with the classified business model, while emerging markets typically have lower, but growing, internet penetration and lower consumer familiarity with the classified business model.

Online classifieds sites in the developed markets in which Adevinta is primarily present often have one or more leading generalist online classifieds sites along with developed vertical online classifieds sites, all of which have mature business models and high levels of monetization. On the other hand, emerging markets tend to have generalist online classifieds sites that are scaled at a rapid pace, with significant traffic growth and specialist verticals scaled in conjunction with the generalist online classifieds sites. However, monetization levels are generally relatively low in emerging markets. In emerging markets, such as Brazil, that follow the trajectory of more developed markets, they offer a significant opportunity for growth in listing volumes related to growing GDP per capita and the potential for increased internet penetration.

In recent years, the online classifieds market has, and is continuing to, change dramatically due, in part, to rapid technological change, including introduction and expansion of high-speed internet services and smartphone adoption, evolving industry standards and varying customers' and users' needs and preferences. This change manifests partly in the form of new companies challenging market dynamics with new business models, partly in the form of global internet companies leveraging large user and customer bases, and potential mergers of large online classified companies.

Furthermore, a variety of new categories of companies offering classifieds have formed in recent years, providing consumers and listers with greater selection across alternative channels. The key categories of competitors in the online classifieds sites industry are:

- *Other generalist online classifieds sites* as well as other vertical online classifieds sites, such as SeLoger in France for real estate, AutoScout24 for motor in Germany, Italy, Austria and Belgium, CarGurus for motor in the UK and Canada, Indeed for jobs and Vinted for fashion and other consumer goods, both in multiple jurisdictions. In addition, there are new generalist competitors, such as Wallapop and OfferUp, which are both mobile applications available in multiple markets that are primarily generalists but have recently expanded into verticals, such as motors. Several of the mobile online classifieds sites are run by venture-funded start-up companies or global classified companies and have used, and are expected to continue to use, significant resources in order to gain market share in the online classifieds industry, through innovation and new technology that may enable competitors to offer a more efficient or lower-cost service.
- *Global internet companies and aggregators* that have entered the online classifieds industry in recent years, such as Facebook with Facebook Marketplace, Google with Google for Jobs and LinkedIn. While Facebook Marketplace initially targeted private listers and was therefore not considered to be a direct competitor of our vertical categories, it has partnered with professionals in the motor and real estate verticals, and opened its jobs functionality to third-party companies. Furthermore, we also face competition from Facebook groups for sale and purchase of private inventory, where individuals use Facebook to establish their own online classifieds site, often within a specific geography or category, most commonly with respect to general goods such as clothes and baby supplies. Google for Jobs, which is currently operated in certain selected geographic markets, including Spain, is a competitor within the jobs vertical. Similarly, LinkedIn is a competitor in the jobs vertical. These global internet companies have large user bases, and exhibit significant network effects on their social network that they can leverage in competition with other online classifieds companies.
- *Emerging Specialized Players*, such as Depop for second hand clothing and Asgoodasnew for electronics. These highly specialized online classifieds sites offer user experiences adapted to a narrower usage than the more traditional verticals and generalist online classifieds sites, and differentiate themselves through highly intuitive workflows and alternative consumption models. Similar to generalist mobile online classifieds sites, several of these emerging classifieds sites are run by venture capital-funded start-up companies which have significant resources to gain market share.
- *Generalist search engines* consisting of general-purpose search engines, such as Google and Yahoo, which enable users to search the internet for general information covering a wide range of subjects), general or specialized sites and sites created by working professionals (such as real estate agents,

motors dealers and recruiters) who are also increasingly using multiple sales channels, including by paying for search-related advertisements on generalist search engine sites.

The chart below provides an overview of the online classifieds competitive landscape and new entrants from a global internet and Emerging Specialized Players perspective.

	Adevinta / ebay classifieds group	Facebook Marketplace	Emerging Specialized Players (selected examples) letgo depop asgoodasnew reBuy Back Market
Focus	Generalist & Vertical	Generalist	Generalist / Vertical with specific CG focus in general
Platform Positioning	B2C & C2C	C2C with limited B2C	Predominantly C2C
Average Transaction Size $	Full range Low for CG to high for Motors and Real Estate	Generally low	Low
Customer Trust / Safety	Best in class	Low	Unclear (relatively untested given recent emergence)
Customisation & Personalisation	Medium / High	Low	Medium
Monetization Model	Feature + Subscription + Advertising + Emerging Models (transactional)	Feature + Advertising	Feature + Advertising + Limited Emerging Models (transactional)
Reach	National and Local offering and experience	Mainly Anglo-Saxon heritage replicated across countries with limited local angles	National and Local offering

Source: Company Information

Our Markets:

We compete in both generalist and vertical-focused markets, and we have a broad reach with number one market positions across 20 countries covering over one billion people.

Our key markets are outlined below:

Germany—Germany is our largest market representing about 46% of 2019 eCG operating revenues (27% of pro forma operating revenues). The combined group will operate in both vertical and generalist online classifieds sites through Mobile.de and eBay Kleinanzeigen respectively, where each brand is well-established and highly valued by customers.

Germany – Online Classifieds Market Positions

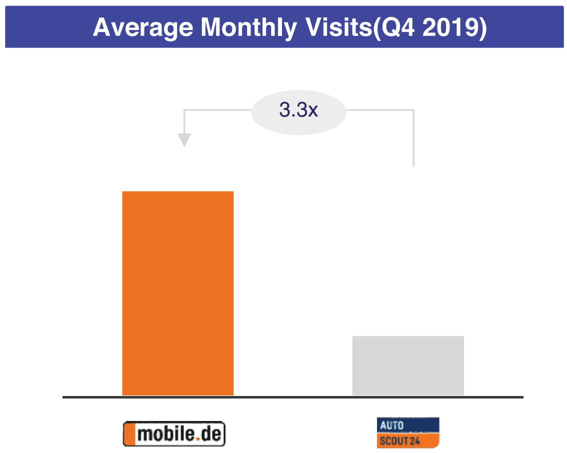
Motors online classifieds sites		Generalist online classifieds sites	
1	mobile.de	1	ebay Kleinanzeigen

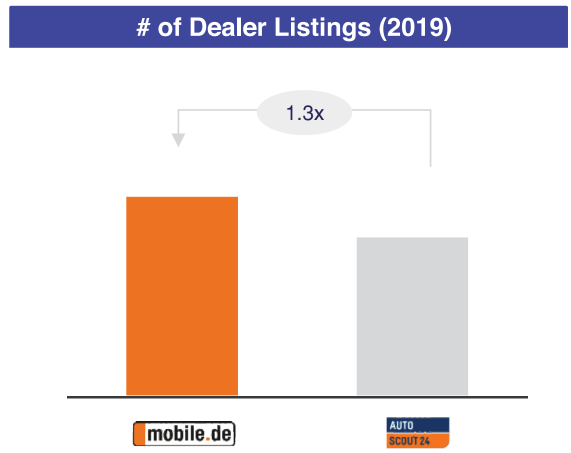
Market Position (traffic), SimilarWeb, Feb'20.

Germany—Motors

Growth in Germany's motor online classified market is largely the result of dealers' increasing reliance on classified marketing as part of overall dealer marketing spend. Even as dealer marketing spend has declined slightly as a share of dealer profits, marketing budgets for online classifieds have increased from an average of approximately 25% to approximately 50% of dealers' marketing budgets, from 2014 to 2019, respectively, primarily as a result of the superior return on investment delivered by online classifieds (OC&C).

Mobile.de's key competitor in the German motor market is AutoScout24. As shown below, across all main operating and performance metrics, Mobile.de has a strong position. Furthermore, since the first quarter of 2018, Mobile.de's position in terms of traffic, as compared to AutoScout24's, has been improving.





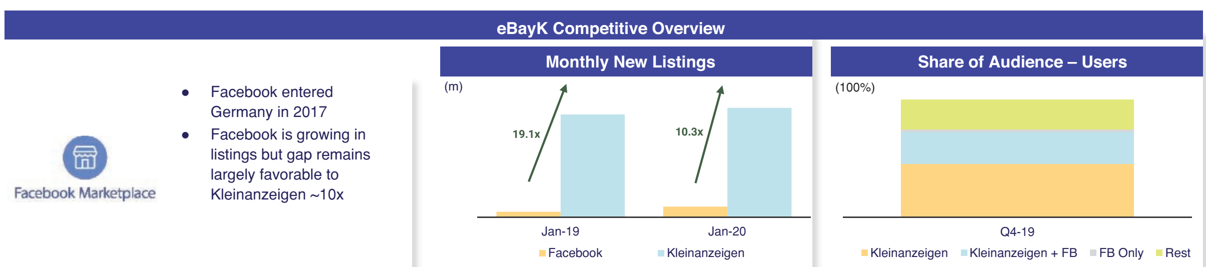
Source: Company information.

Germany—Generalist Sites

eBay Kleinanzeigen (eBayK) is the 8th most visited site in Germany (SimilarWeb) in March 2020 and is a leader in generalist online classifieds in terms of both awareness and traffic.

eBayK monetizes its generalist position primarily through advertising revenues by playing in the digital classifieds market, which is worth approximately €0.92 billion in 2020 and expected to grow 4.5% annually to reach €1.10 billion by 2024 (eMarketer, June 2020).

eBayK's key competitor is Facebook Marketplace, which benefits from unrivalled audience and exposure through a unique integration into Facebook's dominant social networking service. eBayK also faces competition from a range of other generalist platforms and vertical players. Currently eBayK remains larger than Facebook Marketplace in terms of listings. eBayK has long held a leading position in online classifieds in Germany and has seen both number of listings and website and app visits increase at an 18% and 19% CAGR respectively, from 2017 to 2019.



Source: Company Information.

eBayK is increasingly verticalizing its offerings, notably within Real Estate, and is considered a top three player in the market, along with Immowelt group and ImmoScout24. The annual value of residential property sales transactions within the German market in 2019 was €176 billion, with sale-price driven growth of 8% annually between 2014 and 2019 (OC&C). Initial traction in Real Estate has been driven by leveraging traffic and brand to scale a C2C-oriented property proposition, and eBayK now broadly matches Immowelt's listing numbers (though both substantially lag behind ImmoScout24); however, eBayK remains significantly skewed towards C2C listings in comparison to both competitors.

France—France is our second largest market. We have built a strong market position in France following our entry into the market in 2006, with leboncoin enjoying a market leading position and continued strong growth. The French competitive landscape has both generalist and vertical platforms, although the majority of the online classifieds sites are verticals. Platforms are based on the traditional classified model which includes insertion fees and premium options and on new business models, such as the "mobile-first" platform of Vinted. Global internet companies also operate in France, most notably Facebook Marketplace, which commenced operations in France in 2017 with a generalist positioning across goods and services, real estate, motor and advertising.

France – Rankings	Traffic[1]	Ad Listings[2]	Customers[3]
Real estate	1	1	1
Autos	1	1	1
Jobs	4	5	3
Gen. good	1 [4]	1 [4]	1 [4]

France – Sites

Source: Company information.

Notes: (1) Mediametrie—2019 average from January-November. (2) RE: Autobiz—2019 average online ads (part + pro)—sale & rental categories (excl. offices & retail), Autos: Autobiz—2019 average online ads (part + pro)—autos category only (excl. auto equipment & motos), Jobs: Autobiz—2019 average online ads (only pro). (3) Autobiz—2019 average agents for RE, dealers for Autos and Recruiters for Jobs. (4) Company information.

France—Real Estate

The French online classified real estate market comprises sale and rental of residential and commercial properties. We operate in both segments and our primary focus is on residential properties. We believe that in the long-term the combination of favorable structural trends in the number of housing transactions in France provides an opportunity for growth, with large potential for adjacent products and services (e.g. transactional services including booking rentals, insurance, etc.).

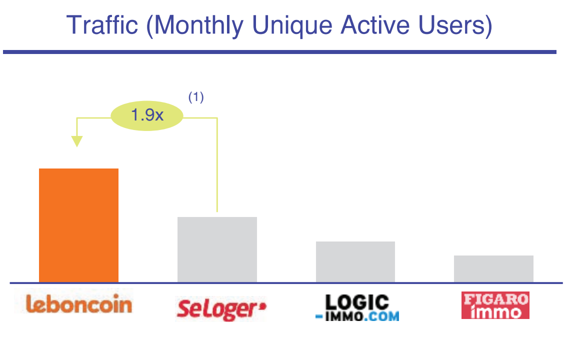
Revenues for the online classified companies in the online classified real estate market are largely driven by listings of properties by professionals (real estate agents). The associated monetization relates to the transaction activity in the Real Estate market through the number of housing transactions.

There were approximately 1,068,000 housing transactions in France in 2019, which represents an increase of approximately ~26% from the approximately 844,000 transactions in 2016. Comparatively, in 1997, there were approximately 589,000 housing transactions in France and this number grew at a CAGR of 2.75% over the 22 years between 1997 and 2019 (INSEE). The total value of property transactions in France in 2018 and 2019 was approximately €157 billion and €178 billion respectively.

In addition to the number of houses sold, the total advertising spending in the online classified real estate market is another indicator of the potential revenues in the market for online classified companies. The overall (private and professionals) real estate related advertising (online and offline) spend in France in 2019 was approximately €1,059 million, of which the online real estate related advertising spend (listings and advertisers) accounted for approximately 53%, with spending of approximately €558 million. Approximately 80% of the online real estate related classified advertising spends (listings and advertisers) in France in 2019 was directed to listings, with spending of approximately €447 million.

Through leboncoin, we have a leading position within the real estate vertical in France. The following figure illustrates the key online classified companies and their market share positions in the French online classified real estate market based on monthly unique active users and number of listings:

France – Online Classifieds Real Estate Competitive Landscape



Source: Company information.

Notes: (1) Mediametrie (data for leboncoin RE only), average jan'-april' 20. (2) Autobiz (data for leboncoin RE only), average jan'-may '20 of online ads (part+pro). (3) AvendreAlouer.fr part of Leboncoin Group.

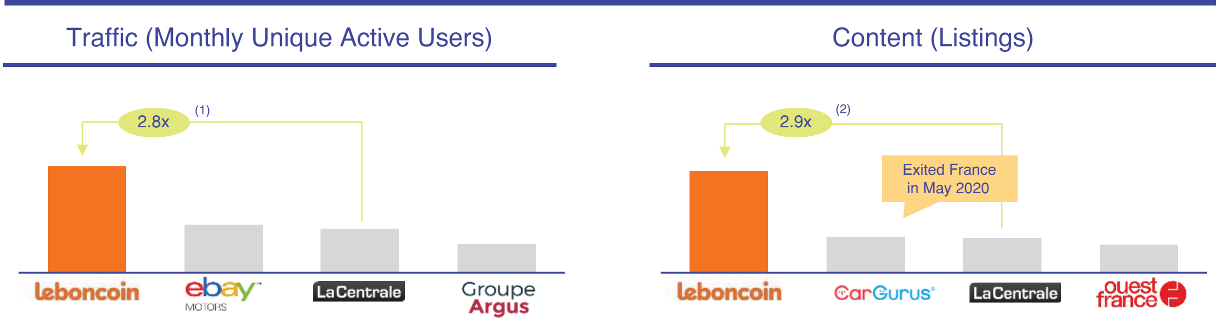
France—Motors

The French online classified motor market comprises sales of new and used vehicles. Revenues for online classified companies in the motor market are largely driven by motor listings by professionals (motor dealers). The associated monetization relates to the transaction activity in the motor market, an indication of which is the number of used motors registered each year. The registration of used motors in France has increased from approximately 4.8 million in 1990 to approximately 5.8 million in 2019 (CCFA.fr).

Further, the total value of vehicle transactions in France and the advertising spending in the French online classified motor market is an indicator of the potential revenues in the market for French online classified companies. The total value of motor transactions (both online and offline) in France in 2019 amounted to approximately €94 billion. The overall (private and professionals) motor-related advertising spend in France in 2019 (online and offline) was approximately €420 million. The online advertising spend (listings and advertising) in the motor segment in France amounted to €160 million in 2019, which constitutes approximately 38% of the overall motors-related advertising spend in France in 2019. Approximately 72% of the online classifieds advertising spend (listings and advertising) was derived from listings, with an approximate spend of €116 million, while the remaining approximately 28% of the online motors-related classified advertising spend was derived from advertising, with an approximate spend of €45 million. The increase in number of used motor registrations combined with the shift from offline to online advertising spending impacts the size of the online advertising market, both in terms of listings and advertising.

The online classified market for motor in France is competitive, with LaCentrale as leboncoin's closest competitor and eBay Motors focusing mostly on motor equipment items.

France – Online Classifieds Motors Competitive Landscape



Source: Company information.

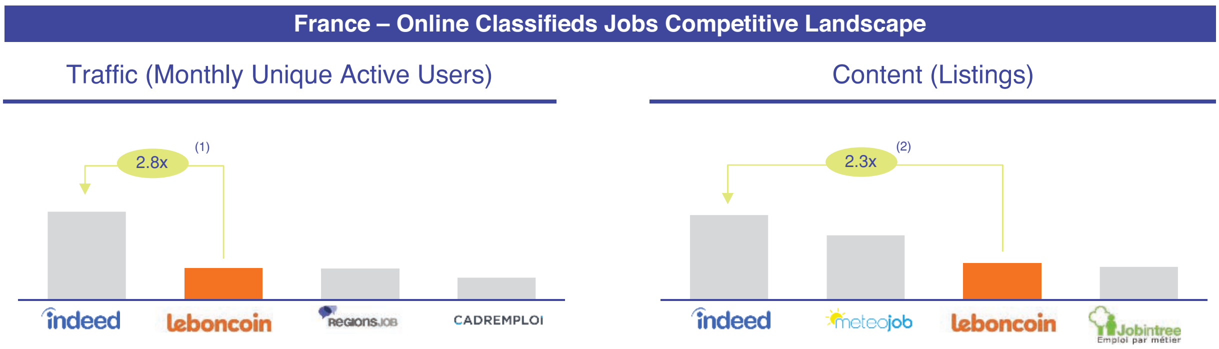
Notes: (1) Mediametrie (data for leboncoin vehicles only), average jan'-april '20. (2) Autobiz (data for leboncoin vehicles only), average jan'-may '20 of online ads (part+pro).

France—Jobs

The total value of the French classifieds job market (paid job listings and recruiting related postings) is an indicator of the potential revenues in the market for French online classified companies and we believe the online classified market for jobs to be dynamic and competitive. In 2019, the French online classified job market was estimated to have a value of €211 million in terms of recruitment related revenues.

Further, revenues for online classified companies in the job market are almost exclusively driven by listings by professionals (such as recruiters). In 2019, approximately 4.3 million jobs were listed on online classifieds sites in France. The associated monetization relates to the activity in the job market, and an indication of such activity is the number of recruitment projects carried out each year.

The French online classified market for jobs and recruitment is a competitive landscape. As illustrated below, indeed has a leading position in this vertical based on monthly unique active users and number of listings.



Source: Company information.

Notes: (1) Mediametrie (data for leboncoin jobs only), average jan'-april '20. (2) Autobiz (data for leboncoin jobs only), average jan'-may '20 of online ads.

Spain—Spain is our third largest market with an average of more than 17.9 million monthly views in 2019 according to Comscore, a leading measurement and analytics company. As illustrated below, we have leading positions verticals in the Spanish market through Fotocasa, InfoJobs and Milanuncios.

Spain – Rankings

	Traffic	Ad Listings	Customers
Real estate	2 (1)	1 (2)	1 (2)
Autos	1 (3)	1 (2)	1 (2)
Jobs	1 (3)	NA	NA
Gen. good	2 (3)	2 (4)	NA

Spain – Sites

InfoJobs
coches.net
motos.net
fotocasa
habitaclia
milanuncios

Source: Company information.

Notes: (1) Insights by SimilarWeb (www.similarweb.com)—2019 average. Desktop & Mobile web; (2) Autobiz: 2019 avg.; (3) Ipsos: 2019 avg. Question "Which of the following online, mobile sites or apps have you visited in the past 6 months" (or "offering jobs and employment opportunities" or "for secondhand cars / vehicles"). Sample avg Jobs 928, Motor 668, Real estate 981, Marketplaces 1,213 (answers "Amazon" considered n/a); (4) Mgmt estimate based on proxy. Question: "Where have you sold second hand goods during the last 6 months" Ipsos: 2019 avg.Sampleavg. 994

Spain—Real Estate

The Spanish online classified real estate market primarily comprises the sale and rental of residential and commercial properties.

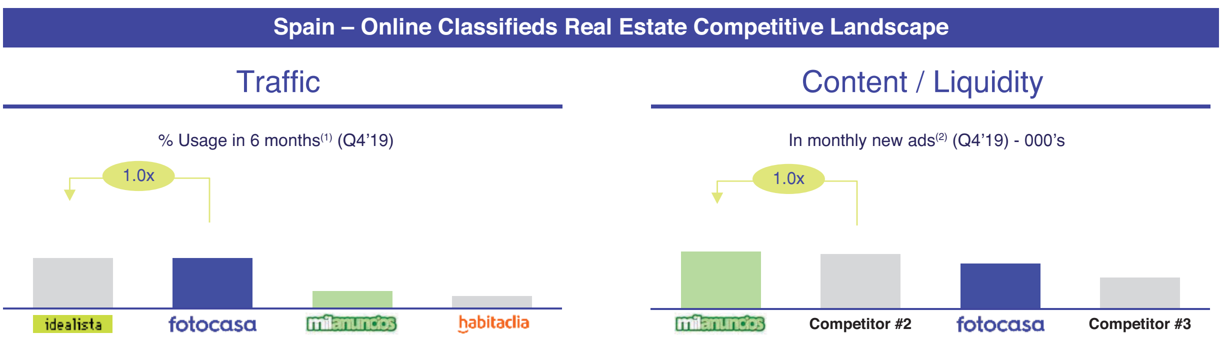
The total value of residential property transactions (new and used) in Spain in 2017 was €90 billion according to the Ministerio de Formento. The value of residential property transactions in Spain has increased since 2013, from an estimated €50 billion in 2013 to €90 billion in 2017, corresponding to a CAGR of 15-16%.

The number of houses sold in Spain in 2019 is approximately 570,000 houses. After a decline from 2006 to 2013, the number of houses sold in Spain has increased from 301,000 in 2013 to 570,000 in 2019, corresponding to a CAGR of 11.3% (Ministerio de Fomento).

In addition to property transactions, the total advertising spend in the real estate market is a relevant factor to understanding the dynamics of the online classified market and assessing potential opportunities as well as competition for online classified companies. The marketing spend in the residential market by real estate agents, developers and private listers in Spain in 2017 was approximately €144 million. The spend in online residential classifieds advertising amounted to €103 million in 2017, which constituted 70-75% of the marketing spend in the residential market by real estate agents, developers and private listers in Spain in 2017.

Idealista is a strong competitor in the Spanish vertical category in terms of traffic. We are a challenger in this market and our overall position has been strengthened since our acquisition of Habitaclia in 2017.

The following figure illustrates the competitive landscape within the Spanish real estate vertical based on traffic (% of usage in 6 months) and content (number of monthly new listings/ads).



Source: Company information.

Notes: (1) Survey run by Ipsos, proxy metric for Visitors in an aggregated 6 months period—2019 Q4 avg. (2) Autobiz—2019 Q4 avg.

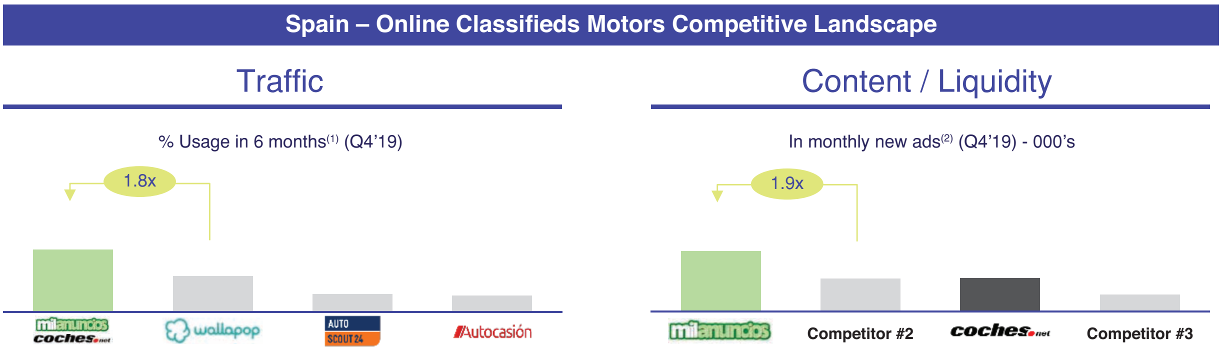
Spain—Motors

The Spanish online classified motor comprises sales of new and used vehicles. Revenues for online classified companies in the motor market are largely derived from vehicle listings by professionals (motor dealers). The associated monetization relates to the transaction activity in the motor market through the number of motor sales transactions. The value of total consumer used and new motors transactions, excluding Original Equipment Manufacturers ("OEMs") direct motor sales to fleets, and other CH&L business, and other vehicle categories, such as light commercial vehicles/motorbikes, amounted to approximately €32 billion in Spain in 2017, of which approximately €25 billion was attributed to sales by motor dealers, while the remaining approximately €7 billion was attributed to sales between consumers.

In 2018, approximately 2.2 million used cars were sold in Spain (Ideauto), while approximately 1.8 million new cars were sold (Ganvam). Total car sales (comprised of the sum of new and used car sales) in Spain have increased since 2012, from approximately 1.5 million used car sales in 2012 to approximately 2.2 million in 2018, corresponding to a CAGR of approximately 7%, and from approximately 700,000 new car sales in 2012 to 1.8 million in 2018, corresponding to CAGR of 17%.

Furthermore, the total advertising spend in the motor market is a relevant factor to understanding the dynamics of the online classified market and to assess the potential opportunities and competition for online classified companies. The total marketing spend by dealers and private listers within used and new vehicles in Spain in 2017 was approximately €80 million (excluding OEM spend). The online classified advertising spend on motor (excluding commercial vehicles) in Spain amounted to an estimated €35 million in 2017, or 40 to 45% of the total marketing spend by dealers and private listers in Spain in 2017.

Milanuncios and Coches.net have leading positions in the online classified motor market in Spain based on traffic (usage) and content (number of monthly new listings/new ads). The following figure illustrates the competitive landscape in the Spanish motor vertical based on usage and number of monthly new listings:



Source: Company information.

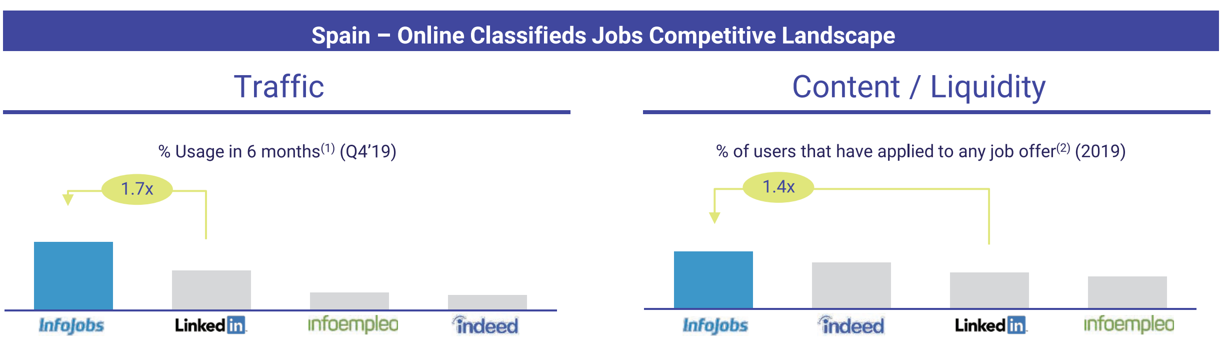
Notes: (1) Survey run by Ipsos, proxy metric for Visitors in an aggregated 6 months period—2019 Q4 avg. (2) Autobiz—2019 Q4 avg.

Spain—Jobs

Revenues in the online classified jobs market are in large part derived from listings by professionals (enterprises and recruitment agencies). The associated monetization relates to the activity in the jobs market, and an indication on such activity is the unemployment rate evolution in Spain. From 2006 to 2013, the unemployment rate in Spain increased from 8% to 26%. Since 2013, the unemployment rate in Spain has declined, from 26% in 2013 to 15% as of the second quarter of 2020 (Bank of Spain).

The overall jobs-related advertising spend in Spain in 2017 (enterprises and recruitment agencies) was approximately €118 million (excluding recruitment events, referral schemes and broader human resources spend on personnel, technology or tools). The online classified advertising spend in jobs in Spain amounted to an estimated €55 to €60 million (including LinkedIn) in 2017, which constituted approximately 50% of the overall relevant jobs-related advertising spend in Spain in 2017.

InfoJobs has a leading position in the jobs vertical in Spain, both in terms of usage and conversion of users to candidates applying for job offers. The following figure illustrates the competitive landscape among the Spanish jobs and recruitment online classifieds sites based on usage over the fourth quarter of 2019 as well as by the share of users that applied to job offers in 2019.



Notes: (1) Survey run by Ipsos, proxy metric for Visitors in an aggregated 6 months period—2019 Q4 avg. (2) Survey run by TNS—2019. One off study with 1,002 individuals. Displayed in chart only top sites.

Brazil—We have built a strong market position in Brazil since our entry in the market in 2011, and our joint venture, OLX Brazil, enjoys a market leading position in motor and in real estate.

We believe there is significant opportunity in Brazil, where the estimated total addressable market for OLX will reach approximately €4.3 billion in 2023.

Brazil – Rankings (prior to Grupo Zap acquisition)	Traffic[1]	Ad Listings[2]	Customers[3]
Real estate	1 [4]	3 [5]	2 [5]
Autos	1 [6]	1 [7]	1 [7]
Jobs	1 [7]	NA	NA
Gen. good	1 [5,6]	NA	NA

Brazil – Sites

OLX
InfoJobs.com.br
grupo ZAP[8]

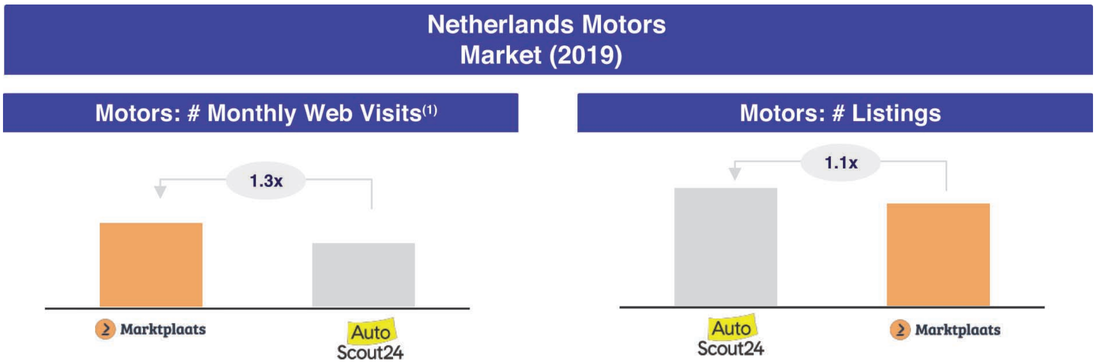
Source: Company information.

Notes: Brazil Rankings do not include GrupoZAP. (1) Mediametrie—2019 average from January-November. (2) RE: Autobiz—2019 average online ads (part + pro)—sale & rental categories (excl. offices & retail), Autos: Autobiz—2019 average online ads (part + pro)—autos category only (excl. auto equipment & motos), Jobs: Autobiz—2019 average online ads (only pro). (3) Autobiz—2019 average agents for RE, dealers for Autos and Recruiters for Jobs. (4) Autobiz—2019 avg. (6) Autobiz February 2019. (5) Excludes MercadoLibre due to lack of business model comparability to OLX Brazil. (6) Comscore January 2019. (7) Autobiz February 2019. (8) Pending closing.

Netherlands—The combined group will operate in the Netherlands through Marktplaats, the number one generalist online classifieds sites in the Netherlands. Marktplaats reaches 56% of the Dutch internet population (International Telecommunication Union, 2019) and has 87% brand awareness (eCG Brand Tracker, 2019) in the country as of 2019. As the fifteenth most visited site overall in the Netherlands (SimilarWeb, March 2020), it has woven itself into everyday Dutch culture, and as illustrated below, is far ahead of its competitors in regards to traffic (with the exception of real estate listings).

Marktplaats competes with Facebook Marketplace in the generalist market, where Marktplaats has superior breadth and quality of inventory to Facebook Marketplace across all categories. Marktplaats has also seen no discernable negative impact on traffic growth since the introduction of Facebook Marketplace in August 2017 and quarterly visits have continued to grow at 7% annually since then (OC&C).

The underlying Dutch motor market is healthy and has seen steady volume (approximately 6% annually) growth from 2017-2019 (OC&C) with a strong bias towards used motors due to high tax and regulation. Dealers in the Netherlands spend approximately 80% of their marketing budgets on online classifieds, with print continuing to decline in share, resulting in a total dealer online classified spend of approximately €71 million in 2019. Consumer-to-consumer (C2C) online classifieds spend was approximately €25 million in 2019, resulting a combined €96 million online classifieds spend in the motor market in the Netherlands in 2019 (OC&C).



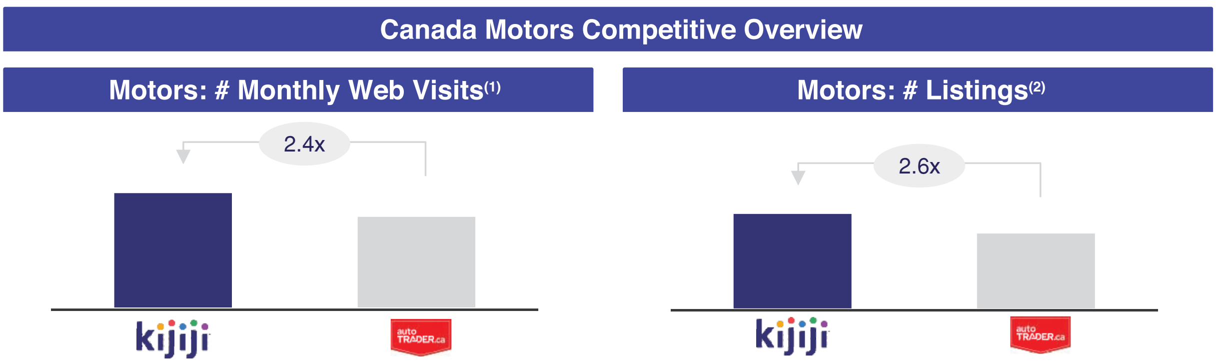
Source: Company Information.

(1) SimilarWeb

Marktplaats competes in the motor market where it is one of three scale automotive classifieds players—including AutoScout24 and AutoTrack—and is the largest site by both revenue and monthly web visits (OC&C).

Canada—The combined group will operate in Canada through Kijiji, the number one generalist online classifieds site in the country. Kijiji has operated in the country for 15 years and has 83% brand awareness (eCG Brand Tracker, 2019). It enjoys number one market positions in generalist, motor (Private Listings) and real estate rentals.

In Motors, Kijiji has two times the monthly visits of its number one competitor, Autotrader.ca, and is still in the early stages of its verticalization strategy, implemented in 2019.



Source: Company information

(1) 2019 average worldwide web visits. For Kijiji, estimated based on Kijiji Media Pack data. (2) Moto-related listings including other vehicles, parts and accessories, 2019.

Facebook Marketplace entered the generalist market in 2017 as a direct competitor to Kijiji. Kijiji has maintained its lead over Facebook Marketplace with 3x the number of unique monthly users as of the fourth quarter of 2019.

Within Real Estate, Kijiji competes with Realtor.ca, which is run by the Canadian Real Estate Association (CREA) and is the dominant player. Realtor.ca is provided for free as part of realtors' CREA membership and has extremely broad market coverage.

BUSINESS

Set forth below is a description of the combined business of Adevinta and eCG after giving effect to the Acquisition. Any references in this section to "we", "our", "us" and "group" refer to the combined group following closing of the Acquisition, which will include Adevinta and its subsidiaries and eBay Classifieds, while (i) "the Company" or "Adevinta" refer to the historic businesses of (i) Adevinta and its subsidiaries and (ii) "eCG" refers to (ii) eCG and its subsidiaries, respectively, prior to the consummation of the Acquisition.

Overview of our Combined Business

Following the closing of the acquisition of eBay Classifieds by Adevinta (the "Acquisition"), we expect to be the world's largest online classifieds company (excluding China) based on revenues generated from online classifieds listings and advertisements. We connect buyers seeking goods or services with a large base of sellers. We own and operate generalist (which cover consumer goods, often alongside motor, real estate and jobs) as well as vertical (which focus on one of the key monetizable categories: motor, real estate and jobs and typically rely heavily on professional sellers paying listing fees as an important revenue stream) online classifieds sites in 20 countries around the world, with several leading market positions in the countries in which we operate based on number of visits, that are accessible via desktop, mobile and dedicated apps. Adevinta and eCG are highly complementary businesses and we expect to benefit from significant synergies, including across vertical and generalist online classifieds sites, with pro forma Further Adjusted EBITDA of €570.8 million for the twelve months ended June 30, 2020 (€632.5 million for the year ended December 31, 2019), pro forma operating revenues of €1,561.2 million for the twelve months ended June 30, 2020 (€1,632.3 million for the year ended December 31, 2019) and pro forma Further Adjusted EBITDA Margin of 35% for the twelve months ended June 30, 2020 (37% the year ended December 31, 2019).

Our combined business will have six key markets:

- *Germany (€438.2 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Mobile.de, a leading online classifieds site for the German automotive market and eBayK, one of Europe's largest generalist classifieds platforms and a leader in Germany;
- *France (€356.9 million in pro forma operating revenues for the year ended December 31, 2019)*, which has leading generalist online classifieds sites and expanding verticals (real estate, motor and jobs), and includes leboncoin (a generalist site), A Vendre A Louer (a real estate vertical site), MB Diffusion (operating three vertical online classifieds sites: AgriAffaires, an online classifieds site for new and used agricultural, forestry and winegrowing equipment, MachineryZone, an online classifieds site for new and used construction, transport and handling equipment and Trucks Corner, an online classifieds site for second-hand trucks, semi-trailers and heavy vehicles), Vide Dressing (a general goods vertical online classifieds site), Locasun (a holiday rental and travel specialist online classifieds vertical site) and L'Argus (an automotive vertical site);
- *Spain (€182.0 million in pro forma operating revenues for the year ended December 31, 2019)*, which is based on a multi-brand model with leading market positions in established generalist sites and verticals (real estate, motor and jobs), such as InfoJobs (a vertical site in jobs segment), Fotocasa and Habitaclia (real estate vertical sites), Milanuncios (a generalist site) and Coches.net and Motos.net (motor vertical sites);
- *Netherlands (€131.7 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Marktplaats, one of the leading generalist classifieds sites in the Netherlands, and which has a leading position in the motor categories as well;
- *Canada (€143.6 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Kijiji Canada, Canada's leading generalist classifieds site with strong market positions in motor (through notably Kijiji Autos' separate automotive site) and real estate rentals; and
- *Brazil (€86.0 million in pro forma operating revenues for the year ended December 31, 2019, (€7.0 million excluding OLX Brazil))*, where we operate through a 50/50 joint venture, with one focused brand, OLX (which in March 2020 entered into an agreement to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil), with leading generalist online classifieds sites and expanding real estate and motor verticals, including Storiaimóveis (a vertical site in real estate) and Autoshift (a motor vertical site), and through a separate majority owned job vertical site (Infojobs);

Our combined business will also operate in *Other Markets* (*€364.2 million in pro forma operating revenues for the year ended December 31, 2019*), which consists of markets with varying levels of maturity comprising Adevinta's Global Markets segment and all of eBay Classifieds' markets other than Germany, the Netherlands and Canada. Our Other Markets include approximately 27 online classifieds sites. We have leading positions in (i) generalist online classifieds sites in Ireland (50/50 joint venture, DistilledSCH), Italy, Hungary, Austria (50/50 joint venture, Willhaben), the UK, Australia, South Africa, Belarus, Morocco and Tunisia, (ii) motor in Ireland, Italy, Austria, Hungary, Morocco, Chile and Tunisia and (iii) real estate in Ireland, Austria, Colombia and Mexico. In October 2020, Adevinta entered into an agreement to divest its online classifieds businesses in Morocco, Tunisia and Colombia, see "*Summary—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia.*"

For a reconciliation of our operating revenue by geography to pro forma operating revenue, see "*Summary—Our Business Strengths—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets.*"

History and Development of Adevinta

The Company's business began as Schibsted's division for online classifieds sites operating outside of the Nordics and became a separately public company following its spin-off from Schibsted and listing on the Oslo Stock Exchange in April 2019.

Acquisitions and partnerships have been important in developing the Company's online classifieds sites. Some of the Company's online classifieds sites have been developed in partnership with entrepreneurs or industrial partners, including Willhaben in Austria and leboncoin in France. Willhaben is a 50/50 joint venture with the Austrian media company Styria. leboncoin was originally a 50/50 partnership with the French media company Spir, with Schibsted acquiring full ownership in 2010. OLX is our 50/50 joint venture in Brazil with OLX B.V., a subsidiary of Prosus N.V.

The table below provides an overview of key events in the history of the Group (including pre-separation from Schibsted):

Year	Important events
2006	Launch of leboncoin in France
2014	Establishment of joint venture in Brazil (OLX)
	Acquisition of Milanuncios (Spain) and Avito (Morocco)
2015	Acquisition of Shpock (Germany)
2016	Acquisition of MB Diffusion (France)
2017	Increase of ownership in OLX Brazil from 25% to 50%
	Acquisition of A Vendre A Louer (France), Kudoz (France) and Habitaclia (Spain)
2018	Acquisition of Vide Dressing (France)
2019	Acquisition of 10% interest in Schibsted Classifieds Spain SL (Spain), gaining full ownership
	Acquisition of Argus Group (France), Paycar (France), Locasun (France) Listing of Adevinta on the Oslo Stock Exchange
2020	Acquisition of Pilgo (France)
	Agreement by our OLX Brazil joint venture to acquire Grupo ZAP (Brazil)
	Agreement to acquire eBay Classifieds

History and Development of eBay Classifieds

The list below provides an overview of key events in the history of eBay Classifieds:

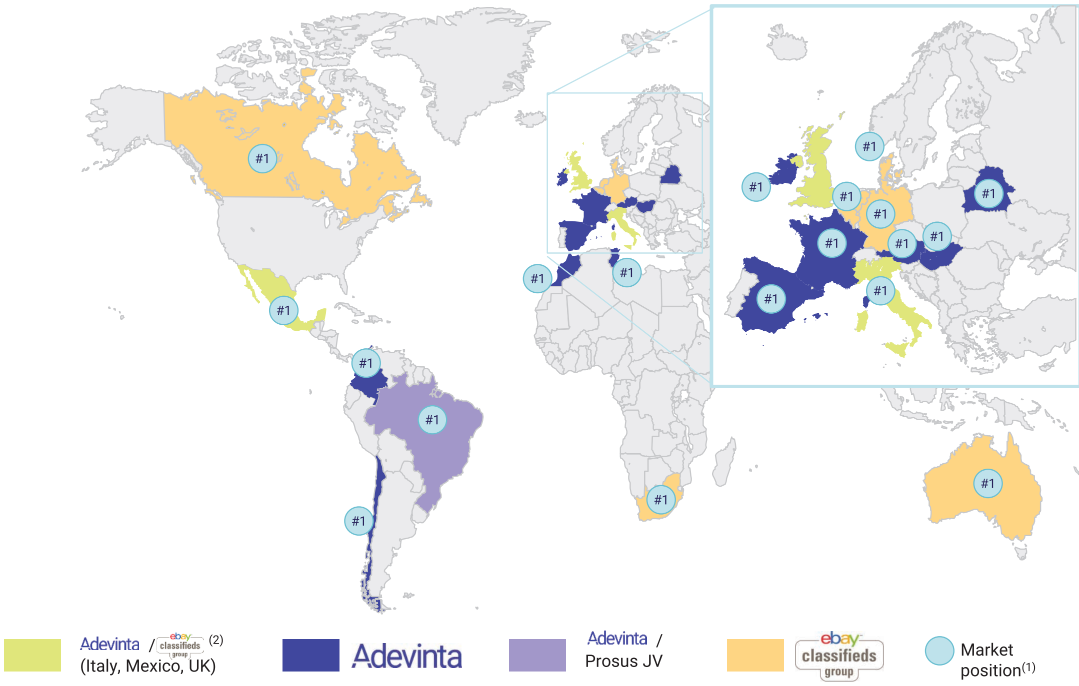
Year	Important events
1995	Den Blå Avis launches in Denmark
1996	Mobile.de launches in Germany
1997	2dehands and 2ememain launch in Belgium
1998	Bilbasen launches in Denmark
1999	Marktplaats launches in Netherlands
2000	Gumtree launches in the United Kingdom
2004	eBay acquires Marktplaats in the Netherlands
2004	Gumtree launches in Poland
2004	eBay acquires Mobile.de in Germany
2005	Gumtree launches in South Africa. eBay acquires Gumtree
2006	Kijiji launches in Canada and Italy
2006	Vivanuncios (founded as Vivastreet) launches in Mexico
2007	Gumtree launches in Australia
2008	eBay acquires Den Blå Avis and BilBasen in Denmark
2009	eBayK launches in Germany
2013	eBay acquires 2dehands.be/2ememain.be in Belgium
2015	eBay acquires Vivanuncios Mexico
2019	eBay acquires Motors.co.uk
2020	eBay acquires Autotrader and CarsGuide Australia

Our Business Strengths

As a combined company, our key business strengths are:

- **Globally scaled pure-play online classifieds leader, with leading market positions.** Following the completion of the Acquisition, we will be the world's largest online classifieds business based on revenues generated from online classifieds listings and advertisements (excluding China), with pro forma operating revenues of €1,561.2 million for the twelve months ended June 30, 2020. Our combined business will have an extensive geographic footprint and leading market positions across 20 countries around the world (including Germany, France, Spain, Brazil, the Netherlands and Canada) based on traffic, operating generalist and vertical online classifieds sites, including real estate, motor and jobs. Our leboncoin site is the leading generalist online classifieds site in France, with 28.7 million average monthly visits, and our Mobile.de site is a leading German motor classifieds site. We generate operating revenue primarily through online classifieds listings and advertisements, and our leading market positions in certain markets enable our online classifieds sites to generate an extensive number of listings and attract significant consumer traffic, which in turn, enables our online classifieds sites to benefit from positive network effects. As more listings are added that attract more consumer traffic to our online classifieds sites, our online classifieds sites attract even more listings.

*Our Countries of Operations with Market Positions**



Source: Adevinta, eBay Classifieds Group.

Notes: In October 2020, Adevinta entered into an agreement to divest its online classifieds businesses in Morocco, Tunisia and Colombia. (1) Market position based on traffic (visits). (2) Germany not included as overlapping geography given immaterial size.

* Includes Morocco, Tunisia and Colombia, which Adevinta agreed to divest in October 2020, see "*Summary—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia*."

Positive network effects also provide other benefits for us, such as strengthening our online classifieds sites' brand recognition. Additionally, our scale also increases the amount of data that can be gathered from the online classifieds sites, which in turn allows us to develop better data analytics and offer improved services to sellers, improving the value proposition for both customers and users on our online classifieds sites.

In addition, our scale will enable greater focus, investments and efficiencies to further accelerate growth in the geographies in which we operate. Our technology efforts are group-wide, allowing technology developments to be leveraged and deployed across our various online classifieds sites. We also combine the strengths of local product and technology capabilities with the benefits of selective centralized scalable technology components, data and platform services.

- **Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets.** Our combined business will have a diversified geographical and vertical mix. We will have leading positions in several markets and a strong portfolio of brands across the 20 markets (including Morocco, Tunisia and Colombia, which Adevinta agreed to divest in October 2020) in which we operate (see "*—Globally scaled pure-play online classifieds leader, with leading market positions*"), which have a combined population coverage of approximately one billion people. We believe that our diversification reduces our exposure to any single market or segment.

We have a multi-brand strategy with deep vertical positions. The following charts show our leadership positions across generalist and verticals in our major markets:

								(11)	
	Traffic[1]	Ad Listings[2]	Customers[3]	Traffic	Ad Listings	Customers	Traffic	Ad Listings	Customers
Generalist	1 [4]	1 [4]	1 [4]	2 [7]	2 [4]	NA	1 [5,6]	NA	NA
Real estate	1	1	1	2 [7]	1 [9]	1 [9]	1 [6]	3 [5]	2 [5]
Motors	1	1	1	1 [7]	1 [9]	1 [9]	1 [6]	1 [10]	1 [10]
Jobs	4	5	3	1 [7]	NA	NA	1 [10]	NA	NA

Source: Company information.

Notes: (1) Mediametrie—2019 average from January-November. (2) RE: Autobiz—2019 average online ads (part + pro)—sale & rental categories (excl. offices & retail), Motors: Autobiz—2019 average online ads (part + pro)—motors category only (excl. auto equipment & motos), Jobs: Autobiz—2019 average online ads (only pro). (3) Autobiz—2019 average agents for RE, dealers for Motors and Recruiters for Jobs. (4) Company information. (5) Excludes MercadoLibre due to lack of business model comparability to OLX Brazil. (6) Comscore January 2019. (7) Ipsos: 2018 avg. (8) Insights by SimilarWeb (www.similarweb.com)—2019 average. Desktop & Mobile web. (9) Autobiz—2019 avg. (10) Autobiz February 2019. (11) Excluding Grupo ZAP.

The table below illustrates pro forma operating revenues of the combined business by geography for the year ended December 31, 2019.

	Year ended December 31, 2019			
(In EUR million)	**Adevinta[1]**	**eCG[2]**	**Total (Adevinta +eCG)[3]**	**Percentage of Total[4]**
Germany	—	438.2	438.2	27%
France	356.9	—	356.9	22%
Spain	182.0	—	182.0	11%
Netherlands	—	131.7	131.7	8%
Canada	—	143.6	143.6	9%
Brazil	7.0	—	7.0	0.4%
Global/Other Markets	123.8	240.4	364.2	22%
Other/Headquarters	10.6	—	10.6	0.6%
Total	**680.3**	**953.9**	**1,634.2**	**100%**

(1) For Adevinta, this represents operating revenue by segment (external segment revenues) and is calculated based on operating revenue generated by each key market segment (along with other/headquarters and eliminations) for the year ended December 31, 2019, after eliminations.

(2) eCG operating revenue by geography is calculated based on operating revenues based on management accounts generated by business unit in the relevant country site for the year ended December 31, 2019, which is not a measure prepared in accordance with IFRS. The numbers have been translated from USD to EUR using a rate of 1.1. Total eCG operating revenues for the year ended December 31, 2019 (using the audited combined carve-out financial statements of eCG and its combined subsidiaries for the year ended, December 31, 2019, and not the operating revenues that are based on management accounts) were €952 million.

(3) Total (Adevinta + eCG) is calculated based on adding the Adevinta and eCG columns presented together without any further eliminations or adjustments. Total pro forma operating revenues for the year ended December 31, 2019 (using €952 million for totaleeCG operating revenues for the year ended December 31, 2019 (see footnote 2)) were €1,632.3 million.

(4) Percentage of total (Adevinta + eCG) is calculated by dividing the total (Adevinta + eCG) columns over the total (Adevinta + eCG) operating revenues.

The table below illustrates pro forma operating revenues of the combined business by category for the year ended December 31, 2019.

	Year ended December 31, 2019			
(In EUR million)	**Adevinta**[(1)]	**eCG**[(2)]	**Total (Adevinta +eCG)**[(3)]	**Percentage of Total**[(4)]
Classifieds:				
Jobs	92.4	19.7	112.1	7%
Motor	175.9	470.7	646.6	40%
Real Estate	205.2	38.1	243.3	15%
Generalist/HQ/Other	71.8	100.6	172.4	10%
Total—Classifieds	545.3	629.1	1,174.4	72%
Advertising	135.0	324.9	459.9	28%
Total	**680.3**	**954.0**	**1,634.3**	**100%**

(1) Adevinta operating revenue by category is calculated based on operating revenue generated by each segment (external segment revenues) for each category for the year ended December 31, 2019.

(2) eCG operating revenue by category is calculated based on operating revenues based on management accounts generated by each business unit for each category for the year ended December 31, 2019, which is not a measure prepared in accordance with IFRS. The numbers have been translated from USD to EUR using a rate of 1.1. Total eCG operating revenues for the year ended December 31, 2019 (using the audited combined carve-out financial statements of eCG and its combined subsidiaries for the year ended, December 31, 2019, and not the operating revenues that are based on management accounts) were €952 million.

(3) Total (Adevinta + eCG) is calculated based on adding the Adevinta and eCG columns presented together without any further eliminations or adjustments. Total pro forma operating revenues for the year ended December 31, 2019 (using €952 million for total eCG operating revenues for the year ended December 31, 2019 (see footnote 2)) were €1,632.3 million.

(4) Percentage of total (Adevinta + eCG) is calculated by dividing the total (Adevinta + eCG) columns over the total (Adevinta + eCG) operating revenues.

As illustrated by the tables above, we will also be present in some of the largest and strongest economies in the world, as well as in some of the fastest growing emerging markets (e.g. Brazil). Our diversified and balanced portfolio, built over time through successful acquisitions and integrations, provides us with the ability to transfer know-how between markets. Our diversification between more mature and less mature businesses, complemented by strong local brands, provide us with significant upside in terms of growth potential and monetization as well as lower customer concentration. We further believe that geographic diversification across well-established and other high-growth markets brings balance between growth and profitability.

- **Resilient Business Model.** We operate under trusted brands with a resilient business model. Our resilience is a result of (i) our exposure to the digital economy, (ii) our leading market positions, which result in our customers turning to us even during challenging economic climates and (iii) the majority of our classifieds revenues being derived from professional listers, whose products and services tend to be subscription-based and who therefore generate relatively predictable cash flows. Professional customers enter into recurring, subscription-based listing packages, under which customers are typically charged on a monthly basis through a fixed fee or based on the number of simultaneous listings and subject to the package being chosen. Further, our operating revenue sources are diversified through a high number of customers, customer categories and markets. See also *"—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets."*

  Our resilience is also demonstrated through our performance despite the COVID-19 pandemic and associated challenging economic environment (see also "*—Recent Developments—COVID-19*"). We are experiencing a strong recovery trajectory from the COVID-19 crisis, which is supported by an accelerated shift to digital both on the consumer and customer front. We successfully implemented cost savings initiatives, which allowed us to mitigate, to a certain extent, the impact on our profits, while we have continued to invest in P&T to support our future growth, with P&T and other initiatives returning to pre-COVID levels. Most operational KPIs have returned to pre-COVID-19 levels. Our traffic and listings have also achieved all-time high levels during the second quarter of 2020. For example, visits, new listings and email replies all continued to grow above 2019 levels for the second quarter of 2020. In addition, our financial performance has recovered faster than expected, especially in France, Germany and the Netherlands, where we experienced positive organic growth in June 2020.

We also believe our positioning at the center of the second-hand economy supports our resilience at a time when consumers are increasingly focused on consuming in a more sustainable and cost-efficient way. For example, our users potentially saved 25.3 million tonnes of carbon dioxide emissions, 1.5 million tonnes of plastic, 9.5 million tonnes of steel and 0.9 million tonnes of alluminium by buying and selling on our marketplaces in 2019 according to The Second Hand Effect Report 2019 prepared by Schibsted, Adevinta and IVL Swedish Environmental Research Institute.

- **Profitable Growth with High Cash Conversion Enhanced by Organic and Strategic Opportunities.** The combined business will have a strong financial profile and profitability, with Pro forma Further Adjusted EBITDA of €570.8 million for the twelve months ended June 30, 2020. Furthermore, with high EBITDA margins and improving operational efficiency, the combined business benefitted from a cash conversion of 87.4% in the year ended December 31, 2019 on a *pro forma* basis due to low capital expenditure requirements (see "*Summary—Cash Conversion Reconciliation*"). For example, Adevinta's operating revenues for the year ended December 31, 2019 increased by 14% compared to previous year, supported by continuing strength in real estate and motor verticals in France, strong performance in Spain and leadership positions in traffic and volumes in OLX Brazil enhancing monetization of the core verticals. In addition, eBay Classifieds' operating revenues for Germany, which is eBay Classifieds' largest market, comprising 52% of eBay Classifieds' operating revenues for the twelve months ended June 30, 2020, has grown at a CAGR of 18% from 2017 to 2019.

- **Substantial Synergy Potential.** We expect to benefit from substantial total cost and operating revenue synergy potential in the range of €134 million to €165 million of run-rate EBITDA as a result of the Acquisition, of which €50.0 million of cost synergies have been included in our *pro forma* Further Adjusted EBITDA for the twelve months ended June 30, 2020. Cost synergies are expected to represent approximately two-thirds of expected synergies (approximately €107 million) and operating revenue synergies are expected to represent the remaining approximately one-third (€53 million). We expect to realize approximately €50 million of cost synergies in the first 18 months following closing of the Acquisition. We expect to achieve these run-rate EBITDA synergies within three years.

  We expect to generate cost synergies by reducing advertising serving costs, and integrating technology infrastructure, cloud infrastructure and rationalizing footprint between the combined business, among other initiatives. In particular, with respect to the approximately €107 million of anticipated cost synergies:

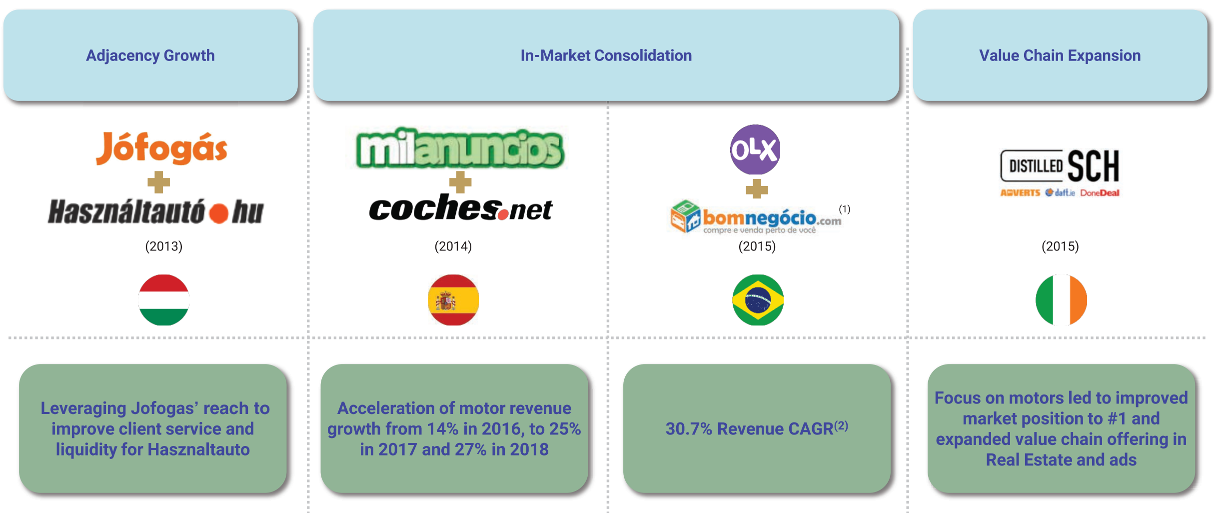
  - we expect to benefit from approximately €66 million in Product & Technology cost synergies as a result of economies of scale and service consolidation and joint product research and development;
  - we expect to realize cost synergies of approximately €31 million in General and Administrative synergies, through the elimination of certain duplicative functions across the two organizations and expected procurement efficiencies in non-personnel costs;
  - we expect to benefit from €1 million cost synergies within Advertising through ad serving cost reduction; and
  - we expect to benefit from €9 million cost synergies through the in-market consolidation of Italy and Mexico (i.e. overlapping geographies).

  We expect to generate operating revenue synergies as a result of know-how sharing across the combined group as well as the ability to leverage (i) eBay Classifieds' motors expertise and its advertising know-how and (ii) Adevinta's expertise in launching new verticals and advanced data-driven offerings for customers and transactional services (i.e. facilitating delivery and payment solutions to accelerate the monetization of our online classifieds sites). We also intend to leverage eBay Classifieds' advertising technology, thereby improving our advertising yields and accelerating revenues. Our key markets also have significant growth opportunities. For example, we have untapped monetization potential in France, where our recent acquisitions of L'Argus and PayCar in 2019 provide us with tools (such as product bundling and data pooling) to unlock this potential. We also have untapped monetization potential in Germany, through opportunities for upselling, product development and adjacent products. We also expect to generate operating revenue synergies in generalist online classified sites, by launching and further scaling transactional classifieds models across Germany, France and the Netherlands, while achieving cost savings at a local level from improved contracts with third-party vendors.

We expect to incur approximately €111 million in one-off integration costs, with the majority of the costs expected to be incurred in the first 18-24 months. See "*Risk Factors—Risks Related to the Acquisition—We may not realize any or all of the expected benefits and synergies associated with the Acquisition*."

- **Experienced Management Team with Strong Track Record of Completing Strategic Acquisitions.** We will bring together superior talent in two of the largest companies in the industry, operating in key areas including management, Product and Technology, IT and M&A. Both businesses possess a solid understanding of M&A integration, as well as knowledge on how to deliver exceptional value and growth. We believe our combined leadership will be well-positioned to deliver the next phase of growth. Our talented team has a shared set of strategic principles, a strong history of acquiring and growing generalist online classifieds sites and successfully verticalizing them to create value, a proven track record of building leading positions in markets of scale and strong local expertise in our core markets.

We have a proven track record of expanding our business through selective acquisitions, with more than 15 acquisitions (including entry into joint ventures) in the past five years. For example, our combination of Coches.net with Milanuncios in 2017 created a compelling offer for car dealers which contributed to the acceleration of Adevinta's operating revenue growth in the motor vertical in Spain of 25% in 2017 and 27% in 2018. As a result, we now have a stronger market position in Spain and have benefitted from customer acquisition and advertising monetization. In addition, following Adevinta's investment in OLX Brazil in 2015, that business experienced a 30.7% increase operating revenue CAGR from 2017 to 2019. Adevinta also recently acquired Pilgo SAS, L'Argus, Locasun and PayCar in France, successfully integrating employees and product features (e.g. car valuation tool from L'Argus). eBay Classifieds has recently acquired Motors.co.uk in the United Kingdom and Cox Automotive Media Solutions in Australia. In particular, following the acquisition of Motors.co.uk, Motors.co.uk experienced an operating revenue increase of 33.3% in 2019, compared to 2018.



Source: Company information.

Notes: (1) Bom Negocio was a Schibsted-backed asset. (2) Between FY17 to FY19.

We are a "people-first" organization where we recognize that people are our most valuable assets, and we aim to offer world-class workplaces where all our employees can reach their full potential. Our diversity and inclusion initiatives help us to create an attractive workplace where everyone feels they belong, and we offer many learning opportunities to help our people grow and develop. Our culture aligns strongly with that of eBay Classifieds, with a shared emphasis on human connections, inclusion, trust and diversity, which are all qualities which will facilitate integration and in turn enable swift execution on our future strategy.

Strategy

The Acquisition reinforces the strategy that we communicated to our investors during our IPO and also creates additional opportunities to strengthen our business. We intend to leverage our core competencies and strengths to execute these strategies. Our key business strategies are:

- **Enhance Matchmaking Performance of Our Online Classifieds Sites.** We create the opportunity for everyone and everything to find their matching needs on our online classifieds sites. We believe every house can be a home, every person has a role to play, and every object can live a second life. We also believe in empowering professionals with the best tools and solutions and delivering a seamless and customized user experience to the customers. We are focused on deepening our value chain, by sustainable development of our classifieds offerings.

  As our results of operations are directly linked to the number and quality of matches that our online classifieds sites facilitate, we intend to continue to develop features and capabilities on our online classifieds sites that improve the matchmaking and user experience of our online classifieds sites for both users and customers. Investments that are targeted to enhance the user experience focus on, among other things, efficient search processes, which may for example include new search functionalities such as the ability to save search criteria and receive notifications for new listings that match searches. This focus on developing features and products on our online classifieds sites to improve matchmaking for listers has been manifested by deploying features such as image recognition technology to automatically categorize items for sale, application programming interfaces for professionals to rapidly upload large volumes of listings and artificial intelligence-enabled moderation to reduce the risk of fraud, nudity and other unwanted listings.

  The focus on product development and enhanced matchmaking is important for our operations and we intend to pursue our matchmaking strategy through building, in compliance with data protection laws, on the data collected across all of our online classifieds sites and markets, in order to identify the preferences and needs of our consumers, customers and third parties. We believe this will improve our ability to optimise products for local needs, respond quickly to customers and consumers requirements and contribute to enhanced matchmaking, traffic and ultimately increased network effects. This will also help us strengthen our liquidity position, by improving our online classifieds sites and helping us to monetize them.

- **Accelerate Monetization of Our Generalist Online Classifieds Sites.** Our strategy focuses on providing a seamless experience to our consumers and customers on our online classifieds sites. By building strong brands and holding the content (listings), we drive traffic, which subsequently drives monetization and ultimately drives operating revenues. We believe that consumer demand for hyper-specialized experiences focusing on discrete user needs, such as frictionless end-to-end user experiences (search, negotiate, buy, pay and deliver), immediate use, or alternative consumption models (for example, peer to peer payment), may fragment traditional online classifieds sites, in particular in the most lucrative vertical categories, such as real estate, motor and jobs. We will continue our focus on improving our existing products and services and developing new value-add products and services to address this fragmentation. We also intend to be prepared for the potential shift in users' demand by optimizing our generalist online classifieds sites to cover demand by selectively investing in adjacent markets with new models and technology and further along the value chain in a financially disciplined manner. We believe there is opportunity to (i) further verticalize our online classifieds sites, (ii) introduce new business models such as transactional models, (iii) and further grow and monetize our combined reach.

- **Pursue Further Value Creation in Core Verticals.** We believe that there is potential for further value creation in our vertical offering, notably in real estate and motor. These categories are distinct in that they have products and services with high gross merchandise value, dedicated professional customers, unique consumer journeys and continued digitalization of their underlying ecosystems, which therefore creates greater potential for increasing classified operating revenues through more competitive pricing and offering value-added services in these core verticals. We will continue our focus on improving our existing products and services and developing new value-add products and services, such as valuation tools and C2B solutions. We intend to build on existing technology components using our shared data and infrastructure to identify and develop these features. We expect that by continuing focused and increased investments in our verticals offering, we will deepen our relationships with customers in our core verticals by customizing and improving user experiences.

- **Realize Synergies Through Integration.** We intend to implement and realize the cost and operating revenue synergies in connection with the Acquisition (with cost and operating revenue synergy potential in the range of €134 million to €165 million as a result of the Acquisition, of which €50.0 million of cost synergies have been included in our *Pro forma* Further Adjusted EBITDA) for the twelve months ended June 30, 2020. For more information on the expected Acquisition-related synergies, see "*—Substantial Synergy Potential*." We intend to rationalize the cost base of the combined business by reducing advertising serving costs, integrating technology infrastructure, cloud infrastructure and rationalizing footprint between the combined business initiatives. In addition, we intend to enhance our product offering through transactional services, expansion of classifieds offerings across markets, strengthening display advertising platforms and improving yields. See "*Risk Factors—Risks Related to the Acquisition—We may not realize any or all of the expected benefits and synergies associated with the Acquisition*."
- **Continue to Pursue Profitable Growth Through Disciplined Portfolio Optimization and Management**. We continuously evaluate our portfolio of assets to optimise value creation and we will continue to pursue attractive options for both organic and inorganic growth, including in bolt-on acquisitions and in-market consolidation in our existing markets, as well as by pursuing acquisitions outside our core classifieds business to enhance long-term growth. We will pursue further industry consolidation offering value creation in a financially disciplined manner. We have a strong track record of successfully acquiring and integrating new companies (see "*—Experienced Management Team with Strong Track Record of Completing Strategic Acquisitions"*). We believe our history of acquisitions, our size and geographic reach, combined with a similar technology platform and the ability to deploy our existing products into new online classifieds sites, renders us well positioned to selectively pursue and capitalize on various growth opportunities in a disciplined fashion.

The Transactions

The Acquisition

On July 20, 2020, the Company entered into the Transaction Agreement with eBay, pursuant to which the Company agreed to acquire 100% of eCG, the global classifieds arm of eBay, for approximately $9.2 billion. Under the terms of the agreement, subsidiaries of eBay will receive $2.5 billion in cash, subject to certain post-closing adjustments for indebtedness and cash and approximately 540 million of our shares. The Company will issue to subsidiaries of eBay (i) voting shares representing approximately 33.3% of the total voting rights in Adevinta and (ii) shares of a new class of non-voting shares for the remainder eBay's stake (resulting in a total stake of approximately 44%, representing both voting and non-voting shares).

Following completion of the Acquisition, Schibsted Nordic has agreed to acquire the Danish Entity for $330 million on a debt free cash free basis.

Closing of the Acquisition is expected by the end of the first quarter of 2021, subject to approval by the Company's shareholders, including with respect to the issuance of the consideration shares to eBay and implementation of new governance rights and appointment of eBay nominees to our Board (described below). The Company's two largest shareholders, Schibsted, which currently owns 59.1% of Adevinta's shares (on a fully diluted basis), and Blommenholm Industrier AS, which currently owns 6.3% of Adevinta's shares, have agreed to vote in favor of the transaction. Closing of the Acquisition is also subject to customary regulatory and other closing conditions, and including the completion of Dutch works council consultation procedures with respect to certain of eBay Classifieds' Dutch subsidiaries. For details on key steps for consummating the acquisition see "*Summary—The Acquisition*."

Classifieds Indebtedness

As described in "*Summary—The Acquisition"*, prior to the completion of the Acquisition, eBay Classifieds Holding B.V. will accede to the Senior Credit Facilities Agreement as a borrower and will drawdown $1.2 billion (or EUR equivalent) under the Term Facilities, the cash proceeds of which will be used to repay existing indebtedness of eBay Classifieds Holding B.V. with the remainder distributed to eBay Classifieds Holding B.V.'s sole shareholder at that time. As described in "*Summary—The Acquisition,"* the Senior Credit Facilities will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral and guaranteed by certain subsidiaries of Adevinta (including subsidiaries of eBay Classifieds Holding B.V.).

Governance of Adevinta upon closing of the Acquisition

At closing of the Acquisition, the Company will issue, subject to shareholders' approval, to subsidiaries of eBay voting shares representing one-third of the total number of issued and outstanding voting shares. Separately and subject to our shareholder's approval, a class of non-voting shares will be created and issued to subsidiaries of eBay, which will be exchangeable for voting shares on a one-for-one basis so long as eBay (or any other holder of the non-voting shares) does not hold voting shares in excess of one-third of the total number of voting shares, unless such holder has already triggered a mandatory offer obligation under the Norwegian Securities Trading Act and publicly announced that it intends to put forward a mandatory offer, provided that such offer has not already been completed at the time of the request for exchange.

From and after the closing of the Acquisition, Shareholders holding (i) at least 25% of our outstanding Class A (voting) shares (initially eBay and Schibsted) shall have the right to appoint two directors to the Board, one representative to the Company's nomination committee and one member to each of the Company's other board committees; and (ii) at least 10% of our outstanding Class A (voting) shares shall have the right to appoint one director to the Board. The aggregate number of directors appointed pursuant to the foregoing shall however not exceed six and the majority of the Board shall always be elected by the Company's shareholders at the Company's general meeting. At closing of the Acquisition, the size of the Board is expected to increase to eight, with two directors appointed by eBay and one director appointed by Schibsted. Assuming Schibsted has the right to do so at the relevant point in time, Schibsted intends to appoint its second director to the Board at or in connection with the 2021 annual general meeting. It is understood that Kristin Skogen Lund will not present herself for re-election at the 2021 annual general meeting, so as to make herself available as the second direct appointee of Schibsted. See "*Management*."

Schibsted and eBay have also agreed to certain limitations on the sale of the Company's shares. For more information, see *"Certain Relationships and Related Party Transactions—Liquidity and Information Rights Agreement."*

The following is a summary of certain provisions of the Transaction Agreement:

Closing Conditions

Conditions to closing of the Acquisition under the Transaction Agreement include, but are not limited to: (i) receipt of any consents, authorizations and approvals required to be obtained prior to the consummation of the transactions or agreed by the parties to be obtained, and contemplated by the Transaction Agreement, from any applicable governmental entity; (ii) Financial Supervisory Authority of Norway approval of the prospectus for the listing of our voting shares in connection with the Acquisition on the Oslo Stock Exchange and publication of such prospectus by us, pursuant to the relevant rules; (iii) receipt of the approval of the Acquisition and certain related actions, including but not limited to the issuance of shares to eBay and/or its subsidiaries as consideration for the Acquisition, amendments to our articles of association, by the affirmative vote of holders of at least two-thirds of (a) the votes cast and (b) the share capital of our voting shares represented in person or by proxy at an extraordinary general meeting ("EGM") of our shareholders to be held on October 29, 2020 (the "Shareholder Approval"); (iv) completion of consultation in accordance with clause 25.1 of the Dutch Works Councils Act with the competent works council of Marktplaats, a subsidiary of eBay Classifieds, in the Netherlands; and (v) no governmental entity of competent authority and jurisdiction having issued an order or enacted a law that makes illegal or prohibits the consummation of the transactions contemplated by the Transaction Agreement.

Termination Provisions

The Transaction Agreement may be terminated at any time before closing by:

1. mutual consent of the parties;
2. by either party if (i) closing of the Acquisition has not occurred on or before April 20, 2021, subject to a three-month extension if all conditions to the closing of the Acquisition, other than certain conditions relating to regulatory approvals, have been satisfied or waived on such date (as may be so extended, the "Outside Date"); (ii) there is a breach of certain representations, warranties, covenants or agreements under the Transaction Agreement and such breach cannot be cured before the Outside Date or is not cured within 60 days following receipt of notice of breach or (iii) a governmental entity

of competent authority and jurisdiction issues an order or enacts a law that remains in effect and makes illegal or prohibits the consummation of the Acquisition; or

3. by eBay if (i) prior to receipt of the Shareholder Approval, we or our Board (x) fail to submit the Acquisition, amendment to our articles of association and other required items for the Shareholder Approval to our shareholders at the EGM or our Board makes an adverse recommendation with respect to the Acquisition (including by recommending our shareholders support a competing proposal), or (y) materially breach our obligations with respect to the EGM or the non-solicitation of competing proposals clauses in the Transaction Agreement; (ii) a takeover bid or offer for any class or classes of our securities representing in the aggregate 15% or more of the outstanding voting power is commenced and the Board recommends such bid or offer to our shareholders or fails to recommend against it within a certain time period; or (iii) the Shareholder Approval is not received at the EGM.

The Transaction Agreement also includes the following $92,000,000 break fees which may be payable by us to eBay International Holding GmbH (or another designee of eBay):

- Fiduciary break fee—payable to eBay if (i) eBay terminates the Transaction Agreement under the circumstances described under (3) above, or (ii) after the date of the Transaction Agreement, a competing proposal is made and (A)(x) either party terminates the Transaction Agreement due to closing not having occurred by the Outside Date and without having obtained the Shareholder Approval or (y) eBay terminates the Transaction Agreement due to our breach and (B) we enter into a competing proposal within one year following termination; and
- Regulatory break fee—payable to eBay if the Transaction Agreement is terminated due to the failure to obtain regulatory approvals.

Representations, Warranties and Covenants

eBay has provided customary title, capacity and authority representations and warranties, as well as customary representations and warranties on eBay Classifieds and its business to us. Except for the customary title, capacity and authority representations and warranties, eBay's representations and warranties will not survive the closing of the Acquisition. Additional coverage for representations and warranties relating to eBay Classifieds and its business as well as a customary tax indemnity is provided by representations and warranty insurance we procured, in respect of which claims are subject to customary limitations. eBay has also given certain covenants applicable until closing, including in connection with the operation of eBay Classifieds and certain covenants with respect to contracts and leases shared by eBay Classifieds and eBay's retained business which may continue after closing.

We have provided customary title, capacity and authority representations and warranties to eBay. In addition, we have provided certain representations and warranties on our business and the availability of funds to satisfy the total cash consideration payable to eBay or its subsidiaries at closing. Except for the customary title, capacity and authority representations and warranties, our representations and warranties will not survive the closing of the Acquisition. We have also given certain covenants applicable until closing, including in connection with the operation of our business and with respect to obtaining regulatory approval of the Acquisition.

Employee Non-Solicitation

For a period of twelve months following closing of the Acquisition, eBay is prohibited from directly or indirectly soliciting for employment certain employees of eBay Classifieds. We have the same obligation with respect to certain eBay employees.

See also "*Risk Factors—Risks Related to the Acquisition*."

Financing of the Acquisition

Prior to completion of the Acquisition,

(a) we expect to enter into the Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of €900 million, (b) the USD Term Facility in an aggregate principal amount of $500 million and (c) the Revolving Facility in an aggregate principal amount of up to €450 million, which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral; and

(b) we are issuing €1,060.3 million aggregate principal amount of the Notes.

We intend to use the gross proceeds from the offering of the Notes, the Term Facilities, cash on hand and the eBay rollover equity into Adevinta (i.e. the share consideration payable to eBay or its subsidiaries for the Acquisition in Adevinta shares) (i) to pay part of the consideration for the Acquisition, (ii) for eBay Classifieds Holding B.V. to repay existing intercompany debt owed to certain subsidiaries of eBay and to fund a distribution to its sole shareholder, (iii) repay all borrowings under and terminate our €600 million multi-currency term loan and revolving credit facility and the Grupo ZAP Bridge Term Loan Facilities and (iv) to pay fees and expenses related to the Transactions.

Prior to completion of the Acquisition, eBay Classifieds Holding B.V. will accede to the Senior Credit Facilities Agreement as a borrower and draw down $1.2 billion (or EUR equivalent) under the Term Facilities. The cash proceeds of that loan will be used to repay existing indebtedness of eBay Classifieds Holding B.V. with the remainder of the loan being distributed to eBay Classifieds Holding B.V.'s sole shareholder. See, "*Use of Proceeds*."

Prior to completion of the Acquisition, it is also expected that a member of the Schibsted Group will provide a short-term loan to Adevinta or one of its subsidiaries in a principal amount not less than the principal amount of the Bridge Facility (the "Schibsted Loan") to replace the Bridge Facility.

Following completion of the Acquisition, it is expected that Schibsted Nordic will purchase the Danish Entity from a subsidiary of Adevinta (the "Danish Acquisition"), the proceeds of which will be applied (directly or indirectly) in repayment of the Schibsted Loan in full. Upon completion of the Danish Acquisition, the Bridge Facility will be cancelled in full (there is no intention to draw down under the Bridge Facility).

Overview of Our Operations

Our online classifieds sites have the following categories of primary users: (i) consumers searching for products and services listed on our online classifieds sites; (ii) listers placing inventory for sale, which can in turn be divided into private individuals and professional listers; and (iii) advertisers, i.e. third parties using the online classifieds sites to promote their products and services, for example by purchasing advertising space on a site.

We derive most of our operating revenues from sale of classifieds products and services in the form of various fees, products and add-on products (for example, bulk uploads or individual dashboards for efficient management of a large number of listings) purchased by private and professional listers on our online classifieds sites. Most of our classifieds operating revenues are generated from services and products sold to professional listers, primarily in our vertical categories. Our ability to generate operating revenues depends, to a large extent, on the number of listings and traffic on our sites. Listings and traffic on online classifieds sites are affected by the network effects, whereby listing inventory and user traffic are mutually reinforcing. In particular, external factors such as internet penetration and mobile adoption, the general market conditions of the relevant geographic markets and the industry shift from offline to online channels and from desktop to mobile affect the number and content of listings, online traffic and our ability to monetize our online classifieds sites. Network effects drive profitability: as listings and traffic on our online classifieds sites increase, our operating expenses, such as sales, marketing and personnel expenses, as a percentage of operating revenues decreases. In addition to classified operating revenues, we also sell advertising as well as additional products and services.

For the year ended December 31, 2019, operating revenues from classifieds products and services represented 72% of our pro forma operating revenues, of which the vertical sites (real estate, motor and jobs) represented 85% of our pro forma classifieds operating revenues, while generalist sites/other represented 15% of our pro forma classifieds operating revenues. For a reconciliation of our revenue by category to pro forma operating revenue, see "*Summary—Our Business Strengths—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets.*" In general, professional customers' willingness to pay for listings and additional products and services increases when they are offered products and services that can help them increase leads and sales (e.g., increased visibility or better pricing, better tools for placing new listings or managing existing listings).

Our combined businesses hold a complementary portfolio of assets, as indicated in the chart below, which includes a selection of key countries and brands (including the acquisition of Grupo ZAP, which is expected to close before the end of 2020).

Source: Adevinta, eBay Classifieds Group.

Notes: (1) Selected key countries and brands. (2) The acquisition of Grupo ZAP by OLX Brazil received approval in September 2020 from Brazil's Antitrust Agency (CADE), and is expected to close before the end of 2020.

For information on our pro forma operating revenues by geography and category for the year ended December 31, 2019 by geography and by category, see "*—Our Business Strengths—Diversified Classifieds Platform Across Geographies and Verticals with Highly Complementary Portfolio of Assets.*"

The table below sets out the three key metrics by which we measure our performance by for the year ended December 31, 2019, excluding unconsolidated joint ventures:

	For the year ended December 31, 2019	
	Adevinta	**eCG**
Traffic (Average Monthly Visits)[1] (millions)	**1,025[3]**	**1,388**
Live Listings[2] (thousands)	**67,400[3]**	**68,995**
Operating revenue (€ millions)	**680.3**	**952.0**

(1) The sum of average monthly visits of each of the Company's and eCG's sites (source: management estimates).

(2) The sum of the monthly average of the daily active listings of each of the Company and eCG's sites (source: management estimates).

(3) Excl. JVs.

Products and product offering

Set forth below is an overview of our product offering for each primary class of consumers as well as an overview of our product development function.

Consumer offering

Consumers, such as buyers, renters and job seekers, searching for products and services listed on our online classifieds sites, have free access to our online classifieds sites to search for a wide range of products and services listed by professional and private listers. Consumers can search the online classifieds sites without prior registration and have access to a large volume of listings in numerous categories such as real estate, motor, jobs, fashion, household equipment and sport equipment, amongst others. Filtering functionalities allow for more precise searches by category, geography and price and whether the inventory has been listed by a private or professionals. Most listings are moderated with the aim of preventing listings of illegal and counterfeit goods and fraud. For example, in Spain, we combine algorithm tools with manual review. Specific moderation features which are applied vary site by site. In addition, consumers have the option to pinpoint suspicious ads and that feedback is directed to our teams. In addition, the online classifieds sites publish guidelines and tips on how to safely buy and sell on the online classifieds sites.

Typically, consumers can save their favorite items for later consultation and save specific searches to receive alerts when new products matching their requirements become available.

The online classifieds sites also typically have additional product features such as messaging, which allows consumers to easily contact private listers to obtain more information about the item for sale and to negotiate and agree on a sale. We are also developing transactional features in several online classifieds sites, which will allow for secured payment and delivery.

Customer offering for private listers

Individuals placing inventory for sale on our online classifieds sites (private listers) may post products and services free of charge on our online classifieds sites. Our online classifieds sites are designed to ensure a simple and easy-to-use listing creation process and include tools to update, modify and remove listings. By posting listings on our online classifieds sites, private listers gain access to a wide audience of consumers searching for products and services.

Private listers typically have access to basic statistics for their listings, including the number of times a listing has been viewed, the number of times someone has clicked to view their phone number and the number of emails that have been sent by consumers. Private listers can also typically purchase premium options, including changes to their existing listings and improving the visibility of their listings, for example by displaying it at the top of the online classifieds site, adding an 'urgent' logo or adding additional photos.

Customer offering for professionals

We offer a wide range of products and services to professionals placing their inventory for sale on our online classifieds sites. Professionals can choose from multiple packages to list their inventory in a way that is adapted to their volume, size and needs, such as options to increase visibility of their listings. They can usually choose to upload their listings manually or through an automated interface.

The majority of our online classifieds sites also offer dedicated "virtual" shops or profile pages for professionals in the core verticals such as car dealers, real estate agents and professionals from other categories, such as furniture and sports equipment. These profile pages allow professionals to showcase their products on a dedicated page on our online classifieds sites, as well as the option to display their logo on each of their listings and tools to manage their budget and increase the performance of their listings.

Professional customers also typically have access to tools such as a performance dashboard, which is aimed at enabling them to monitor and optimise their portfolio of listings and maximize the professional customers value for money and, on certain online classifieds sites, a car pricing tool that helps car dealers optimise the price for their cars based on make, model, year, mileage, fuel and gearbox type.

Advertising sales and other products and services for advertisers

We also generate operating revenues from the sale of advertising space on our online classifieds sites either sold directly to companies, via media agencies, or through a sales process with automated bidding on the online classifieds sites advertising inventory in real time, which gives the advertiser the opportunity to show an advertisement that resonates with each individual. These advertising spaces include a number of traditional formats such as banners, skyscrapers, skins and wallpapers, as well as integrated video advertisements and native advertisements, which are paid advertisements that match the look and function of the media format in which they appear. Advertising on our online classifieds sites is sold through different models, including by volume (Cost per Mille—pay per view/cost per thousand impressions), duration (pay for the advertisement to be displayed for a specific period of time) or through a performance-based model (where the advertiser is charged for specific leads).

Advertisers on our online classifieds sites range from companies selling consumer goods or services, such as airlines aiming to reach a wide audience, to advertisers seeking to target a more specific audience, such as car manufacturers. Our online classifieds sites may also be attractive to other third parties, such as consumer finance and insurance companies and other providers that sell aftermarket products and services particularly to the motors and real estate verticals.

For advertisers, our online classifieds sites offer access to a wide audience with buying intent and the ability to display advertisements according to a large selection of tailored categories such as motors, real estate and jobs, as well as multimedia products, fashion and household appliances, targeting by geography, operating system or more specific elements such as brand, price or keywords. Advertisers are offered several targeting possibilities to help improve the performance of campaigns, such as targeting by geography, category, operating system and further customized targeting such as by brand, internet service provider or mobile operator and key words.

Product Development

We develop products and services aimed at improving the overall user experience for all users. Development of new products and features takes place both on local level, i.e. on an individual site and country basis, as well as by central teams developing shared products targeting verticals and specific user groups across jurisdictions and sites. The primary purpose of central product development is to develop products that can be deployed on several sites group-wide, independent of jurisdiction, such as messaging, response notification, performance dashboards and image recognition. The central product development team also works to ensure group-wide synergies within technology and product development, ensuring that products and features developed locally are also considered for use in other online classifieds sites.

Product development is primarily carried out internally by our employees. Our products relate to making the process of placing listings as easy and efficient as possible, with access to products and add-on for monitoring and tracking listings placed on the online classifieds sites, as well as features to ensure safe and efficient transactions between buyers and sellers.

Key Markets

Adevinta Key Markets—*France*

Overview

Our operations in France are primarily carried out through leboncoin, which is a leading generalist online classifieds site in France, in terms of listings, monthly unique active users, professional customers and operating revenues. In addition to its generalist offering, leboncoin operates across several verticals.

The Company has strengthened its vertical positions in France through acquisitions carried out with the aim to build a portfolio of complementary brands, such as A Vendre A Louer, MB Diffusion, Kudoz, Vide Dressing, PayCar, the Argus Group (which also has operations in Italy and Spain), Locasun and Pilgo SAS. Certain key highlights in the Company's France segment's history are:

- 2006: Launch of leboncoin using the technical platform of Blocket in Sweden;
- 2008: leboncoin became profitable;
- 2010: leboncoin became the market leader of online private listings with 10 million listings;
- 2012: leboncoin was for the first time voted the third favorite brand in France according to OC&C Strategy Consultants' Study, 2012 and was ranked in Great Place To Work Institute's list of top companies;
- 2016: leboncoin reached 500 employees, launched a fully responsive online classifieds site and acquired MB Diffusion;
- 2017: leboncoin was voted as the fourth most useful company in France according to an international market research group, IFOP S.A. and acquired A Vendre A Louer and Kudoz;
- 2018: leboncoin launched peer-to-peer payments as a feature and acquired Vide Dressing;
- 2019: Acquisition of Locasun, PayCar and the Argus Group; and
- 2020: Acquisition of Pilgo SAS.

France is the largest segment within the Company's portfolio. In 2019, the segment had €357.4 million in operating revenues and 1,312 FTEs as of the end of 2019. The Company's France segment operating revenues grew by a 17% CAGR from 2017 to 2019. The France segment reported EBITDA margin of 54% in 2019 (55% in 2018 and 58% in 2017) (see "*Presentation of Financial Information—Non-IFRS Financial Measures*"). Our total marketing expenditure in France was €36 million in 2019, with 36% of advertisement spending consisting of online advertising spend.

In terms of brand awareness and recognition, our online classifieds sites have strong positions, particularly leboncoin which in 2017, was viewed as one of the most useful brands in France, in fourth position behind only La Poste, SNCF and EDF Energy, according to 2017 IFOP study.

France online classifieds sites

leboncoin (generalist)

With 28.7 million monthly unique active visitors in 2019, leboncoin is a leading generalist platform in France and was also the sixth largest website in France in terms of monthly unique active users in 2019, behind Google, Facebook, YouTube, Wikipedia and Amazon. Leboncoin represented 48.7% of our operating revenue in 2019, and is a leader across motors and real estate.

In 2019, leboncoin had:

- a customer base comprising approximately 342,000 professionals, which comprises approximately 7% of French companies;
- approximately 171 million listings placed;
- an average of approximately 700,000 new listings posted daily;
- an average of approximately 2.4 million messages being exchanged on leboncoin each day;
- approximately 713,000 job positions filled; and
- approximately 112 million transactions were carried out through leboncoin, the sum of which represented approximately 0.9% of the French GDP in that period.

We continue to invest in growth and explore new opportunities to strengthen our positions, increase operating revenues through more competitive pricing and value-added services (such as in jobs and recruitment) and enter into new verticals. In addition to leboncoin, the Company has strengthened its vertical positions in France by building a portfolio of complementary brands through bolt-on acquisitions of the following online classifieds sites:

A Vendre A Louer (Real estate)

A Vendre A Louer is a vertical online classifieds site within real estate that leboncoin acquired in 2017. In 2019, A Vendre A Louer had a 37% market share of real estate listings in France and was the number four classifieds website in terms of number of monthly unique active users. For the period of January through April in 2020, A Vendre A Louer was number five in terms of number of monthly unique active users.

A Vendre A Louer targets professionals offering properties for sale, rentals and new constructions and offers a wide range of listing services, including features to help professionals work on their leads and manage their mandate agreements with the real estate sellers to market the property more easily. Through these services, professionals can see the number of searches performed by consumers and the number of times consumers have contacted their real estate agency. Through access to a dedicated space called "Espace Pro", professionals also have access to a selection of mandates similar to the properties in their portfolio.

For consumers, A Vendre A Louer offers advanced search options, notifications, simulations and quotes for financing, insurance and moving services through its partners and practical advice for consumers across all stages of their real estate project, whether it is buying, selling or renting.

MB Diffusion (Agricultural and construction equipment)

MB Diffusion was acquired in 2016 and operates three vertical online classifieds sites: AgriAffaires, an online classifieds site for new and used agricultural, forestry and winegrowing equipment, MachineryZone, an online classifieds site for new and used construction, transport and handling equipment and Trucks Corner, an online classifieds site for second-hand trucks, semi-trailers and heavy vehicles. MB Diffusion has a physical presence in Italy, France and Germany and billing in more than 60 countries. AgriAffaires has a presence in 20 countries, Machinery Zone is present in 20 countries and Trucks Corner is present in 20 countries. MB Diffusion was also the market leader in France in terms of traffic and number of listings within the agricultural and construction equipment verticals in 2019.

MB Diffusion offers listings of professional equipment either free of charge or on a price-based fee, depending on the listing price of the equipment. In addition, buyers of professional equipment can register "wanted" listings free of charge if they are searching for specific equipment. AgriAffaires and MachineryZone provide listers with a "Price Observatory" where they can search for international price trends for used equipment for more than 5,747 models in 61 categories to assist them in determining the price for their equipment.

LeBonCoin Emploi Cadres (jobs)

Kudoz was originally a mobile application vertical online classifieds site covering jobs and recruitment of white-collar workers. Leboncoin first acquired a stake in Kudoz in 2015, and subsequently acquired a further stake in 2017 to gain control. In 2018, Kudoz was rebranded as "leboncoin Emploi Cadres" and a dedicated online classifieds site was launched to complement the mobile application offering.

"leboncoin Emploi Cadres" uses a matching algorithm to provide recruiters with profiles that correspond to their listing. Recruiters can limit the visibility of their listing to a certain population through filtering, for example by type of education. Recruiters also have access to key performance indicators, such as the number of views and number of candidates per job listing.

"leboncoin Emploi Cadres" enables job applicants to rapidly register their profile and select criteria for the positions that may be of interest, such as function, geography, type of contract, salary expectations, industry and company size. The job applicant receives jobs matching their search criteria and can apply for the job by sending a short application text and CV via the leboncoin Emploi Cadres interface. Once a job application has been sent, the job applicant receives notifications regarding the progress of their application.

Vide Dressing (general goods within second-hand fashion)

Vide Dressing is a general goods vertical online classifieds site within second-hand fashion and luxury goods that leboncoin acquired in 2018.

Vide Dressing connects sellers and buyers of second-hand fashion and luxury goods and enables them to list and search on its online classifieds site based on various search criteria, such as brand, size, price, color and condition. Individual profiles and ratings provide information about the number of transactions and other users' experience with the seller and allows other users to be notified when they list new items for sale. Vide Dressing offers payment and delivery services and sellers also have the option to purchase authenticity certificates for high-end and luxury items.

Locasun (holiday rental and specialist travel)

In June 2019, the Company completed a bolt-on acquisition of Locasun, a holiday rental and travel specialist online classifieds site operating across Europe (mainly in France (37%), Spain (19%) and Italy (13%)), through the acquisition of 100% of the shares of Locasun SARL and 100% of the shares of Locasun Spain SLU. The Locasun acquisition was also a value-chain expansion for us, adding services such as payment, guarantee, private sales and other services to our range of products and services.

PayCar

PayCar is a startup specializing in peer-to-peer payment for second-hand vehicle purchases founded in 2015 and acquired by leboncoin in June 2019. This acquisition generated synergies for us, through the launch of C2C payment on motor on leboncoin, as a result of Paycar's expertise and product adaptation.

PayCar's platform verifies both sellers and buyers and ensures seamless transaction between the two parties along with offering a payment portal, enabling buyers to deposit the purchase amount with the company where the transfer to the seller takes place only when the buyer authorizes it. Approximately 100,000 users that are registered on the platform have bought or sold their car with PayCar. The service is rated 9.8⁄10 based on verified reviews.

Argus group

Argus group is one of France's leading players in digital marketing services to the automotive industry. Leboncoin acquired Argus in October 2019.

Argus group offers a range of products aimed at professionals in the automotive industry, including manufacturers, distributors, dealers and auctioneers. These products include vehicle classifieds ad sites (l'Argus.fr and neowebcar.fr), quality editorial content and press articles written by journalists, a user-generated forum (auto-evasion.com) and a number of complementary products and services including, among others, Argus Repository (a database that allows users to identify precisely a new or used vehicle by its generation, engine size, finish, price, technical features), VO check (a vehicle history database) as well a number of car valuation software products and management software solutions for professional car dealers (CardiffVO, JDKLog, PlanetVO, PlanetVO^2) which can be accessed by professionals in the automotive industry for purposes of buying, selling, trading and valuing goods and services. Originally established as a trade publication more than 100 years ago, the group has diversified and digitalized its services to cover key aspects of the sector and offers three main products: dealers' software, valuation tool and websites (including editorial information and classifieds). The group has created the number one market reference in valuing second-hand cars in France, through the Cote Argus® that has a 83% market share. The Argus group employs approximately 256 employees in Paris, Nantes, Toulouse and Casablanca (Morocco).

Pilgo SAS

Pilgo SAS is a digital hotel distribution platform directly connected to hotel reservation systems. Leboncoin acquired Pilgo in January 2020. Pilgo's integration into leboncoin is expected to complete in the second half of 2020.

Created in 2015, Pilgo SAS through its digital hotel distribution platform is connected to the reservation systems of independent hotels, including Fastbooking and Availpro (under the D-Edge brand), Reservit and SynXis by Saber, as well as hotel chains such as AccorHotels, Logis de France, Best Western, B&B Hotels, Les Collectionneurs, Hôtels & Préférence, Contact Hotel, Brit Hotel, Oceania Hotels, Ace Hotel. It lists more than 11,000 hotels in France and has developed its direct marketing vis-à-vis online travel agencies (OTA). With this service, Pilgo enables the hotel industry to develop its direct marketing by providing an alternative technical solution to search engines and OTAs. Hoteliers have live access to the traffic of the most popular travel sites and the solution connects directly to their reservation system, where customer transactions are carried out. Other tourism players can connect directly to thousands of hotels across France, allowing them to offer additional service to their customers.

Adevinta Key Markets—*Spain*

Overview

Our business in Spain is the largest online classifieds business in Spain based on revenues and audience. The Spain segment comprises a leading group of complementary online classifieds sites, including InfoJobs, a leading job vertical in terms of traffic in 2019, Coches.net and Milanuncios, which are among the market leaders in the car vertical in terms of traffic, content and paying customers in 2019, Fotocasa, which also holds a strong position in the real estate vertical in terms of traffic, content and revenue in 2019 and the generalist Milanuncios, which holds a leading position in real estate in terms of content in 2019. Milanuncios is our main generalist online classifieds site in Spain and serves as a source of consistent content for the real estate and car verticals.

The Company has built a multi-brand presence in Spain, through a series of acquisitions:

1978: Segundamano (currently Vibbo) was founded as a monthly newspaper of free classifieds ads;

1982: Anuntis was founded;

1998: InfoJobs was founded;

2006: Schibsted entered the Spanish classifieds market in 2006 with the acquisition of 77% of the shares in Anuntis and also had ownership position in InfoJobs (Schibsted indirectly held 72%);

2008: Anuntis closed its paper business and became a pure online company;

2009: Schibsted secured control over InfoJobs by acquiring 98.5% ownership;

2013: Schibsted acquired the remaining shares in Anuntis and the company changed its name to Schibsted Spain;

2014: Schibsted Spain acquired Milanuncios and as a part of the consideration a minority stake in Schibsted Spain was granted to the selling shareholders;

2017: Schibsted Spain acquired Habitaclia; and

2019: In January 2019, Schibsted took full ownership of Schibsted Spain after acquiring the minority stake. During the first half of 2019, we unified most of our products and technology in Spain under the same roof in new offices in Barcelona.

With its combination of generalist and vertical-focused platforms across different targeted brands, our Spain segment is a significant contributor to the Group, generating €182.0 million in operating revenues in

2019, which represented 26.8% of our operating revenues in 2019 growing at a 15% CAGR in operating revenues from 2017 to 2019, with a 33% EBITDA margin in 2019 (29% in 2018 and 25% in 2017). The effect of IFRS 16 implementation on operating expenses and EBITDA for Spain was €3.1 million in 2019.

The Spain segment online classifieds sites had approximately 17.9 million monthly unique active users on average during 2019 and employed more than 1,100 FTEs at the end of 2019.

The Spanish business collects data from private users and from professionals, which may be leveraged in product development to anticipate user needs, customize daily usage, provide relevant advertising, support publishers in their professional activities and deliver mass media relevant insights on market evolutions. We believe that the extent of data collected, in line with applicable privacy and data protection legislation and requirements, from our various online classifieds sites is a competitive advantage for our Spanish operations.

Spain segment online classifieds sites

InfoJobs (jobs)

InfoJobs had a leading market position in the jobs segment in terms of usage in the fourth quarter of 2019 (with an average of 52% of respondents having visited the site in the past six months, which was 1.7 times the usage score to the nearest competitor) and in terms of share of its users that have applied to any job in 2019 (at 1.4 times the share of users of the most used competitor).

Coches.net and Motos.net (motor)

Coches.net was, together with Milanuncios, the market leader in motor car segment in terms of usage in the fourth quarter of 2019 (jointly having an average of 38% of respondents having visited the site in the past six months, which was 1.8 times the usage score of the nearest competitor). In terms of listings, Milanuncios was the market leader in terms of monthly new ads in the fourth quarter of 2019 (representing 1.9 times the number of listings of the nearest competitor). Coches.net is also complemented by Motos.net, which is an online classifieds site dedicated to motorcycles.

Fotocasa and Habitaclia (real estate)

We have two vertical online classifieds sites in real estate: Fotocasa and Habitaclia. In 2019, despite the market slowdown, we grew in terms of traffic, content and revenues. We were second in the market in terms of usage in the fourth quarter of 2019 (with an average of 40% of respondents having visited Fotocasa in the past six months, which was a similar score compared to the market leader).

We believe that we are well-positioned within the real estate vertical category in Spain, with the combination of new listings on Milanuncios and visits to Fotocasa further complemented by Habitaclia and Milanuncios. Milanuncios was the market leader in terms of monthly real estate new listings in the fourth quarter of 2019, slightly ahead of its nearest competitor.

Milanuncios (generalist)

Milanuncios is our main generalist online classifieds site and a significant traffic and listing generator. In 2019, Milanuncios represented approximately 45% of the traffic of our most relevant sites in Spain measured in visits and it was an additional source of listings and effectiveness for our real estate and car verticals. Among generalist online classifieds sites in Spain, Milanuncios ranked second in terms of traffic and, according to our estimate, in listings.

Adevinta Key Markets—*Brazil*

Overview

Our online classifieds in Brazil primarily consists of OLX Brazil, which is a generalist online classifieds site and a market leader in terms of traffic, with approximately 90% of traffic from mobile use in 2019. OLX Brazil represented 10.4% of our operating revenue in 2019 before eliminations. The Brazilian segment also comprises InfoJobs, part of the job vertical.

OLX Brazil is operated through a joint venture company, Silver Brazil JVCO B.V. ("OLX Brazil"), our 50/50 joint venture together with OLX B.V., a subsidiary of Prosus N.V., a global internet and entertainment group that was spun out of Naspers Ltd. (South Africa) in 2019 and listed on Euronext

Amsterdam. The ownership in OLX Brazil is governed by a shareholders' agreement, entered into when the joint venture was established in 2015. The agreement has provisions on governance, funding, restrictive covenants, pre-emptive rights in case of sales of shares (directly or indirectly) and exit rights for each shareholder. As part of the joint venture arrangement, OLX Brazil has also been granted an exclusive, non-transferable, non-assignable, royalty-free license to use the OLX-name, certain OLX domains and OLX trademarks.

In August 2019, OLX Brazil acquired Anapro (Facher Tecnologia Ltda.), a company based in Brazil focused on CRM and Sales management solutions for the real estate market.

In March 2020, OLX Brazil agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately €580 million. We have entered into a deal contingent hedge to fix the purchase price in EUR and eliminate the currency risk. The transaction is subject to the approval by Brazil's Antitrust Agency (CADE), with approval received in September 2020 and we expect the acquisition to close before the end of 2020 or in early 2021. In the interim period, both businesses continue to operate independently. We intend to use a portion of the proceeds of the Notes to, among others, repay debt we incurred to pay for our share of the consideration for this acquisition.

The key events in the Company's Brazil segment's history are:

2010:	Launch of OLX;
2011:	Naspers acquired OLX Brazil and Bomnegócio (Schibsted's Brazilian site) opened in Brazil;
2013/2014:	Major investments made to build up OLX;
2015:	Merger between OLX and Bomnegócio (a site that was launched by Schibsted), thereby acquiring 25% stake in OLX Brazil; Start of monetization;
2016:	OLX became the number one platform for car sales in Brazil;
2017:	Storiaimóveis, a premium site targeted at real estate developers, agents and agencies, was launched;
2017:	Acquisition of Telenor's 25% stake in OLX Brazil, thereby increasing ownership interest to 50%;
2018:	First profitable year for OLX Brazil and launch of Autoshift, an exclusive site in motor for professional retailers for both new and used cars;
2019:	Acquisition of Anapro (Facher Tecnologia Ltda.) (Brazil); and
2020:	Agreement to acquire Grupo ZAP.

In 2019, the Company's Brazil segment had €86.0 million in operating revenues (representing 11.3% of our operating revenues before eliminations (Brazil segment primarily comprises the joint venture OLX Brazil which is accounted for using the equity method of accounting with subsequent adjustments are included in eliminations, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta*")) and 758 FTEs. The Company's Brazil segment had CAGR in operating revenues of 27% in the period from 2017 to 2019. The EBITDA margin in Brazil has improved from negative 10% in 2017 to positive 7% in 2019. Total marketing expenditure in Brazil was €11.5 million in 2019, with 71% of advertisement spending consisting of online advertising spend.

Brazilian online classifieds sites

OLX (generalist)

OLX is a market leader in Brazil and has strong brand recognition among Brazilian internet users. OLX also operates across several verticals and was the market leader in the car vertical in terms of visits (2.1 times more visits than number two competitor), number of listings in 2019 (2.7 times more listings than the number two competitor) and in the real estate vertical in terms of visits in 2019.

In 2015, OLX introduced listing fees for its motor and real estate verticals. In 2017, OLX extended its real estate offer with the launch of "Storiaimóveis", a premium site targeted at real estate developers, agents and agencies. In 2018, as OLX launched Autoshift, an exclusive site in motor for professional retailers for both new and used cars. Since 2018, OLX has also entered into partnerships with various banks to offer financing and other services. These partnerships enable OLX to become further involved in the transaction value chain by being part of the end to end user experience. In 2020, OLX introduced a new transactional model (OLX Pay), with a full-escrow model (Compra Segura) via digital wallet and offering delivery services.

InfoJobs (jobs)

InfoJobs was launched in Brazil in 2007 following its success in Spain. InfoJobs is a market leader in the job vertical in terms of visitor traffic to its classifieds site in 2019. Between 2013 and 2019, InfoJobs has experienced increased monthly visits and resumes registered on its sites.

We own 76.23% of InfoJobs, while the remaining share is owned by RedArbor, an online classifieds group that specializes in employment.

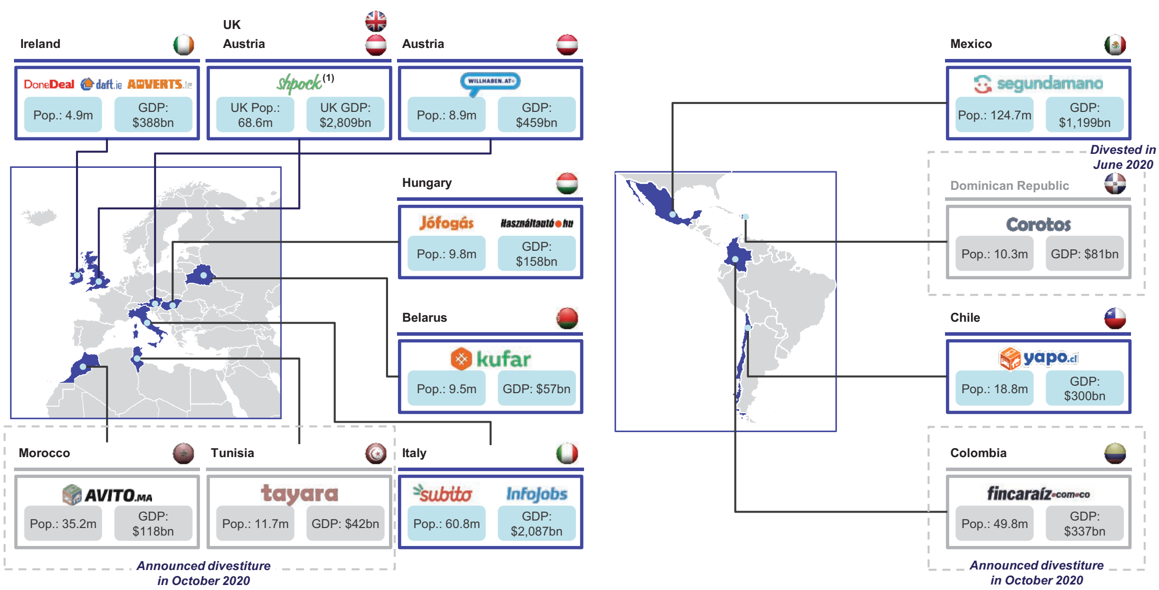
Adevinta Key Markets—*Global Markets*

Overview

Adevinta's Global Markets comprise a global portfolio of online classifieds sites with well recognized brands across Italy, Austria (50/50 joint venture, Willlhaben), Ireland (50/50 joint venture, DistilledSCH), UK (via Shpock), Hungary, Colombia, Mexico, Chile, Tunisia, Morocco, Belarus. In October 2020, Adevinta entered into agreements to divest its online classifieds businesses in Morocco, Tunisia and Colombia, see "*Summary—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia.*"

In 2019, Adevinta's Global Markets segment had operating revenues of €124.2 million, with Italy, Austria (50/50 joint venture, Willhaben), Ireland (50/50 joint venture, DistilledSCH) and Hungary being the largest contributors. The total marketing expenditure for Global Markets was €24.6 million in 2019, with 77% of advertisement spending consisting of online advertising spend. Global Markets had a CAGR of 7.7% in operating revenues from the year 2017 to 2019 and an improvement in EBITDA margin from negative 48% in the year ended December 31, 2017 to positive 8% in 2019.

The following chart shows the online classifieds sites that comprise our Global Markets portfolio:



Notes: (1) Shpock is also present in Italy and Germany.

The Global Markets portfolio includes brands in both generalist and vertical categories.

Set forth below is an overview of some of our key markets within Global Markets.

Italy

Italy represents a mature economy, with internet penetration of 69% in 2019. Our total advertising spending in Italy was €11 million in 2019, with 71% of advertising spend being online advertising spend.

We believe that Italy represents significant opportunity with country's total advertising spending of $9.5 billion in 2019 of which 30% of advertising spend being online advertising spend.

Our operations in Italy consist of Subito, a generalist brand, with strong positions in cars and jobs and a challenger position in real estate and InfoJobs, which is a job vertical online classifieds site. Subito is a generalist online classifieds site and a market leader within online classifieds in Italy in terms of traffic in 2019 and was the most recognized online classifieds brand in Italy with a 37% brand awareness score according to Ipsos, a global market research and public opinion specialist ("Ipsos") and with more than 81% of traffic from mobile use in 2019. In addition to its strong generalist brand, Subito was also market leading in the car vertical, number two in the jobs vertical and number four within the real estate vertical, all in terms of traffic in 2019. Within the real estate vertical, Subito's main focus is on private sector, rentals and vacation rentals.

Austria

Austria has a mature economy and high internet penetration of 80% in 2019. Our total advertising expenditure in Austria (excluding Shpock) was €4.8 million in 2019, with 35% of advertisement spending being online advertising spend.

We operate two brands in Austria: Willhaben, which is a 50/50 joint venture that was founded by Schibsted and Styria Medien AG in 2006 and Shpock (see "—*Shpock*"). Willhaben is a generalist online classifieds site with strong growth in terms of visits and live listings between 2017 and 2019 and with approximately 77% of traffic from mobile use in 2019. Willhaben was Austria's seventh largest online classifieds site in terms of traffic in 2019, as well as a market leading operator in the motor and real estate verticals in terms of traffic in 2019.

In 2019, Willhaben was the most recognized brand in Austria within the real estate and motor verticals, scoring 54% and 56% respectively on brand awareness in a survey conducted by Ipsos in 2019.

Ireland

We believe that Ireland offers a strong growth opportunity with 82% internet penetration in 2019 and 5.6% year-on-year real GDP growth between 2018 and 2019. Our total marketing expenditure in Ireland was €1.6 million in 2019 with 57.8% of advertisement spending being online advertising spend.

We operate three online classifieds sites as part of DistilledSCH, our 50/50 joint venture with the Irish-owned company Distilled Media:

- *DoneDeal*, a generalist online classifieds site with a strong presence in the car vertical, enjoying the market leading position in terms of traffic in 2019, with a 34% top of mind brand awareness among online classifieds for motor in 2019; and
- *Daft* is a market leader in the real estate vertical in terms of traffic in 2019 which had above 50% top-of-mind brand awareness among online classifieds for real estate in 2019.
- *Adverts*, which is a generalist online classifieds site with a strong market position within online classifieds in Ireland in 2019 and has a particularly strong presence in the Dublin area;

Hungary

We believe that Hungary is an attractive market with total advertising expenditure in 2019 of €767 million, internet penetration of 80% in 2019 and a real GDP growth of 4.9% between 2018 and 2019. Our total marketing expenditure in Hungary was €1.9 million in 2019 with 70% of advertisement spending being online advertising spend.

Our online classifieds sites in Hungary consist of Jófogás and Használtautó. Jófogás is a market leading generalist online classifieds site in Hungary in terms of traffic and brand recognition in 2019, with a top-of-mind (ToM) brand awareness score (which is a marketing metric measuring the percentage of customers for whom a given brand comes to mind first when a customer is asked an unprompted question about a category) among generalist online classifieds sites of 43%. Használtautó is market leading within the car vertical in terms of traffic and brand recognition in 2019, with a top-of-mind (ToM) brand awareness score among car online classifieds sites of 42%, where Jófogás has a 14% score. Használtautó has been fully integrated with Jófogás, selling bundles of a number of listings and add-on products to further strengthen its leading position within motor. Jófogás and Használtautó had 66% of traffic from mobile in 2019.

Shpock

Shpock is a generalist (app-first) mobile online classifieds site that was acquired by Schibsted in 2015. The mobile online classifieds site is turning its focus from location-based discovery to a transactional classifieds site, with categories ranging from electronics, fashion and furniture to specialized verticals such as motor and real estate. Shpock is focusing its efforts on the UK as it is winding down its activities in and will exit two other countries: Germany and Austria.

In 2019, Shpock had approximately 26 million listings in the UK and since its launch in July 2015, Shpock has had 105 million total downloads worldwide and had approximately 92% of traffic from mobile in 2019.

eCG Key Markets—*Germany*

Overview

eCG's operations in Germany consists of Mobile.de, a leading online classifieds site for vehicles and a market leader in Germany and eBayK, the eighth most visited site in Germany and a leader for generalist online classifieds in terms of both awareness and usage/traffic.

A key highlight in the eCG's Germany market's history is the acquisition of MotorTalk by Mobile.de in September 2015.

Germany is the largest geography within eCG's portfolio in terms of revenue. In 2019, the Germany operating businesses (Mobile.de and eBayK) had €438 million in operating revenues (with approximately 60% of revenues deriving from Mobile.de and approximately 40% from eBayK), and 338 FTEs (excluding variable workforce) as of the end of 2019. The German businesses grew revenues by 18% CAGR from 2017 to 2019. The total marketing expenditure in Germany was €71 million in 2019.

In terms of brand awareness and recognition, eCG's' Germany online classifieds sites have strong positions in all of its key markets.

Germany Market Online classifieds sites

Mobile.de

As of December 2019, Mobile.de had circa 42,000 dealer customers across Germany, 1.7 million average live listings, 1.1 million monthly unique active users and a 67% brand consideration and an average of 33 million monthly unique visitors in 2019. Mobile.de represented 29% of eCG's operating revenue in 2019. The site features the largest range of cars, commercial vehicles and motorcycles in Germany. The wide selection of new and used vehicles and the coverage achieved by Mobile.de ensure a balance between supply and demand lead to a high rate of successful sales. Mobile.de also helps its users find financing and insurance deals and it offers highly efficient online advertising options. For example, Mobile.de introduced a motor financing product/service in 2018 which generates a referral fee for introducing motor buyers to lenders.

Mobile.de has continuously delivered a strong growth track record. Today, Mobile.de remains mainly a B2C platform, with significant potential to expand further into the C2C space, leveraging its partnership with eBayK as well as C2B/B2B by leveraging both its audience and deep dealer relationships.

eBayK

eBayK is a leading generalist classifieds ads platform in Germany. eBayK is a destination for German locals to connect and fulfil the core need of finding immediate value across a range of categories—goods, motor, real estate and more. The primary categories in 2019 were goods categories, led by the Family, Kids and Baby and the Home and Garden categories. As of December 2019, eBayK had 65.2 million monthly unique visitors, 34 million live listings and 82% brand consideration. eBayK represented 17% of eBay Classifieds' operating revenue in 2019.

eBayK is one of Europe's largest generalist classifieds sites and is the preferred platform for users. eBayK has achieved a strong growth track record resulting from verticalization and monetization efforts.

eBayK and Mobile.de have an arrangement whereby motor listings can be syndicated on both platforms. Dealers are given the option to cross-list between the platforms either through a pay-per-listing model or as part of their dealer subscription package. This arrangement has contributed positively to eBayK's motor growth. eBayK has also gained significant traction in real estate, where it has now become the second largest destination by traffic. eBayK leads in the C2C real estate classifieds and on this basis successfully launched and scaled a professional offering to German real estate agents.

eCG Key Markets—*Benelux*

Overview

Benelux comprises the Netherlands (Marktplaats) and Belgium (2dehands and 2ememain). The two businesses are managed by the same general manager. Benelux purchased the Kapaza domain names and platform in Belgium in 2018, increasing operating revenues with little incremental operating costs and thereby improving margin.

Benelux has the highest operating income margin of the eCG's business segments due to its mature business profile, operating leverage and marketing cost reductions in 2019. Higher yields were realized through successful transition of customers from text to PLA advertising and the transition of API partner relationships to direct billing. Next to this, marketing spend was considerably reduced in the Netherlands over the past three years. The Netherlands accounted for 87% of total Benelux operating revenue in 2019. In 2019, the Benelux segment market generated €151 million in operating revenues and had 144 FTEs as of the end of 2019. The total marketing expenditure for the Benelux segment market was €14 million in 2019.

In terms of brand awareness and recognition, eCG's Benelux online classifieds sites have strong positions in terms of traffic, particularly Marktplaats.

Marktplaats

Marktplaats is a leading classifieds ads platform in the Netherlands, reaching 56% of the Dutch internet population. It was founded in 1999 and acquired by eBay in 2004. Marktplaats is also a leading motor classifieds site in the Netherlands, with approximately 7,352 dealers live on site by the end of 2019. Marktplaats is the strongest generalist in eCG's portfolio by multiple measures. As of December 2019, Marktplaats had 22.6 million monthly unique visitors, 10.8 million live listings and 87% brand recognition. Marktplaats successfully added transactional services, such as payments, escrow service and shipping to its platform in 2018-2019. The Marktplaats operating business represented 14% of eCG's operating revenue in 2019.

2dehands and 2ememain

2dehands was founded in 1997 in the Netherlands, was launched in Belgium in 2000 and is a leading generalist classifieds destination in both the Flemish regions (2dehands) and the Walloon regions (2ememain). Both these sites were acquired by eBay in 2013. In 2018, eBay subsequently acquired the key assets from Kapaza (Schibsted) and directed Kapaza's traffic to 2dehands/2ememain for additional scale. The Belgium site was moved on to the multi-tenant Marktplaats platform in 2019 to improve product experience and realize synergies.

eCG Key Markets—*Canada*

Overview

eCG Classifieds operations in Canada are carried out through Kijiji Canada. Kijiji Canada was founded in 2005 and is headquartered in Toronto, Canada. In 2018, eCG developed a multi-tenant new motor vertical that was introduced in 2018 as Kijiji Autos next to the existing Kijiji generalist platform. Kijiji Canada represented 15% of eCG's operating revenue in 2019.

Kijiji Canada is a leading generalist classifieds platform in Canada with strength in motor, real estate and goods, with 83% in brand awareness. Through the fourth quarter of 2019, Kijiji Canada had monthly unique visitors of 31.5 million and 92% brand recognition. The wide selection of new and used vehicles and the coverage achieved by Kijiji Canada ensures a balance between supply and demand and leads to a high rate of successful sales. At the end of 2019, approximately 4,600 car dealers in Canada listed on Kijiji's vehicle online classifieds site.

In 2019, Kijiji Canada generated €144 million in operating revenue. Kijiji Canada had 124 FTEs as of the end of 2019. Between 2017 and 2019, operating revenues of Kijiji Canada remained broadly stable.

eCG Key Markets—*Other Markets*

United Kingdom

eCG's operations in the United Kingdom are primarily carried out through Gumtree.com and Motors.co.uk. Gumtree.com is one of the United Kingdom's largest general classifieds sites, with 23 million monthly unique visitors, over 2 million overall live listings and 276,000 total motor live listings. In February 2019, as part of its strategy to verticalize further and focus on the motor categories, Gumtree.com fully acquired Motors.co.uk. Motors.co.uk is the number two motor vertical in the UK and, as of the end of 2019, had 2,764 dealers, 391,000 motor live listings and a large direct and field-sales team. During 2019, Motors.co.uk was subsequently fully integrated with Gumtree.com. Gumtree.com and Motors.co.uk go to market with a joint proposition together with eBay UK (jointly, the "eBay Motors Group"), allowing car dealers to cross-list across the three properties and gain access to the largest reach in the UK.

Gumtree.com has a 48% brand recognition and 168 FTEs as of the end of 2019. Gumtree.com had nearly 8,000 car dealers and over 640,000 live dealer listings in 2019.

Australia

eCG's operations in Australia are carried out through Gumtree Australia. Gumtree Australia generates operating revenue mostly from motor and general classifieds. In June 2020 and as part of its strategy to focus on motor, Gumtree Australia acquired a 100% stake in Cox Automotive Media Solutions, a company duly organized under the laws of Australia with key brands Carsguide and Autotrader Australia. Gumtree Australia is a leading generalist classifieds destination for Australian locals to connect and fulfil the core need of finding immediate value across a range of categories—goods, motor, jobs and more. Together with Carsguide and Autotrader, the company is the number two motor classifieds vertical destination in Australia.

South Africa

eCG's South African activities are carried out through Gumtree South Africa. Gumtree is a leading general classifieds site in South Africa and also has a strong position in the motor vertical. At the end of 2019, Gumtree South Africa had an unaided brand awareness of 83%.

Italy

eCG's operations in Italy are carried out through Kijiji Italy and Automobile.it. Kijiji was launched in 2005 and is one of the largest general classifieds sites in Italy. Automobile.it was launched as a separate local platform in 2016 and is the second largest motor classifieds vertical in the country. During 2019, Kijiji Italy had 7.0 million average monthly unique visitors (13.1 million average visits per month) and 3.1 million average live listings on the platform. Automobile.it has experienced significant growth and at the end of 2019 had approximately 2,900 car dealers live on the platform and approximately 173,000 live listings.

Mexico

eCG's operations in Mexico are carried out through Vivanuncios. Vivanuncios is one of the leading real-estate online classifieds sites in Mexico. Vivanuncios in 2018 shifted its focus from a multi category approach to a dedicated focus on the real-estate category and is now the supply-side leader amongst agents and developers. With approximately 380,000 live listings as of December 2019, Vivanuncios is well-positioned to continue commercializing. As one of the demand-side traffic leaders, Vivanuncios continues to evolve its leading user experience with a focus on providing differentiated customer experiences including virtual viewings and neighborhood insights.

Marketing and sales (combined business)

We have a multi-brand marketing strategy and operate with independent brands by country. Over the years, the various brands have built strong positions with high brand recognition in their local markets.

Our online classifieds sites benefit from a high share of direct traffic, particularly for our established online classifieds sites. Our brands use a combination of communication and marketing approaches with the aim of driving audience growth and increasing brand awareness and reputation, directed at both professional and consumer buyers and sellers. Our brands typically use a combination of online and offline channels and advertise in a variety of media, including offline channels such as TV, radio, print, outdoor advertising and events, as well as online channels such as social media and search engines. Paid digital advertising includes search engine marketing (SEM) where we pay for listings generated from search engine queries. In addition, our brands engage in search engine optimization (SEO) to increase organic traffic from search engines and promote our online classifieds sites to ensure that they benefit from free exposure offered through channels such as social media and blogs.

Our sales activities are organized independently for each country, enabling our sales force to benefit from its strong local brands and traffic position, all while having close proximity to the customers in the local market. Sales to professionals are typically segmented by verticals (car, real estate, jobs) using a combination of in-field sales agents and tele-sales. Our various brands have built strong partnerships both in local markets and across these markets. For example, we have a global partnership with Google, as well as synergies with eBay through the TreeBay commercial arrangement in Germany, the UK and Australia. These partnerships are expected to continue post-closing of the Acquisition.

Information Technology

Adevinta

The Company's online classifieds sites platforms are designed to provide private listers and professionals with real-time access to listings made available through our online classifieds sites and mobile applications. The Company's online classifieds sites are based on group-wide technology and are maintained independently as platforms by the various online classifieds sites in the local markets that are tailored to meet local demands, all while integrating increasing levels of shared technology and components that are developed and operated by our global teams. The Company is dependent on both its own technology, as well as technology provided by third parties, such as Amazon Web Services (AWS) and AppNexus.

The platforms imbedded on each online classifieds site rely on a common foundation including the data platform and platform services. The data platform collects data by capturing behavioral, content and transaction events that are used by the user-facing components.

Platform Services (PS) provide the core infrastructure services and tooling on top of public cloud infrastructure used to deliver, run and secure our online classifieds sites. The objective of platform services is to enable online classifieds sites' engineers to deliver maximum business impact at a quicker pace, through:

- *Delivery@PS:* empowering engineering teams across online classifieds sites to enhance adaptability, quality and productivity in the phases of the engineering process that go from writing to deploying code and drive automation across the entire organization including continuous integration and deployment.
- *Run@PS:* providing a robust, transparent, seamless and comprehensive runtime environment across online classifieds sites allowing our programmers to test our platforms and programs while running to bring stability and scalability for services and applications, including monitoring, logging and incident management.
- *Secure@PS:* enabling online classifieds site engineers to achieve the highest security standards and includes services, such as automated vulnerability scanning, penetration testing and log auditing.

The user-facing parts of the platform include the online classifieds site itself, as well as the shared technology components and the advertising platform. The online classifieds sites integrate shared components such as messaging, notification and rankings and reviews.

The Company's advertising platform consists of a combination of third-party technology such as AppNexus and Google Ad Manager and internal technology including our data management platform, a self-service advertising solution and a common booking API abstraction layer. Following our separation from Schibsted, the Company continued to use AppNexus, initially through a Group agreement between Schibsted and AppNexus which covers the use of the AppNexus advertising technology stack, including ad serving, programmatic buying and selling services, analytics and forecasting.

In the Company's technology development, the Company uses available off-the-shelf technology when appropriate. This includes open-source technology, as well as third-party providers of infrastructure such as logging and monitoring. Platform Services' solutions are built on industry-standard open-source infrastructure technology such as Kubernetes and Kafka, but also leverages third-party offerings such as

Travis (test and deployment automation), Artifactory (engineering artefacts repository) and Datadog (monitoring and metrics).

All of the global technology is built and deployed in the cloud, with AWS as the main provider. The Company's online classifieds site platforms historically were entirely on-premises and co-located, but several are now fully migrated to AWS and most are in a hybrid, transitional state with both on-premises and AWS-hosted systems. The Company has entered into an enterprise agreement with AWS which governs the AWS service across the Group. The general enterprise agreement is supplemented by local agreements in certain markets. All agreements contain customary contractual provisions for cloud services.

The Company has several initiatives to encourage learning and knowledge sharing among its employees, including shared documentation and gatherings that brings together technical staff working on similar topics such as the Data Engineering Day and Messaging gathering.

eBay Classifieds

eBay Classifieds' online classifieds sites run on local technology platforms or on a number of scalable multi-tenant global platforms. All platforms are supported by globally built services and infrastructure. eBay Classifieds' strategy is to leverage its scale in technology and therefore has developed three key international platforms in-house—Horizon, MoVe and Bolt:

- *Horizon*, is an end-to-end general classifieds platform that is designed to support high traffic requirements in established markets. It was not originally designed as a multi-tenant platform, but is in the process of adaptation to scale to many markets. Horizon is currently used for the Netherlands and Belgium online classifieds sites.
- *MoVe* is a vertical multi-tenant platform for motor online classifieds sites, providing a clean user experience for both web and mobile and a dealer tool solution to cater for inventory management and reporting. The platform is configurable by market, allowing for different category structures and is built on international vehicle standards. www.kijijiautos.ca in Canada is live on this platform and it is also being rolled out in Australia under the Autotrader.com.au brand. More markets will follow.
- *Bolt* is a multi-tenant general classifieds platform that supports emerging markets with different languages and is specialized around the real-estate vertical. The main online classifieds sites are Gumtree South Africa and Vivanuncios Mexico.

For its desktop and smartphone web traffic, eBay Classifieds hosts responsive web applications. A significant portion of eBay Classifieds' online classifieds sites traffic is on native mobile applications for iOS and Android. All platforms run on top of either a centrally managed infrastructure hosted in eBay Classifieds' private cloud, or in some cases on public cloud. The user-facing components of the eBay Classifieds platforms contain a full user journey of user acquisition and activation, to buying and selling with capability to close the transaction. These core flows on all platforms are supported by global services e.g. search functionality, chat functionality, notification center, push notifications, personalization features and identity management to name but a few.

eBay Classifieds has implemented a 'Journey to Cloud' strategy with the long-term goal of full public cloud hosting. Currently, eBay Classifieds has been transitioning from bare metal to a majority on-premise cloud so that it is cloud-ready (i.e. data hosted in such a way on-premise that will allow it to easily transfer to public cloud), but there is no fixed date to transition to public cloud. eBay Classifieds uses Google Cloud Platform, Microsoft Azure and Amazon AWS. The current preferred cloud provider is Google Cloud Platform.

eBay Classifieds as a division of eBay group relied on its parent for Corporate IT services as well as infrastructure such as a data warehouse and picture service, which is not partitioned and is not within the scope of the Acquisition and is hosted by eBay Inc. eBay Classifieds owns the underlying data in these systems.

eBay Classifieds has invested in big data initiatives since 2015. These systems include data collection and governance. Data is used to create customer-facing innovations such as image search, price prediction, recommendation services, ranking and profiling. Currently, eBay Classifieds is expanding its big data initiatives in marketing and advertising built around a customer 360 degree view.

In relation to IT security, eBay Classifieds has implemented all policies and practices as laid out through eBay governance guidelines. There is a strong security and governance team that ensures these practices are adhered to and continue to strengthen and harden the security posture of the group to protect the assets of the company.

Intellectual property

Trademarks and domains

Our combined business' online classifieds sites operate under different brands, including key brands such as leboncoin, Milanuncios, InfoJobs, Fotocasa, Habitaclia, Subito, Gumtree, Motors.co.uk Ltd, Marktplaats, Mobile.de, Kijiji and eBayK. Building and maintaining strong brands is an important part of our strategy and we are to some extent dependent on the ability to protect our brands through trademark registrations and domain registrations. We have protected our key brands through national and international trademark registrations, as well as through registration of relevant domain names related to its brands. Consequently, we have built up an extensive portfolio of registered trademarks and domain names. In addition to trademarks we own, we have certain trademark licenses, including OLX Brazil's license to use the OLX name.

Proprietary technology

Our combined business operates our sites based on a combination of technology platforms and components we develop and technology provided by third parties. The platforms and components we develop contain technology which is proprietary to us. Schibsted has granted us a perpetual license to certain technology components. We also utilize off-the-shelf technology from various third parties. In addition, as part of our separation from Schibsted, we have granted Schibsted the right to use certain technology components.

Property, plant and equipment

The Company

The Company's property, plant and equipment comprises office buildings, which had no net carrying amount as of December 31, 2019. (€2.1 million as of December 31, 2018). In addition, the Company has equipment, furniture and similar assets, which had net carrying amount of €25.3 million as of December 31, 2019 (€17.6 million as of December 31, 2018). The Company's equipment, furniture and similar assets mainly comprise furniture and IT equipment used in the Group's offices across all jurisdictions.

The Company mainly has lease contracts for office buildings and vehicles used in its operations. The company's office buildings lease terms range between three and 15 years, while motor vehicles generally have lease terms between one and three years. For an overview of the impact of IFRS 16 on the Company's Consolidated income statement for the year ended December 31, 2019, see Note 30 "Lease Agreements" to the Adevinta Audited Financial Statements for 2019. The most significant leases relate to the leases of Schibsted France's premises in Rue du Faubourg Saint-Martin in Paris (the agreement expires 2026), Subito's premises in Via Benigno Crespi in Milan (the agreement expires in 2025), Adevinta Spain's premises in Calle de Hernani, Madrid (the agreement has been extended to October 2020 and is expected to be further extended) and Calle Ciudad de Granada, Barcelona (the agreement expires in 2028), Adevinta France's premises Rue Des Jeuneurs in Paris (the agreement expires in 2029) and Adevinta Product and Technology's premises in Oxford street (the agreement expires in 2027). These leases contain rights to extensions.

eCG

eCG's property, plant and equipment comprises equipment, furniture and similar assets, which had a book value of €23 million as of December 31, 2019. eCG's equipment, furniture and similar assets mainly comprise furniture and IT equipment used in eCG offices across all jurisdictions.

eCG leases all of its office premises pursuant to long-term lease agreements as operating leases. As of December 31, 2019, eCG's current lease liabilities were €5 million.

Employees of Adevinta

As of June 30, 2020, the Company had 4,242 FTEs. The following table shows the number of the Company's FTEs (excluding OLX Brazil and Willhaben) for the periods indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
France	702	852	1,312	1,350
Spain	952	1,002	1,104	1,141
Brazil	110	102	131	114
Global Markets	1,114	1,260	1,248	1,252
HQ	349	420	375	386
Total FTEs	**3,227**	**3,637**	**4,169**	**4,242**
Of which are hired-in/temporary employees	103	148	125	87

Employees of eCG

As of June 30, 2020, eCG had 1,443 FTEs. The following table shows the number of eCG's FTEs for the periods indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
Germany BUs	334	314	338	356
Canada BU	114	114	124	129
Benelux BU	168	148	144	148
Other Markets & Central*	577	695	799	810
Total FTEs**	**1,193**	**1,271**	**1,405**	**1,443**

* Note: Includes FTEs physically based in Germany, Canada and Benelux.

** Note: Excludes fixed-term contractors.

Regulations

Our businesses are impacted by the laws and regulations of the various jurisdictions in which we operate, including competition and antitrust, foreign investment, labor, data protection and privacy, telecommunications, online content, intellectual property, corporate, tax, financial services, anti-money laundering, anti-bribery and anti-corruption and sanctions and export controls.

We are also subject to regulation by competition authorities in developed markets interested in the digital commerce platform, including the UK Competition Authority, the Australian Competition & Consumer Commission and the US Department of Justice.

Legal proceedings (Company)

We are from time to time involved in litigation, disputes or other legal proceedings arising from the normal conduct of its business. We are currently not, and have not in during the six months ended June 30, 2020, been a party to any material legal proceedings and our properties and assets are not currently, and were not during the same period, the subject of material legal proceedings.

Legal proceedings (eCG)

eCG is from time to time involved in litigation, disputes or other legal proceedings arising from the normal conduct of its business. eCG is currently not, and has not in the six months ended June 30, 2020, been a party to any material legal proceedings and its properties and assets are not currently, and were not during the same period, the subject of material legal proceedings.

MANAGEMENT

Directors and executive officers

Our board of directors (the "Board") is responsible for supervising the general and day-to-day management of our business, ensuring proper organization, preparing plans and budgets for its activities, ensuring that our activities, accounts and asset management are subject to adequate controls and undertaking investigations necessary to perform its duties.

Our CEO with assistance from the management team is responsible for the day-to-day management of our operations in accordance with Norwegian law and instructions set out by the Board.

The size of the Board is regulated by our Articles of Association.

Articles of Association (giving effect to the Acquisition)

As part of the Acquisition, the parties have agreed to make certain changes to our governance structure, subject to Shareholder Approval, including by way of amendments to our articles of association (the "Articles"), which will take effect upon completion of the Acquisition. Pursuant to the amendments, following completion of the Acquisition:

- The Board will be comprised a minimum of five and maximum of thirteen directors ("Board Members").
- The Board is expected to consist of eight Board Members, five of whom have been elected by our general meeting of shareholders, two of whom shall be appointed by eBay and one of whom shall be appointed by Schibsted.
- Shareholders holding (i) at least 25% of our outstanding Class A (voting) shares (initially eBay and Schibsted) shall have the right to appoint two directors to the Board; and (ii) at least 10% of our outstanding Class A (voting) shares shall have the right to appoint one director to the Board. If a shareholder who has appointed one or two directors falls below the relevant ownership threshold(s) described above for such number of appointments, such that the number of directors who were appointed by such shareholder and sit on the board of directors exceeds the number of directors that the shareholder has the right to appoint (such excess directors, the "Excess Directors"), the service period for the Excess Director(s) shall immediately expire (without limiting the ability of such Excess Director to be re-elected as a director elected by a general meeting). If the shareholder has appointed two directors and only one director's service period shall expire pursuant to the foregoing, then the shareholder shall have a period of two weeks from the date of which the ownership threshold was passed to determine and notify the Company which director shall be an Excess Director. If such shareholder does not notify the Company within the two-week period, then the Board shall have the right to determine which director is the Excess Director, with both directors of such shareholder recusing themselves from such vote.
- The total number of directors appointed directly by shareholders to the Board shall not exceed six directors. If such shareholders are entitled to appoint more than six directors in aggregate, the shareholders with the largest shareholdings shall be entitled to appoint the directors in accordance with the foregoing provisions up to the maximum limit of six directors. If there are two or more shareholders with equal holdings, the appointment right shall defer to the shareholder(s) that reached the threshold first. The size of the Board shall be increased as necessary so that the majority of its members will be elected by our shareholders in a general meeting.

With respect to our shares, pursuant to the amendments, following completion of the Acquisition:

- We will have two classes of shares: Class A (voting) and Class B (non-voting shares).
- Class A shares will carry one vote per share and Class B shares will have no voting rights.
- Class B shares are exchangeable into Class A shares on a 1:1 exchange ratio, provided that such exchange does not result in the holder, taken together with close associates of the holder (as defined in section 2-5 of the Norwegian Securities Trading Act), including for any avoidance of doubt any Affiliate (as defined below), exceeding a shareholding of one-third of the total number of Class A shares. The foregoing exchange restriction will not apply if the holder has already triggered a mandatory offer obligation under the Norwegian Securities Trading Act and publicly announced that

it intends to put forward a mandatory offer, provided that such offer has not already been completed at the time of the request for exchange.

The following table sets forth the name, year of birth and position of each of our Board Members as of October 12, 2020 (prior to completion of the Acquisition).

Name	Year born	Title
Orla Marie Noonan Boulman	1970	Board Chair
Kristin Skogen Lund	1966	Board Member
Peter Alan Brooks-Johnsson	1972	Board Member
Sophie Constance Chantal Javary	1959	Board Member
Terje Seljeseth	1960	Board Member
Fernando Abril-Martorell Hernandez	1962	Board Member

The following table sets forth the expected composition of our Board, including the name, year of birth and position of each of our Board Members, following completion of the Acquisition(1).

Name	Year born	Title
Orla Marie Noonan Boulman	1970	Board Chair
Kristin Skogen Lund(2)	1966	Board Member
Peter Alan Brooks-Johnsson	1972	Board Member
Sophie Constance Chantal Javary	1959	Board Member
Fernando Abril-Martorell Hernandez	1962	Board Member
Mark Solomons(3)	1973	Board Member
Marie Oh Huber(3)	1961	Board Member
Aleksander Rosinski(4)	1973	Board Member

(1) The number of Board members is expected to increase to nine following the Annual General Meeting in 2021. Assuming Schibsted has the right to do so at the relevant point in time, Schibsted intends to appoint its second director to the Board at or in connection with the 2021 annual general meeting.

(2) It is understood that Kristin Skogen Lund will not present herself for re-election at the 2021 annual general meeting, so as to make herself available as the second direct appointee of Schibsted.

(3) Appointed by eBay.

(4) Appointed by Schibsted.

Certain biographical information about each of our Board Members, management and executive officers and certain other key employees is set forth below.

Board Members

Orla Marie Noonan Boulman has served as our Board Chair since February 2019. Ms. Noonan is a director of AFP, Iliad / Free, Schibsted Media Group and SMCP. Ms. Noonan has 23 years of experience in content and media at Groupe AB Paris, holding various management positions including CEO until 2018. Before joining Groupe AB in 1996, Ms. Noonan was in investment banking at Salomon Brothers UK Ltd. Ms. Noonan holds a BA in Economics from Trinity College, Dublin and a degree in Finance from HEC, Paris.

Kristin Skogen Lund has served as a Board Member since February 2019. Ms. Skogen Lund also serves as chairman of Stiftelsen Oslo-Filharmonien. Ms. Skogen Lund became CEO of Schibsted on December 1, 2018. Ms. Skogen Lund's previous experiences include Director General of the Confederation of Norwegian Enterprise (NHO), EVP of the Nordic region and digital services at Telenor, CEO at the Schibsted companies Aftenposten, Scanpix and Scandinavia Online, Director of the Coca-Cola Company, as well as positions at Unilever and the Norwegian Embassy in Madrid. Ms. Skogen Lund has also previously served as president of the Confederation of Norwegian Enterprise and as a member of the board of Ericsson and Orkla among others. Since 2015, Ms. Skogen Lund has been a member of the Global Commission on the Economy and Climate and the ILO Global Commission of the Future of Work. Ms. Skogen Lund holds an MBA from INSEAD and a Bachelor's degree in International Studies and Business Administration from the University of Oregon.

Peter Alan Brooks-Johnsson has served as a Board Member since February 2019. Mr. Brooks-Johnsson has also served as CEO of Rightmove since 2017. Mr. Brooks-Johnsson has held several managing positions in

Rightmove, including head of the Agency business, Managing Director of rightmove.co.uk and COO. Before joining Rightmove in 2006, Mr. Brooks-Johnsson worked for Accenture UK Ltd and Berkeley Partnership LLP for a total of 10 years. Mr. Brooks-Johnsson holds a degree in Microelectronics from Newcastle University.

Sophie Constance Chantal Javary has served as a Board Member since February 2019. Ms. Javary is also Vice-Chairman CIB Europe Middle East Africa (EMEA) in BNP Paribas, director of Elior SA, director of Euroclear and a board member of the think tank EuropaNova. Ms. Javary has over 30 years of experience in investment banking, including positions at Bank of America and Banque Indosuez (Paris), Head of ECM origination in France in Baring Brothers France, positions at Rothschild & Co (including as General Partner) and managing positions in BNP Paribas, such as Senior Banker and Head of Corporate Finance EMEA. Ms. Javary has been decorated with the French "Legion d'Honneur." Ms. Javary holds a Diploma from HEC Paris, with certificates from international management programs entailing six months at the Fundacao Getulio Vargas of Sao Paulo, Brazil and six months at New York University, USA, graduate school of business administration.

Terje Seljeseth is expected to resign from the Board following completion of the Acquisition. Ms. Seljeseth has served as a Board Member since February 2019. Mr. Seljeseth is chairman and director of Videocation.no and Chief Analyst at the Tinius Trust. Mr. Seljeseth also serves as an advisory board member of TA-Media's classifieds division and headhunter.ru and is a director of Gjensidige Forsikring. Mr. Seljeseth has held several managing positions in Schibsted, including IT-development manager and CTO of Aftenposten AS well as founding Finn.no in 1999 and holding the position as CEO until 2009. Mr. Seljeseth was part of Schibsted's top management team as the CEO of Schibsted Classifieds Media AS and the Schibsted CPO. Mr. Seljeseth has a degree in computer science from Datahøgskolen in Oslo and additional studies in informatics from the University of Oslo.

Fernando Abril-Martorell Hernandez has served as a Board Member since February 2019. Mr. Hernandez is chairman and CEO of Indra and a director of Energía y Celulosa, S.A. Before joining Indra in 2015, Mr. Hernandez was CEO of Grupo Pisa, CEO of Credit Suisse in Spain and Portugal (2005-2011) and CEO and CFO in Grupo Telefonica, having spent ten years in different positions at J.P. Morgan. Mr. Hernandez is a Graduate in Law and Business Administration from ICADE (Madrid).

Mark Solomons is expected to serve as a Board Member following the closing of the Acquisition. Mr. Solomons serves as Vice President, Corporate and Business Development at eBay. Mr. Solomons assumed his current role at eBay in February 2016. Prior to joining eBay, Mr. Solomons spent 19 years as an investment banker at Morgan Stanley, and J.P. Morgan, respectively. Mr. Solomons' most recent role at Morgan Stanley prior to leaving for eBay was Head of West Coast Technology M&A, based in Menlo Park, CA. Prior to his investment banking career, Mr. Solomons worked for Deloitte in various positions for three years. Mr. Solomons has a Bachelor of Commerce in Economics from University of Melbourne (Australia).

Marie Oh Huber is expected to serve as a Board Member following the closing of the Acquisition. Ms. Huber serves as Senior Vice President, General Counsel and Secretary of eBay. Ms. Huber assumed her current role at eBay in July 2015. Prior to joining eBay, Ms. Huber spent 15 years at Agilent Technologies, a technology and life sciences company, most recently as Senior Vice President, General Counsel and Secretary. Prior to Agilent, Ms. Huber spent ten years at Hewlett-Packard Company in various positions and started her career at large law firms in New York and San Francisco. Ms. Huber has a B.A. in Economics cum laude from Yale, studied at the London School of Economics and received her J.D. from the Northwestern Pritzker School of Law.

Aleksander Rosinski is expected to serve as a Board Member following the closing of the Acquisition. Mr. Rosinski has held the position of Vice President and Senior Advisor to Schibsted management since September 2019. In the last two decades, Mr. Rosinski has accumulated experience from online marketplaces including Telenor ASA, where he served as Vice President and oversaw online classifieds investments in Asia and South America, Vice President Vacation Rentals TripAdvisor, and Managing Director of Travel and General Goods at FINN.no. Mr. Rosinski has also previously served on the board of directors of several companies including Inkclub AB, Blocket.se and OLX Brazil. Mr. Rosinski holds a Master's Degree in International Business from the Gothenburg School of Economics.

Executive Officers and Management

Rolv Erik Ryssdal has served as our CEO since December 2018. He is also director of Finn No AS and has previously held the position of CEO of Schibsted. Mr. Ryssdal has been employed by the Schibsted group since 1991, holding several management positions including CEO of Aftonbladet, CEO of Verdens Gang AS, CEO of Schibsted Classifieds Media and CEO of Schibsted Media Group. Mr. Ryssdal was also previously at ABN AMRO Bank. Mr. Ryssdal holds a Master's degree in Business and Economics from BI Norwegian Business School and an MBA from INSEAD.

Uvashni Raman has served as our CFO since April 2019. Ms. Raman was previously Global CFO of the Video Entertainment segment of Naspers Holding, CFO Australia Region South32 and has held several leadership roles in BHP Billiton, including Vice President Finance of Global Iron Ore and Manganese Divisions. Ms. Raman has also held positions in Xstrata and Deloitte. Ms. Raman holds a Bachelor and Honors Degree in Accounting and Finance from the University of Natal, South Africa and is a CA(SA)—Chartered Accountant in South Africa.

Antoine Jouteau has served as the CEO of the leboncoin Group since 2015. Mr. Jouteau is a board member of Mobile Marketing Association France. He has held several management positions at leboncoin, including Director of Business Development (Product & Sales & Marketing) and Deputy General Manager. Before joining the Schibsted Group in 2009, Mr. Jouteau was Marketing Manager at TDF and at PagesJaunes (pagesjaunes.fr). Mr. Jouteau holds a Master's degree in Marketing Research from Université Paris Dauphine.

Gianpaolo Santorsola has served as CEO of Adevinta Spain since July 2018. Mr. Santorsola is also a member of the board of OLX Brazil and InfoJobs. Mr. Santorsola has been employed by the Schibsted Group since 2011, holding positions including Senior Vice President of online classifieds division (SCM) and Executive Vice President of Emerging Markets at Schibsted. Prior to joining the Schibsted Group, Mr. Santorsola was Engagement manager at McKinsey & Company. He has a degree in Business and Finance from Bocconi University and holds an MBA from INSEAD.

Ovidiu Solomonov has served as SVP for Global Markets since July 2018. Mr. Solomonov also serves as director of Willhaben internet service GmbH & Co KG and Distilled SCH. Mr. Solomonov has been employed by Schibsted since 2014, holding various management positions including serving as a Board Member in Schibsted Spain. Mr. Solomonov has experience from management consulting, private equity and telecoms and is the founder of Binovate and Partner, Prevyou and ZiciAici.ro. Mr. Solomonov holds an MBA from INSEAD and studied in the Stanford Executive Program in General Management and Executive Program at Singularity University.

Renaud Bruyeron has served as our Chief Product & Technology Officer since 2019. Mr. Bruyeron also serves as a board member of OLX Brazil. Prior to joining the Schibsted Group, as CTO of leboncoin in 2013, Mr. Bruyeron was CTO at Ekino and held various positions at Fullsix France including CTO. Mr. Bruyeron holds an MSc in General Engineering from Ecole Centrale Paris, MSc in Computer Science from UCLA and an MBA from INSEAD.

Management minimum shareholding requirements

Our executive management team is subject to the following shareholding requirements:

- CEO: 300% of base salary (within 5 years of April 10, 2019)
- Other members of the executive management team: 200% of base salary (within 5 years of April 10, 2019)

For details of the share ownership of the executive management team, see "*Principal Shareholders.*"

Compensation of Board Members, executive officers and management

For information on the compensation of the Company's Board Members, executive officers and management for the year ended December 31, 2019, see Note 9 to the Adevinta Audited Financial Statements for 2019.

Options

No options exist to purchase any of our securities from us.

Board Committees

Each shareholder, for so long as it holds Class A (voting) shares representing at least 25% of the total number of Class A (voting) shares, has the right to designate at least one representative to each committee of the board of directors. The designee for each committee shall be one of the directors appointed by such shareholder pursuant to the revised Articles of Association that will be effective from the time of closing of the Acquisition. The majority of the directors on each committee of the board of directors shall at any time be directors elected by the general meeting and if required the total number of directors on such committee shall be increased to such higher number required to achieve this.

Audit and risk committee

The audit and risk committee is composed of the following three Board Members: Fernando Abril-Martorell Hernández (chair), Peter Brooks-Johnsson and Terje Seljeseth. The composition of this committee is subject to change at the discretion of the Board chair, following completion of the Acquisition. Pursuant to Section 6-42 of the Norwegian Public Limited Liability Companies Act the audit and risk committee is elected by the Board and must consist of members of the Board. At least one member of the audit and risk committee shall be independent from the operations of the Company and shall also have qualifications within accounting or auditing. Board members who are senior employees in the Company may not be elected as members of the audit and risk committee. The audit and risk committee shall collectively have the competence which is necessary from the perspective of the organization and operation of the company in order to fulfill its tasks.

Pursuant to Section 6-43 of the Norwegian Public Limited Liability Companies Act, the primary purposes of the audit and risk committee are to:

- prepare the Board's supervision of our financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with our auditor regarding the audit of the annual accounts; and
- review and monitor the independence of our auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The audit and risk committee reports and makes recommendations to the Board; however, the Board retains responsibility for implementing such recommendations.

Compensation Committee

The compensation committee is composed of the following three Board Members: Orla Noonan (chair), Kristin Skogen Lund and Sophie Javary. The composition of this committee is subject to change at the discretion of the Board chair, following completion of the Acquisition.

The primary purposes of the compensation committee are to assist the Board in its work by, among others, reviewing and making recommendations in relation to (i) our compensation policies for its management and (ii) the terms of employment of our CEO and the other members of our management.

Other Committees

Nomination Committee

The nomination committee is responsible for, among other things, nominating the shareholder-elected Board Members and members of the nomination committee and for making recommendations for remuneration of the Board Members. The Nomination committee's nomination of Board Members shall to the extent possible be announced in the notice of the general meeting.

The nomination committee may otherwise make statements regarding and also make proposals towards the general meeting relating to, the size, composition and working procedures of the board of directors and may make statements regarding matters relating to the company's relationship with its auditor and make proposals regarding the appointment of auditor and auditor's fees.

The current Articles of Association provide for a nomination committee (currently called the *election committee*) composed of 2-3 members which shall be elected by the general meeting. The nomination committee is elected for a period of two years. Following completion of the Acquisition and amendment of the Articles of Association, the nomination committee shall be composed of 3-5 members, with the members elected at the general meeting serving two-year terms and the members appointed by shareholders per the below mechanics serving two year terms.

Following completion of the Acquisition for so long as any shareholder holds Class A (voting) shares in the Company representing, in the aggregate, at least 25% of the total number of our outstanding Class A (voting) shares, it will have the right to appoint one representative to the nomination committee.

PRINCIPAL SHAREHOLDERS

All of our issued and outstanding Class A (voting) shares were owned as follows as of October 12, 2020 (i) on an actual basis and (ii) as adjusted to give effect to the Acquisition:

	Actual[1]		As Adjusted[2]	
Name of beneficial owner	**Number of shares**	**Percentage voting shares**	**Number of shares**	**Percentage voting shares**
Subsidiaries of eBay	—	—	342,474,251[3]	33.3%
Schibsted ASA	406,050,523	59.1%	406,050,523	39.5%
Blommenholm Industrier AS	43,313,297	6.3%	43,313,297	4.2%
Folketrygdfondet	22,974,563	3.4%	22,974,563	2.3%
State Street Bank and Trust Comp[4]	22,635,020	3.3%	22,635,020	2.2%
JPMorgan Chase Bank, N.A., London[4]	10,150,000	1.5%	10,150,000	—*
Morgan Stanley & Co. LLC[4]	9,495,829	1.4%	9,495,829	—*
Alecta Pensionsförsäkring, ömsesidigt	6,185,326	—*	6,185,326	—*
Goldman Sachs International[4]	6,117,427	—*	6,117,427	—*
The Bank of New York Mellon SA/NV[4]	5,859,240	—*	5,859,240	—*
Goldman Sachs & Co. LLC[4]	4,692,594	—*	4,692,594	—*
JPMorgan Chase Bank, N.A., London[4]	4,345,112	—*	4,345,112	—*
J.P. Morgan Bank Luxembourg S.A.[4]	4,210,207	—*	4,210,207	—*
The Bank of New York Mellon SA/NV[4]	4,051,141	—*	4,051,141	—*
State Street Bank and Trust Comp[4]	3,792,362	—*	3,792,362	—*
JPMorgan Chase Bank, N.A., London[4]	3,755,540	—*	3,755,540	—*
JPMorgan Chase Bank, N.A., London[4]	3,700,435	—*	3,700,435	—*
Pictet & Cie (Europe) S.A.[2]	3,519,695	—*	3,519,695	—*
JPMorgan Chase Bank, N.A., London[4]	3,263,531	—*	3,263,531	—*
Fdty Ivt Tr:Fdty Intrl Discvry Fd	3,126,596	—*	3,126,596	—*
Morgan Stanley & Co. Int. Plc.[4]	3,089,509	—*	3,089,509	—*
Directors and Officers*	171,981	—*	171,981	—*

(1) Unless otherwise noted, this information is based solely on the information contained in our annual report for the year ended December 31, 2019.

(2) Adjustments calculated based on the expected issuance to subsidiaries of eBay of Class A (voting) shares representing approximately 33.3% of our total voting rights.

(3) Subsidiaries of eBay will also hold 197,520,228 non-voting shares (resulting in ownership of approximately 44% of the shares in the combined business, including voting and non-voting shares).

(4) Represents shares held in a nominee account.

* Represents ownership of less than 1% of our outstanding Class A (voting) shares.

Except as set forth above, none of our major shareholders has different voting rights from other shareholders.

We are not aware of any arrangements the operation of which may at a subsequent date result in a change of control.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have entered into various transactions with other companies and individuals, which includes our shareholders. The significant transactions between us and our affiliates are described below. All our transactions with related parties have been conducted in accordance with current internal pricing agreements within the Schibsted group and the Group.

eBay

Following completion of the Acquisition, eBay will indirectly own 44% of our share capital and 33.3% of our Class A (voting) shares and therefore be one of our principal shareholders. In connection with the Acquisition, the following agreements have been entered into with eBay:

Transaction Agreement—this agreement sets forth the terms of our acquisition of eBay Classifieds' business. For an overview of the Transaction Agreement, see "*Business—The Transactions—The Acquisition.*"

The following agreements will be entered into with eBay at closing of the Acquisition:

Transition Service Agreement—this agreement (the "Transition Service Agreement") governs the provision of services from eBay to us for a period of up to 12 months following closing of the Acquisition, subject to extensions of the initial term for the services in one month increments for up to a maximum of three months. Services include IT, human resources, information security and engineering, among others.

Employment Transition Service Agreement—the purpose of this agreement is (i) to enable eBay Classifieds to continue to employ (out of scope) employees in Mexico who would otherwise transfer back to eBay on closing of the Acquisition and provide their services to eBay and (ii) to enable eBay to employ (in scope) employees in China who would otherwise transfer to the Company/eBay Classifieds on closing of the Acquisition to provide their services to the Company/eBay Classifieds, in each case where they do not transfer on closing of the Acquisition because it is not possible to establish the new employing entity and stand up payroll and benefits before closing of the Acquisition. Services include engineering design, analytics solutions, data operations, daily support, among others.

Liquidity and Information Rights Agreement—this agreement will be entered into at closing of the Acquisition, by and between us, eBay, certain subsidiaries of eBay that will receive Adevinta shares in the Acquisition (together with eBay, "eBay Group") and Schibsted, to facilitate the orderly sale, transfer, or other disposition of our shares and to grant certain information rights to eBay Group and Schibsted. Some of the key terms of the sell-down coordination are as follows:

- *Three-Month Lock-up period.* eBay Group and Schibsted will be restricted from transferring voting shares and non-voting shares for a period of 3 months following closing of the Acquisition (the "Three Month Lock-up Period"), except
    i. as permitted by the Board, from time to time acting by majority and with at least one director appointed by Schibsted in the case of a transfer by eBay and at least one director appointed by eBay in the case of a transfer by Schibsted; and
    ii. that the eBay Group shall be permitted to effect one or more transfers of all or part of its voting shares and non-voting shares up to the aggregate number of shares of no more than 197,520,228 shares (the "Cap") off-market to one or more private equity funds, sovereign wealth funds, or other financial sponsors or institutional investors subject to certain limitations. The exemption which gives eBay a right to transfer voting Shares and non-voting shares up to the Cap during the 3 Month Lock-up Period will also be limited by a restriction on transfers to certain identified third parties ("Specified Persons").
- *Sale to Specified Persons. For a twelve month period following the Three-Month Lock-up Period, neither* eBay nor Schibsted is permitted to transfer voting shares or non-voting shares representing, in one or more transactions, more than 1% of our total number of issued and outstanding shares (including voting shares and non-voting shares) to any Specified Person except as permitted by the Board, from time to time acting by majority and with at least one director appointed by Schibsted in the case of a transfer by eBay and at least one director appointed by eBay in the case of a transfer by Schibsted. Except for this restriction on transfers to Specified Persons, eBay and Schibsted will not be subject to any lock-up undertakings in this period.

- *Right of Way Period.* Until the earlier of (i) 18 months following closing of the Acquisition and (ii) such date when eBay has reduced its direct or indirect ownership of voting and non-voting shares to one-third of the total number of our issued and outstanding voting and non-voting shares:

  i. Schibsted will be required to provide written notice to eBay of its and/or its affiliates' intention to sell, exchange or distribute any of our shares to a third party, and eBay will have the right to delay such transfer by Schibsted (or such affiliate(s)) for up to 90 days from Schibsted's notice if eBay is in good faith considering a sale, exchange or distribution of any of its shares of the Company to a third party during such period, provided, however, that eBay will not be permitted to delay any such transfers by Schibsted (and/or any of its affiliate(s)) to the extent that such transfers (through one or more transactions) are of the first 3% of the total number of issued and outstanding shares (including both voting and non-voting shares) of the Company outstanding as of the closing of the Acquisition to be sold by Schibsted (and/or its affiliate(s)) immediately as of closing of the Acquisition.

  ii. The Company will be required to provide prior written notice to eBay of its or its subsidiaries intention to make any offering or sale of shares (by issuance of new shares or sale of existing shares), and eBay will have the right to delay such offering by the Company for up to 90 days if eBay (or its such affiliate(s)) is in good faith considering a sale, exchange or distribution of any of its shares of the Company to a third party during such period, provided, however, that eBay will not be permitted to delay such offering to the extent that the offering or sale is being made (i) to finance an acquisition of a business or an entity, merger or similar transaction or series of related transactions by the Company or a subsidiary of the Company that has been approved by the Board, (ii) to meet the Company's debt financial covenants, emergency liquidity needs (as determined by the Board), or long term projections to the market with respect to the Company's capital ratios that are approved by the Board, or (iii) pursuant to the Company's employee compensation program.

- *Tag Along.* For a period of up to 18 months after the end of the Right of Way Period, eBay and Schibsted have agreed between themselves to certain mutual tag-along rights.

- Except as set out above, neither the eBay Group nor Schibsted will be restricted from transferring its shares in the Company.

- Notwithstanding the exceptions set out above, at any time. (i) if a bona fide third party makes an offer for all shares of the Company subject to a minimum acceptance condition of at least 50% of the outstanding voting shares, the eBay Group and Schibsted will be permitted to tender their voting shares and non-voting shares into that offer without any restriction applying and (ii) both the eBay Group and Schibsted may transfer their shares to an affiliate, provided such affiliate becomes party to the liquidity and information rights agreement and if such affiliate ceases to be an affiliate of the eBay Group or Schibsted, as applicable, the shares in the Company will be transferred back to the applicable member of the eBay Group or Schibsted, as applicable.

- The Company has also agreed to certain cooperation covenants in connection with the sale by the eBay Group or Schibsted of any shares in the Company, including providing the eBay Group or Schibsted (or potential acquirers, other than any Specified Person, subject to execution of customary confidentiality arrangements between such acquirer and the Company) with reasonable access to management and information in connection with diligence, assisting in any required regulatory or stock exchange filings, providing customary representations and warranties on a non-recourse basis and otherwise cooperating with the selling shareholder and potential acquirer, in each case, to the extent permitted under applicable law.

- Further, for so long as eBay or Schibsted or any of their respective affiliates are required to include our financial information in their own regulatory filings, we have agreed to (a) provide such shareholder with our annual and quarterly financial statements as promptly as practicable after they are provided to the Board and in any event reasonably in advance of the date on which such shareholder or its affiliate is required to make regulatory filings containing our financial information; and (b) provide reasonable assistance and any required additional information to such shareholder or its affiliate in connection with their financial reporting and compliance requirements relating to their respective investments in our company, including, in the case of eBay and its affiliates, assisting on a timely basis in the conversion of our financial statements to U.S. GAAP, in each case provided that we and the relevant shareholder shall agree on our reporting schedule for each fiscal year, which shall take into account the parties' reporting obligations and timelines.

- In addition, to the extent not prohibited by Norwegian law, we have agreed to grant permission to the appointees of eBay and Schibsted on the Board to provide, and we shall use reasonable best efforts to provide eBay and Schibsted with (a) prompt notice of any developments in our business which would reasonably be expected to have a material impact our company or on our company's share price, and (b) at least 10 days' prior notice before we enter into a binding agreement with respect to a sale to a third party of all or substantially all of our equity or assets, including by means of a merger, consolidation, recapitalization or any other means, or any transaction that would result in a change of control in our company. eBay and Schibsted will be subject to customary confidentiality and no-trading obligations with respect to any such information received.

Certain Required Approvals Process Agreement—this agreement will be entered into at closing of the Acquisition, by and between us and eBay, to establish a mechanism with respect to certain approvals by our Board. Such approvals include:

- Until the earlier of (i) 2 years following Closing and (ii) the point that eBay or its subsidiaries no longer have the right to appoint any directors to the Board, any transaction between the Company or its subsidiaries and certain pre-identified third parties that is material to the Company shall require the prior approval of at least one director appointed by eBay in his or her capacity as director of the Board, which approval or decline shall be given no later than at the Board meeting at which the final decision on the transaction is to be made, provided that the board has been provided with a sufficient advanced notice and an adequate basis for making the decision. This provision shall not apply
  - to transactions entered into by the Company (or any of its subsidiaries) in the ordinary course of business;
  - to renewals or extensions of existing agreements that the Company (or any of its subsidiaries) is a party to as of Closing; and
  - where it would be prohibited by competition law.
- For as long as eBay and/or its affiliates holds at least the lesser of (a) 367,482,894 voting shares and non-voting Shares in the aggregate and (b) 30% of the total number of issued and then outstanding shares of the Company
  - any changes in the tax reporting status or tax classification of the Company or any of its material subsidiaries; or
  - the making of any tax election by the Company or any of its subsidiaries which adversely affects eBay or its subsidiaries in a material manner,

  shall require the prior approval of at least one director appointed by eBay in his or her capacity as director of the Board, which approval or decline shall be given no later than at the Board meeting at which the final decision on the matter is to be made, provided that the board has been provided with a sufficient advanced notice and an adequate basis for making the decision.

Intellectual Property Matters Agreement ("IPMA")—agreement between us and eBay to be entered into at closing of the Acquisition, under which (A) eBay assigns to us certain software rights and grants to us and our subsidiaries (i) non-exclusive licenses to certain software rights for internal use in certain jurisdictions for a limited term; (ii) exclusive licenses to certain eBay marks for a limited term to be used substantially in the manner used by eBay Classifieds as of closing of the Acquisition; (iii) the right to exclusively control certain domains containing eBay marks for a limited term; and (iv) a non-exclusive license to any eBay retained patents or other intellectual property that are used in eBay Classifieds as of closing of the Acquisition and (B) we grant to eBay and its subsidiaries (i) a non-exclusive, perpetual license back to the software that is assigned to us for use in certain jurisdictions and (ii) a non-exclusive license to any other intellectual property owned by eBay Classifieds that is used in eBay's retained business. The term of the IPMA continues until the expiration of the last-to-expire intellectual property license. Pursuant to the Transaction Agreement, in consideration for the transfer of certain intellectual property rights under the IPMA, we shall deliver $5,000,000 to eBay or its designated subsidiary at closing of the Acquisition.

Leases/subleases between eBay and eBay Classifieds

At closing of the Acquisition, with respect to at least one property that was shared between eBay and eCG prior to closing of the Acquisition, eBay as subleasor, and eCG as sublease, will enter into a sublease agreement.

Following completion of the Acquisition, certain pre-existing intercompany commercial arrangements between eBay Classifieds and eBay or its subsidiaries will remain in place, with certain changes implemented by amendments to the agreements underlying such arrangements, or new agreements entered into to replace the pre-existing agreements underlying such arrangements, which amendments or new agreements will become effective as of the completion of the Acquisition. These intercompany arrangements include:

Kijiji Canada Advertising Arrangement. Pursuant to an agreement between Kijiji Canada and eBay Canada Limited, a subsidiary of eBay ("eBay Canada"), eBay Canada will provide online advertising inventory on certain eBay Canada websites to Kijiji Canada for placement of advertisements from Kijiji Canada's advertising clients, in exchange for a portion of the gross operating revenue earned by Kijiji Canada in respect of such advertisements. The agreement will be for successive one-year terms that renew automatically, unless terminated by either party.

eBay Motors Group Joint Proposition. Pursuant to an agreement between Gumtree.com and eBay (UK) Limited, a subsidiary of eBay ("eBay UK"), Gumtree.com will manage a joint commercial proposition with eBay UK aimed at subscription dealers who list vehicles on the Motors.co.uk website and/or the Gumtree.com website, on the one hand and the www.ebay.co.uk website, on the other hand. Gumtree.com will be required to pay eBay UK a referral fee for qualified leads originating from the www.ebay.co.uk website based on calls, emails, chats or clicks, or other lead generation channels that may be used in the future, in response to a listing from a subscription dealer on the www.ebay.co.uk website. The agreement will be for an initial term of 36 months, following completion of the Acquisition and will automatically renew for successive twelve-month terms, unless terminated by either party.

TreeBay Arrangement. Pursuant to agreements between certain eBay subsidiaries, on the one hand and Gumtree AU, eBayK, Marktplaats and Gumtree.com, respectively, on the other hand (the "Classifieds Entities"), the Classifieds Entities will display advertisements for certain eBay listings on certain websites operated by the Classifieds Entities across web, iOS and android platforms, in exchange for a portion of the fees earned by the eBay subsidiaries from such listings. The agreement to which eBayK will be party will provide for a quarterly minimum fee guarantee payable by eBayK. The relevant agreements will expire on December 31, 2021.

BayTree Arrangement. Pursuant to an agreement between Gumtree AU and eBay Marketplaces GmbH, a subsidiary of eBay ("eBay Marketplaces"), Gumtree AU will incorporate advertisements for and link to https://www.ebay.com.au/ on the listing success page (being the page on the Gumtree AU website that is displayed once a user finishes posting their advertisement) for, certain items listed on the Gumtree AU website. eBay Marketplaces will pay Gumtree certain referral fees if a user clicks through and: (a) lists an item on the eBay website and sells the item (within certain time periods); and/or (b) buys an item within certain time periods. The agreement will expire on December 31, 2021.

Schibsted

Schibsted Acquisition of Danish Entity—In connection with the Acquisition, Schibsted Nordic has agreed to acquire the Danish Entity for $330 million or its equivalent in Euro in cash on a cash-free and debt-free basis. This acquisition is expected to occur following completion of the Acquisition.

Schibsted Denmark TSAs—in connection with our disposition of the Danish Entity to Schibsted, at completion of the Acquisition certain post-separation agreements will be entered with Schibsted, which govern how the separation process and provision of transition services by the parties. The services covered by the transition services agreement include IT, human resource services and legal and professional services.

Software License Agreement between SPT Nordics Limited and Schibsted Products & Technology UK Limited. Under the terms of the agreement, SPT Nordics Limited grants Schibsted Products & Technology UK Limited a perpetual, worldwide, royalty-free, non-exclusive, irrevocable license to use certain of its software, (including advertising, vertical initiatives, marketplace components, data platform, tracking, privacy, etc.) on terms of the agreement for a license fee of £19,651,420. In order to allow the Company and its subsidiaries to continue to use the software after the completion of its spin-off from Schibsted Media Group, the single trade of Schibsted Products & Technology UK Limited was split into two businesses. Schibsted Products & Technology UK Limited continues its trade, but only with respect to the Company and its subsidiaries, while SPT Nordics Limited has taken over the trade with respect to the companies retained by Schibsted Media Group. The agreement is effective from December 21, 2018 and continues indefinitely.

Software License Agreement between Schibsted Products & Technology UK Limited and SPT Nordics Limited. Under the terms of the agreement, Schibsted Products & Technology UK Limited (renamed Adevinta Products & Technology UK Limited) grants SPT Nordics Limited a perpetual, worldwide, royalty-free, non-exclusive, irrevocable license to use certain of its software, (including advertising, vertical initiatives, marketplace components, data platform, tracking, privacy, etc.) on terms of the agreement for a license fee of £23,273,690. In order to allow the companies within Schibsted Media Group to continue to use the software after the completion of the spin off from Schibsted Media Group, the single trade of SPT Nordics Limited was split into two businesses. Schibsted Products & Technology UK Limited continues its trade, but only with respect to the Company and its subsidiaries, while SPT Nordics Limited has taken over the trade with respect to the companies retained by Schibsted Media Group (in May 2020 SPT Nordics Limited novated the agreement with respect to the companies retained by the Schibsted Media Group to Schibsted Products & Technology AS). The agreement is effective from December 31, 2018 and continues indefinitely.

E-tech Agreements. Adevinta and Schibsted continue to use certain common third-party IT-services and infrastructure. Such services are provided through Schibsted Enterprise Technology AB (a wholly-owned subsidiary of Schibsted), which has entered into direct agreements with certain Adevinta entities for the use of such services. The agreements remain in force until termination by either party. The fees to be paid under the service agreements, consist of costs to third-party providers based on actual use, as well as internal costs, with a 5% mark up.

TSA between Schibsted Products & Technology UK Limited and SPT Nordics Limited. In connection with our spin-off from Schibsted, Schibsted Products & Technology UK Limited (renamed Adevinta Products & Technology UK Limited) has entered into transition services agreements with SPT Nordics Limited. The services covered include operation, maintenance and development of the software licensed under the corresponding Software License Agreements. The transition services agreements will expire in December 2020.

eBay Classifieds Group

Condensed Combined Carve-out Financial Statements
As of 30 June 2020 and 31 December 2019
For the six months ended 30 June 2020 and 2019

eBay Classifieds Group
Condensed Combined Carve-out Statements of Profit or Loss
(in Millions)
(Unaudited)

	Notes		Six months ended 30 June 2020		Six months ended 30 June 2019
Net revenues	3	€	408	€	468
Cost of net revenues	3, 6, 7, 14		52		46
Gross profit			356		422
Operating expenses:					
Sales and marketing	6, 7, 14		136		161
Product development	14		70		68
General and administrative	6, 7, 14		51		51
Provision for bad debts	3, 13		8		5
Amortization of acquired intangible assets	6		4		6
Total operating expenses			269		291
Profit from operations			87		131
Interest and other, net			1		(1)
Profit before income taxes			88		130
Income tax provision	17		(25)		(197)
Net profit (loss)		€	63	€	(67)

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Comprehensive Income or Loss
(in Millions)
(Unaudited)

	Six months ended			
		30 June 2020		30 June 2019
Net profit (loss)	€	63	€	(67)
Other comprehensive income or loss, net of reclassification adjustments:				
Items that will not be reclassified to profit or loss:				
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		(11)		(5)
Items that may be reclassified to profit or loss:				
Foreign currency translation adjustments		(8)		(1)
Comprehensive income or loss	€	44	€	(73)

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Balance Sheets
(in Millions)
(Unaudited)

	Notes		As of 30 June 2020		As of 31 December 2019
ASSETS					
Goodwill	6	€	681	€	659
Intangible assets, net	6		30		20
Right-of-use assets	7		19		17
Property and equipment, net	14		19		23
Long-term investments	12		27		39
Deferred tax assets	17		341		349
Non-current assets			1,117		1,107
Other current assets	15		33		31
Accounts receivable, net	3, 13		129		119
Cash and cash equivalents	3		17		20
Current assets			179		170
Total assets		€	1,296	€	1,277
INVESTED EQUITY AND LIABILITIES					
Net parent investment	10	€	1,154	€	1,109
Accumulated other comprehensive income	3		(35)		(16)
Total invested equity			1,119		1,093
Lease liabilities	7		12		12
Deferred tax liabilities	17		9		9
Other liabilities			3		2
Non-current liabilities			24		23
Income taxes payable	17		52		53
Accounts payable	3		20		19
Deferred revenue	3		4		5
Accrued expenses and other current liabilities	15		77		84
Current liabilities			153		161
Total invested equity and liabilities		€	1,296	€	1,277

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Changes in Invested Equity
(in Millions)
(Unaudited)

		Net Parent Investment		Accumulated Other Comprehensive Income		Total
Balance, 1 January 2019	€	1,228	€	(4)	€	1,224
Net loss for the period		(67)		-		(67)
Losses on fair value of equity investments, recognized through other comprehensive income or loss, net of tax		-		(5)		(5)
Foreign currency translation adjustments		-		(1)		(1)
Net transfers to Parent		(45)		-		(45)
Balance, 30 June 2019		1,116		(10)		1,106
Balance, 1 January 2020	€	1,109	€	(16)	€	1,093
Net profit for the period		63		-		63
Losses on fair value of equity investments, recognized through other comprehensive income or loss, net of tax		-		(11)		(11)
Foreign currency translation adjustments		-		(8)		(8)
Net transfers to Parent		(18)		-		(18)
Balance, 30 June 2020		1,154		(35)		1,119

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Cash Flows
(in Millions)
(Unaudited)

	Six months ended	
	30 June 2020	**30 June 2019**
Cash flows from operating activities:		
Net profit (loss)	€ 63	€ (67)
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:		
Provision for bad debts	8	5
Depreciation and amortization	11	13
Stock-based compensation	21	22
Amortization of right-of-use assets	4	4
Deferred income taxes	6	185
Changes in assets and liabilities, net of acquisition effects:		
Accounts receivable	(20)	(13)
Other current assets	(2)	(18)
Accounts payable	(1)	13
Accrued expenses and other liabilities	(6)	8
Deferred revenue	(1)	4
Income taxes payable and other tax liabilities	-	(2)
Net cash provided by operating activities	83	154
Cash flows from investing activities:		
Purchases of property and equipment	(3)	(9)
Acquisitions, net of cash acquired	(39)	(82)
Net cash used in investing activities	(42)	(91)
Cash flows from financing activities:		
Payments on the principal portion of lease liabilities	(4)	(4)
Net transfers to Parent	(38)	(67)
Net cash used in financing activities	(42)	(71)
Effect of exchange rate changes on cash and cash equivalents	(2)	-
Net decrease in cash and cash equivalents	(3)	(8)
Cash and cash equivalents at beginning of period	20	42
Cash and cash equivalents at end of period	€ 17	€ 34
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	€ 26	€ 29

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

1. Organization and Nature of Business

The eBay Classifieds Group (“eBay Classifieds,” “Classifieds,” “eCG” or the “Company”), a combined group of legal entities, is an online marketing services company, made up of platforms that include a collection of brands such as mobile.de, Kijiji, Gumtree, Marktplaats, eBay Kleinanzeigen and others.

eBay Classifieds is designed to help people list their products and services, find what they are looking for in their local communities, and trade at a local level. eBay Classifieds’ brands offer both horizontal and vertical experiences, such as automobiles, real estate and jobs. The Company offers a personalized classifieds experience and focuses on expanding its value proposition by leveraging data and analytics to improve customer relevance and grow the classifieds opportunity on mobile devices.

The Company primarily derives revenue from the sale of advertisements, classifieds fees and marketing service fees. The eBay Classifieds platforms offer classifieds listings in a variety of international markets.

eBay Inc. (“eBay or “Parent”), the ultimate parent of eCG, has a centralized treasury function that maintains cash management and financing activities for its subsidiaries. Accordingly, a substantial portion of the Company's cash balances are transferred to Parent’s cash management accounts regularly, are managed by Parent and therefore are not included in the condensed combined carve-out financial statements. Only cash balances legally owned by the Company are reflected in the condensed combined carve-out balance sheets. Transfers of cash between the Company and Parent are included within “Net transfers to Parent” on the condensed combined carve-out statements of cash flows and the condensed combined carve-out statements of invested equity. To date, the Company has generated cash flows from operations, which have been periodically transferred to Parent. To the extent that there are future losses or cash needed at the Company, then Parent would provide that funding through its net investment in the Company or other funding arrangements.

2. Basis of Preparation

These condensed combined carve-out financial statements for the six-months ended 30 June 2020 have been prepared in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”). As permitted by IAS 34, the condensed combined carve-out financial statements do not include all of the information required for full annual combined carve-out financial statements and the notes to these condensed combined carve-out financial statements are presented in a condensed format. Accordingly, the condensed combined carve-out financial statements should be read in conjunction with the annual combined carve-out financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the IFRS Interpretations Committee (“IFRIC”)’s interpretations. The same accounting policies, methods of computation and presentation have been followed in their preparation as were applied in the most recent annual combined carve-out financial statements. The condensed combined carve-out financial statements are prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of eBay using the historical results of operations and historical cost basis of the assets and liabilities of the eBay Classifieds business. Throughout the six months periods ended 30 June 2020 and 2019, eBay Classifieds operated as a part of Parent. These carve-out financial statements have been prepared on a combined and carve-out basis as they represent a portion of eBay's business which does not solely consist of separate legal entities. The accompanying condensed combined carve-out financial statements are prepared on a stand-alone basis as if the operations of eBay Classifieds had been conducted independently from Parent and present only the historical financial information of the economic activities that comprise the eBay Classifieds business. The condensed combined carve-out financial statements have been prepared by Parent and were authorized for issuance on 25 September 2020. Parent has the power to amend and reissue the financial statements.

The condensed combined carve-out financial statements reflect assumptions, estimates and allocations made by Parent to depict the Company on a stand-alone basis. As a result, the condensed combined carve-out financial statements included herein may not necessarily be indicative of the Company’s financial position, results of operations, or cash flows had eBay Classifieds operated as a stand-alone entity during the periods presented. The accompanying condensed combined carve-out financial statements only include assets and liabilities that are specifically attributable to eBay Classifieds.

The condensed combined carve-out statements of profit or loss include all revenues and costs directly attributable to the Company as well as an allocation of expenses from Parent for certain support functions provided on a centralized basis related to customer support, system operations, payment processing, sales and marketing, development, and other general and administrative services. Parent allocates costs to the Company using methodologies that management believes are appropriate and reasonable. These expenses have been allocated from Parent based on direct usage or benefit when specifically identifiable, with the remainder allocated primarily on a pro rata basis of revenue, headcount, or other systematic measures. The Company considers these allocations to be a reasonable reflection of the utilization of services or the benefit received. The impact of these allocated costs on the Company’s condensed combined carve-out statements of profit or loss is summarized in “Note 8 – Allocation of corporate expenses”.

The Company's future results of operations will include costs and expenses for it to operate as an independent company, and these costs and expenses may materially differ from its historical condensed combined carve-out results of operations, financial position and cash flows. Accordingly, the condensed combined carve-out financial statements presented as of 30 June 2020 and 31 December 2019 and for the six months ended 30 June 2020 and 2019 are not necessarily indicative of the Company's future results of operations, financial position, and cash flows. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Principles of combination

The condensed combined carve-out financial statements of the Company include assets and liabilities that have been determined to be specifically identifiable to the eBay Classifieds business. The condensed combined carve-out financial statements reflect all of the costs of doing business, including certain expenses incurred by Parent on the Company’s behalf. All significant intra-company transactions within the Company have been eliminated within the condensed combined carve-out financial statements. Transactions between the Company and Parent, which consist principally of advertising and marketing services, are reflected in these condensed combined carve-out financial statements.

See “Note 9 — Related party transactions” for the Company’s related party activities.

Invested equity

Net parent investment represents Parent's interest in the recorded net assets of the Company, the cumulative net investment by Parent in the Company through the periods presented and includes the Company's cumulative operating results. All transactions between the Company and Parent are considered to be effectively settled through net parent investment at the time the transactions are recorded.

Income taxes

The parent entity of the Classifieds business is incorporated in the Netherlands; accordingly, the Company’s income tax provision on a carve-out basis excludes the impact of any U.S. international tax provisions (including the effects of U.S. tax reform) that arise when a U.S. parent owns non-U.S. subsidiaries.

3. Summary of Significant Accounting Policies

(a) Use of estimates

The preparation of the condensed combined carve-out financial statements in conformity with IFRS requires management to exercise judgement and to make estimates and assumptions that affect the amounts reported in the Company's condensed combined carve-out financial statements and accompanying notes. The Company bases these estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

The table below presents the areas that involve a higher degree of judgement or areas where assumptions and estimates are significant to the Company’s condensed combined carve-out financial statements.

	Note
Revenue recognition	3(b)
Goodwill and the recoverability of intangible assets	3(i)
Fair value measurement of assets and liabilities	12
Provision for bad debts	13
Income taxes	17

(b) Revenue recognition

The Company recognizes revenue when it transfers control of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. Revenue is recognized net of any taxes collected, which are subsequently remitted to governmental authorities. IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) introduces a single model for recognizing revenue that applies to all contracts with customers, except for contracts that are within the scope of standards on leases, insurance and financial instruments.

The Company's net revenues consist entirely of marketing services and other net revenues, which are derived principally from the sellers' listing fees and feature fees. The Company identified two distinct performance obligations: (1) listing an item on the platform for which revenue is recognized over the listing period, and (2) featured listings mainly to promote the item which can be provided over time or at a point in time and recognized in accordance with service delivery. Discounts offered through the purchase of packages of multiple services are allocated based on the stand-alone selling price of each respective feature. Both fees are typically billed on a monthly basis.

The Company also derives advertising revenue from the sale of online advertisements which are based on "impressions" (i.e., the number of times that an advertisement appears in pages viewed by users of the Classifieds platforms) or "clicks" (which are generated each time users on the Classifieds platforms click through the advertisements to an advertiser's designated website) delivered to advertisers. The Company uses the output method and applies the practical expedient to recognize advertising revenue in the amount to which the Company has a right to invoice. For contracts with targeted advertising commitments with rebates, significant revenue estimates include estimated payout that is accounted for as variable consideration to the extent it is probable that a significant reversal of revenue will not occur.

In light of the current economic environment driven by COVID-19, the Company offered additional incentives to customers, such as fee waivers and discounts, to ease the financial impact of the pandemic to the Company's customers.

Cost of net revenues

The Company's cost of net revenues comprises of costs incurred for services provided to customers. The most significant element is labor related to customer support and systems operations. In addition, cost of net revenues includes certain expenses that are attributable to the Company's revenues, including the amortization of certain intangibles, the depreciation of certain property, plant, and equipment, and the depreciation of certain right-of-use assets.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents both amounts invoiced, as well as revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The allowance for doubtful receivables is estimated based upon the simplified expected credit losses approach, which uses a lifetime expected loss allowance for all trade receivables. The allowance for doubtful receivables was € 20 million and €19 million as of 30 June 2020 and 31 December 2019, respectively.

Deferred revenue consists of fees received related to unsatisfied performance obligations at the end of the period. Due to the generally short-term duration of contracts, the majority of the performance obligations are satisfied in the following reporting period. The amount of revenue recognized in the six months ended 30 June 2020 and 2019 that was included in the deferred revenue balance at the beginning of each of the six month periods was €4 million and €5 million, respectively.

Disaggregation of revenue

The Company's net revenues consist entirely of marketing services and other revenues. The following table presents the Company's revenues disaggregated based on geography (in millions) for the six months ended 30 June 2020 and 2019:

	Six Months ended	
	30 June 2020	**30 June 2019**
Net revenues:		
Germany	€ 208	€ 210
Netherlands	62	66
Canada	47	70
United Kingdom	28	43
Denmark	25	24
Australia	20	28
Other	18	27
Total net revenues	€ 408	€ 468

(c) Leases

Under IFRS 16 – New Leases Standard ("IFRS 16"), the Company determines if an arrangement is a lease or contains a lease at inception. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the Company's leases, the Company generally uses an incremental borrowing rate consistent with Parent's, which is based on information available at the commencement date to determine the present value of future lease payments. Right-of-use ("ROU") assets are generally recognized based on the amount of the initial measurement of the lease liability, adjusted for accrued lease payments (i.e. deferred rent) and the remaining balance of lease incentives received. Subsequent to lease commencement, lease liabilities are re-measured upon a modification in the lease term or changes in an index or rate used to determine the lease payments. The corresponding adjustments are recorded to the related ROU assets.

The Company will recognize a depreciation charge for right-of-use assets and interest expense related to lease liabilities. Leases are included in right-of-use assets, accrued expenses and other current liabilities, and lease liabilities on the condensed combined carve-out balance sheets.

(d) Advertising expense

The Company expenses the costs of producing advertisements at the time production occurs and expenses the cost of communicating advertisements in the period during which the advertising space or airtime is used. The Company recognizes advertising as an element of sales and marketing expense. Internet advertising expenses are recognized based on the terms of the individual agreements, which are generally over the greater of the ratio of the number of impressions delivered over the total number of contracted impressions, on a pay-per-click basis, or on a straight-line basis over the term of the contract. Advertising expense totaled €59 million and €89 million for the six months ended 30 June 2020 and 2019, respectively. Of these amounts, an immaterial amount is allocated from Parent.

(e) Stock-based compensation

The Company determines compensation expense associated with restricted stock units ("RSUs") based on the fair value of Parent's common stock on the grant date. The Company determines compensation expense associated with stock options based on the estimated grant date fair value method using the Black-Scholes valuation model. The Company generally recognizes compensation expense using a straight-line amortization method over the respective vesting period for each vesting tranche for awards that are ultimately expected to vest. Accordingly, stock-based compensation expense for the six months ended 30 June 2020 and 2019 has been reduced for estimated forfeitures. The Company recognizes a benefit or provision from stock-based compensation in earnings as a component of income tax expense to the extent that an incremental tax benefit or deficiency is realized by following the ordering provision of the tax law. A corresponding credit to equity is raised for equity-settled plans.

The Company records a deferred tax asset related to stock-based compensation based on the future tax deduction determined by the stock price as of the reporting date. If the amount of future tax deduction exceeds the cumulative amount of stock-based compensation expenses, the excess deferred tax is recognized directly in invested equity.

(f) Income taxes

Income taxes as presented herein attribute current and deferred income taxes of eBay to the Company's stand-alone financial statements in a manner that is systematic and consistent with IAS 12. Under IAS 12, the total income tax expense (income) recognized in a period is the sum of current tax plus the change in deferred tax assets and liabilities during the period, excluding tax recognized outside of profit or loss – i.e. either in other comprehensive income ("OCI") or directly in equity, or arising from a business combination. For investment property measured using the fair value model, management has elected to run the re-measurement related changes through OCI instead of through profit or loss. Therefore, the related tax effects are also recorded in OCI.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period. A current tax liability or asset is recognized for income tax payable or paid but recoverable in respect of all periods to date.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Further, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company's income tax provision was prepared following the separate return method, as modified by the benefits-for-loss approach. Accordingly, the operating losses and other tax attributes are characterized as utilized when those attributes have been utilized by other members of the eBay consolidated group. In addition, the separate return method applies to the stand-alone financial statements of each member of the combined group as if the group member were a separate taxpayer and a stand-alone enterprise. As a result, actual tax transactions included in the consolidated financial statements of eBay may not be included in the separate condensed combined carve-out financial statements of the Company. Similarly, the tax treatment of certain items reflected in the separate condensed combined carve-out financial statements of the Company may not be reflected in the consolidated financial statements and tax returns of eBay; therefore, items such as net operating losses and credit carry forwards may exist in the stand-alone financial statements that may or may not exist in eBay's consolidated financial statements.

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the estimates in relation to the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The provisions are based on management’s best judgement of the application of tax legislation and best estimates of future settlement amounts based on a separate return filing methodology.

(g) Cash, cash equivalents

Cash and cash equivalents are stated at face value and are comprised of cash on hand, bank deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within accrued expenses and other current liabilities in the condensed combined carve-out balance sheets.

(h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation for equipment and leasehold improvements commences once the assets are ready for their intended use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally, one to three years for computer equipment and software, the shorter of five years or the term of the lease for leasehold improvements, and three years for furniture and fixtures).

(i) Goodwill and intangible assets

Goodwill is tested for impairment at a minimum on an annual basis at a cash-generating unit (“CGU”) level. As the Company monitors goodwill at a Company-wide level, goodwill is tested for impairment at an aggregated entity-wide CGU level. Goodwill is considered impaired if the carrying value of the entity-wide CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use. The fair value of the entity-wide CGU is estimated using income and market approaches. In estimating the recoverable amount, management is required to make an estimate of the expected future cash flows from the entity-wide CGU in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Such estimates are subject to a certain degree of judgment and uncertainty.

An impairment test of goodwill was last conducted as of 31 August 2019. As a result of these assessments, the Company determined that no adjustment to the carrying value of goodwill was required. These calculations use pre-tax cash flow projections for two years based on financial budgets approved by management, including annual revenue growth rates ranging from 3% to 15% and a discount rate of 10.5%. Management determined the expected growth rate and operating results based on past performance and its expectations in relation to market developments. The discount rate used reflects specific risks relating to the entity-wide CGU. Based on this assessment, there was no impairment of goodwill as of 31 August 2019. Material changes in the assumptions used in the calculation of recoverable amount may result in impairment losses. As of 30 June 2020, the Company determined that no events or circumstances through 30 June 2020 indicated that a further assessment was necessary.

Intangible assets consist of trademarks and tradenames, customer lists and user base, and developed technologies. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one to five years. No significant residual value is estimated for intangible assets.

(j) Impairment of non-financial assets

The Company evaluates non-financial assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a non-financial asset or asset group may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets, i.e. CGU. The CGU is considered impaired if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use. The Company determined that no events or circumstances through 30 June 2020 indicated that an impairment assessment was necessary, and did not record any impairment charges for the six months ended 30 June 2020 and 2019.

(k) Business combinations

The Company applies the acquisition method, which measures identifiable assets acquired and liabilities assumed in a business combination at their fair values at the acquisition date. The consideration transferred for the acquisition is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Company (if any). Acquisition-related costs are generally expensed as incurred.

See "Note 5 – Business combinations" for full descriptions of the Company's acquisition of Australia-based automotive platform Cox Automotive Media Solutions in May 2020 and the Company's acquisition of U.K.-based classifieds site, Motors.co.uk, in February 2019.

(l) Foreign currency

The Company's business operations are primarily denominated in functional currencies which include Euros ("EUR", "€"), Great Britain Pounds ("GBP"), Australian Dollars ("AUD"), Canadian Dollars ("CAD"), and United States Dollars ("USD"). The Company's presentation currency is EUR.

Assets and liabilities are translated into EUR using exchange rates prevailing at the balance sheet date, while revenues and expenses are translated at average exchange rates during the six months. Gains and losses resulting from the translation of the condensed combined carve-out balance sheets and the condensed combined carve-out statements of profit or loss are recorded as a component of other comprehensive income or loss.

Gains and losses from foreign currency transactions are recognized as interest and other, net.

(m) Derivative instruments

The Company uses derivative financial instruments not designated as hedges, such as forwards, to hedge foreign currency balance sheet exposures associated with changes in currency exchange rates against the Company's functional currencies. The Company does not use derivative financial instruments for trading purposes.

See "Note 12 — Fair value measurement of assets and liabilities" for a full description of the Company's derivative instrument activities and related accounting policies.

(n) Accounts receivable, allowance for doubtful receivables and provision for bad debts

Accounts receivable are carried at the receivable amount less an allowance for expected credit losses. Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The Company estimates its allowance for doubtful receivables based on an expected credit losses approach. In determining the expected credit losses, the Company applies the simplified approach to measuring expected credit losses, which references lifetime expected credit losses for all trade receivables. The expected credit loss rates are measured based on historical collection trends adjusted for asset specific attributes, current conditions and reasonable and supportable forecasts of the economic conditions that will exist through the contractual life of the financial asset. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances, and the allowance is adjusted accordingly. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful.

Provision for bad debts consists primarily of losses resulting from bad debts associated with the Company's accounts receivable. Provisions for these items represent the estimate of expected losses based on historical experience and other factors including the impact of regulatory changes and economic conditions.

(o) Fair value measurements

Upon initial recognition, the Company classifies its financial assets and liabilities as subsequently measured at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVOCI”), or at amortized cost. The classification depends on the purpose for which the financial assets are bought and held.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured by reference to the principal market for the asset or liability assuming that market participants act in their economic best interests. The Company’s financial assets and liabilities are valued using market prices on both active markets (Level 1), less active markets (Level 2) and little or no market activity (Level 3). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from readily available pricing sources for comparable instruments, identical instruments in less active markets, or models using market observable inputs. Level 3 instrument valuations typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

Financial assets at FVOCI

The Company has elected to irrevocably designate its equity investments as measured at fair value through other comprehensive income when they meet the definition of equity and are not held for trading. These investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss in other comprehensive income is not reclassified to profit or loss on disposal.

Financial assets and liabilities at FVTPL

The Company's derivative assets and derivative liabilities are measured at fair value through profit or loss on a recurring basis as of 30 June 2020 and 31 December 2019. The derivative instruments are accounted for at trade date and are valued using pricing models that take into account the contract terms as well as currency rates.

Financial assets and liabilities at amortized cost

The Company’s financial assets and liabilities not measured at fair value include cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities. Financial assets measured at amortized cost are financial assets which are held for the objective of collecting contractual cash flows and for which the contractual cash flows are fixed and determinable consisting solely of payment of principal and interest outstanding. As of 30 June 2020 and 31 December 2019, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities approximated their estimated fair values because of the short-term nature of these financial instruments.

4. Recently adopted accounting standards

Accounting pronouncements issued and adopted

Conceptual Framework for Financial Reporting

In March 2018, the IASB published the revised Conceptual Framework for Financial Reporting, which includes a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also issued guidance to support the transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS applies to a particular transaction. The amendments are effective for annual periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendment)

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of ‘material’ and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

Definition of a Business, Amendments to IFRS 3 – Business Combinations ("IFRS 3")

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company's condensed combined carve-out financial statements.

Interest Rate Benchmark Reform ("IBOR") Phase 1 Amendments

In September 2019, the IASB issued "Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)" as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company's condensed combined carve-out financial statements.

COVID-19 Related Rent Concessions (Amendment to IFRS 16)

In May 2020, the IASB published "COVID-19 Related Rent Concessions (Amendment to IFRS 16)" amending the standard to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020. The adoption of the standard did not have a material impact on the Company's condensed combined carve-out financial statements.

Accounting pronouncements issued not yet adopted

IBOR Reform Phase 2 Amendments

In August 2020, the IASB issued "Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)" with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its condensed combined carve-out financial statements.

5. Business combinations

Cox Automotive Media Solutions

In May 2020, the Company wholly acquired the Australia-based automotive platform, Cox Automotive Media Solutions, for approximately €41 million in cash. The Company believes the acquisition will increase the Company's international presence and give buyers access to more listings.

The aggregate purchase consideration was preliminarily allocated as follows (in millions):

		Cox Automotive Media Solutions
Goodwill	€	27
Customer lists		8
Trademarks, tradenames, and patents		5
Cash		2
Developed technologies		1
Net liabilities assumed		(2)
Total	€	41

The Company anticipates completing certain working capital adjustments impacting the net liabilities assumed within the year ended 31 December 2020. The Company does not expect the preliminary allocation to change significantly. The goodwill recognized is primarily attributable to expected synergies and the assembled workforce of Cox Automotive Media Solutions and is not deductible for income tax purposes.

Revenue and profit from Cox Automotive Media Solutions' operations for the six months ended 30 June 2020 were immaterial. Pro forma results of operations for this acquisition have not been presented as the effect of the acquisition is not material to the Company's financial results.

Motors.co.uk

In February 2019, the Company wholly acquired the U.K.-based classifieds site, Motors.co.uk for €82 million in cash.

The Company believes the acquisition will increase the Company's international presence and give buyers access to more listings.

The aggregate purchase consideration was allocated as follows (in millions):

		Motors.co.uk
Goodwill	€	57
Customer lists		18
Trademarks and tradenames		5
Developed technologies		4
Net liabilities assumed		(2)
Total	€	82

The goodwill recognized is primarily attributable to expected synergies and the assembled workforce of Motors.co.uk and is not deductible for income tax purposes.

Since the acquisition, revenue recognized from Motors.co.uk's operations for the six months ended 30 June 2019 was €8 million. Due to the Company's integrated shared cost structure, it is impracticable to disclose profit or loss from Motors.co.uk's operations since the acquisition date for the six months ended 30 June 2019.

6. Goodwill and intangible assets

Goodwill

The following table presents goodwill activity for the six months ended 30 June 2020 (in millions):

		Goodwill
Balance at 1 January 2020	€	659
Acquisition of Cox Automotive Media Solutions		27
Effect of movements in exchange rates		(5)
Balance at 30 June 2020	€	681

Intangible assets

The movements in intangible assets are as follows (in millions):

Intangible Assets		Trademarks, tradenames, and patents		Customer lists and user base		Developed technologies		Total
Cost		159		79		22		260
Accumulated amortization		(154)		(67)		(19)		(240)
Balance at 1 January 2020	€	5	€	12	€	3	€	20
Acquisition/additions		5		8		1		14
Amortization charges		(1)		(2)		(1)		(4)
Activities during six months ended 30 June 2020		4		6		-		10
Cost		164		87		23		274
Accumulated amortization		(155)		(69)		(20)		(244)
Balance at 30 June 2020	€	9	€	18	€	3	€	30

Amortization expense for intangible assets is included in Amortization of acquired intangible assets and Cost of net revenues on the condensed combined carve-out statements of profit or loss. The amortization expense allocated from Parent was immaterial for the six months ended 30 June 2020 and 2019.

7. Leases

The Company has leases for office space and data centers that the Company utilizes under lease arrangements. The Company's leases have remaining lease terms of up to ten years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year.

Right-of-use Assets

Key movements relating to lease balances are presented below (in millions):

Right of use assets	Office space	Data centers	Total
Balance at 1 January 2020	€ 16	€ 1	€ 17
Depreciation expense	(3)	(1)	(4)
Additions	4	2	6
Balance at 30 June 2020	€ 17	€ 2	€ 19

Depreciation expense on the ROU assets is included in Cost of net revenues, Sales and marketing, and General and administrative expenses on the condensed combined carve-out statements of profit or loss. Depreciation expense for right-of-use assets allocated from Parent was immaterial for the six months ended 30 June 2020 and 2019.

Expenses relating to variable lease payments are included in General and administrative expenses on the condensed combined carve-out statements of profit or loss. Expenses recognized relating to variable lease payments were immaterial for the six months ended 30 June 2020 and 2019.

Lease Liabilities

Maturity of lease liabilities under the Company's non-cancelable leases is as follows (in millions):

	As of	
	30 June 2020	31 December 2019
Remaining 2020	€ 4	€ 6
2021	6	4
2022	4	3
2023	4	3
2024	2	2
Thereafter	1	1
Total lease payments	21	19
Less interest	(2)	(2)
Present value of lease liabilities	€ 19	€ 17

Interest expense on lease liabilities was immaterial for both the six months ended 30 June 2020 and 2019.

8. Allocation of corporate expenses

The condensed combined carve-out statements of profit or loss include corporate expense allocations for services provided by Parent. The corporate expenses that were allocated include expenses incurred for sales and marketing, information technology, finance, accounting, treasury and legal, real estate and facilities, human resources, stock-based compensation, procurement, advertising, product development, restructuring, and other corporate and infrastructure functions. These expenses have been allocated to eBay Classifieds based on direct usage or benefit when specifically identifiable. The remainder were allocated on a pro rata basis. The allocation methods include revenue, headcount or other systematic measures. During the six months ended 30 June 2020 and 2019, the Company allocated the following costs incurred by Parent, which are included in the condensed combined carve-out statements of profit or loss (in millions):

	Six months ended			
		30 June 2020		30 June 2019
Cost of net revenues	€	3	€	3
Sales and marketing		11		11
Product development		12		12
General and administration		33		30
Total allocated costs	€	59	€	56

The allocations may not be indicative of actual costs for services or what the Company would have incurred on a stand-alone basis.

Shared Agreements with Parent

The Company operates under agreements executed by Parent with third parties, including but not limited to information technology support, information security, human resource management, facility management, tax, corporate legal services, risk management, administration, and finance.

9. Related party transactions

Parent and ultimate controlling party

These condensed combined carve-out financial statements include transactions with eBay and its subsidiaries. Parent is a related party as it controlled the Company during the periods presented.

The Company and Parent have entered into certain commercial agreements whereby each party has agreed to provide advertising and marketing services to one another. These agreements include referral fees, advertising, and cooperation arrangements within certain markets. In consideration for services rendered under these agreements, the details of net revenues and related costs incurred are given in the below table. There were no amounts due to or from Parent related to these agreements as of 30 June 2020 or 31 December 2019 as a result of transactions being considered effectively settled through net parent investment at the time the transactions are recorded. The amounts reflected in the condensed combined carve-out financial statements may not be indicative of revenues and costs that will be incurred by the Company in the future.

	Six months ended			
		30 June 2020		30 June 2019
Net service revenues recorded	€	7	€	8
Advertising and marketing costs incurred		(1)		(1)
Total, net	€	6	€	7

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, even though the Company did not operate as a standalone entity during the historical periods. The Company's leadership team has been identified as key management, which included the following functions: Chief Executive Officer ("CEO") and Chief Finance Officer ("CFO"). Key management personnel compensation comprised the following:

	Six months ended			
		30 June 2020		30 June 2019
Salary and compensation	€	1	€	1
Stock-based payments		2		1
Total key management personnel compensation	€	3	€	2

10. Net parent investment

Parent's equity in eBay Classifieds is presented as net parent investment on the condensed combined carve-out balance sheets. The condensed combined carve-out statements of changes in invested equity include net transfers to and from Parent. Parent performs cash management and other treasury-related functions on a centralized basis for the Company. All intercompany transactions not cash-settled are considered to be settled at the time the transaction is recorded through net parent investment.

Net parent investment includes the following:

- Certain intercompany receivables and payables between the Company and Parent that are deemed effectively settled;
- Accrued liabilities related to corporate allocations including executive management, accounting, use of facilities, product development, corporate marketing, legal, employee benefits and other services that are deemed effectively settled;
- Other assets, liabilities, revenues, and expenses recorded by Parent that have been pushed down to the Company as such amounts are directly attributable to the Company's operations; and
- Cash sweeps and pooling with Parent related to the settlement of tax liabilities under the separate return method.

Net transfers to and from Parent are included within net parent investment in the condensed combined carve-out statements of changes in invested equity. Except for non-cash transactions, all intercompany transactions effected through net parent investment in the accompanying condensed combined carve-out balance sheets have been considered as cash receipts or payments for purposes of the condensed combined carve-out statements of cash flows and are reflected in financing activities.

11. Commitments and contingencies

Litigation and other legal matters

Overview

The Company is involved in legal and regulatory proceedings. Many of these proceedings are in early stages and may seek an indeterminate amount of damages. If the Company believes that a loss arising from such matters is probable and can be reasonably estimated, the Company accrues the estimated liability in its financial statements. If only a range of estimated losses can be determined, the Company accrues an amount within the range that, in management's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the Company accrues the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, the Company has disclosed an estimate of the reasonably possible loss or range of losses or the Company has concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) is not material. If the Company cannot estimate the probable or reasonably possible loss or range of losses arising from a proceeding, the Company discloses that fact. In assessing the materiality of a proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require the Company to change its business practices in a manner that could have a material adverse impact on its business.

Amounts accrued for legal and regulatory proceedings for which the Company believes a loss is probable, were not material as of 30 June 2020 and 31 December 2019. Except as otherwise noted for the proceedings described in this Note 11, the Company has concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of the recorded accruals are also not material. However, legal and regulatory proceedings are inherently unpredictable and subject to significant uncertainties. If one or more matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the impact on its operating results or financial condition for that reporting period could be material. Legal fees are expensed as incurred.

The Company is engaged in various legal proceedings, claims, audits, and investigations that have arisen in the ordinary course of business. These matters include, but are not limited to, commercial matters and intellectual property infringement claims. The outcome of all the matters against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the ultimate resolution of any such matters, individually or in the aggregate, is not expected to have a material adverse effect on the Company's condensed combined carve-out financial statements.

General matters

Third parties have from time to time claimed, and others may claim in the future, that the Company has infringed their intellectual property rights. The Company is subject to patent disputes and expects that it could be subject to additional patent infringement claims as the Company's services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against the Company and/or against the customers (who may be entitled to contractual indemnification under their contracts with the Company), and the Company is subject to increased exposure to such claims. The Company has in the past been forced to litigate such claims. The Company may also become more vulnerable to third-party claims as laws are interpreted by the courts, and as the Company expands the scope of its business (in terms of the services that it offers and its geographical operations) and becomes subject to laws in jurisdictions where the underlying laws with respect to the potential liability of online intermediaries like the Company are either unclear or less favorable. Intellectual property claims, whether meritorious or not, are time consuming and costly to defend and resolve, could require expensive changes in methods of doing business or could require the Company to enter into costly royalty or licensing agreements on unfavorable terms.

From time to time, the Company is involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by users (individually or as class actions) alleging, among other things, improper disclosure of the prices, rules or policies, that the Company's practices, prices, rules, policies or customer/user agreements violate applicable law or that it has acted unfairly and/or not acted in conformity with such practices, prices, rules, policies or agreements. Further, the number and significance of these disputes and inquiries are increasing as the political and regulatory landscape changes and, as the Company is growing larger. Any claims or regulatory actions against the Company, whether meritorious or not, could be time consuming, result in costly litigation, damage awards (including statutory damages for certain causes of action in certain jurisdictions), injunctive relief or increased costs of doing business through adverse judgment or settlement, require the Company to change the business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources or otherwise harm the business.

Other

Parent is also involved in a number of other judicial and administrative proceedings arising in the ordinary course of business. Through its association with Parent, the Company may be impacted by these proceedings. Although adverse decisions (or settlements) may occur in one or more of the cases, it is not possible to estimate the possible loss or losses from each of these cases. The final resolution of these lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

12. Fair value measurement of assets and liabilities

The Company's assets and liabilities measured at fair value on a recurring basis include equity investments and derivatives. The Company reviews the carrying amounts of such assets when events indicate that their carrying value may not be recoverable. Any resulting impairment would require that the assets and liabilities be recorded at their fair value. The Company did not have any transfers of financial instruments between valuation levels during six months ended 30 June 2020 and 2019.

The following tables present the Company's financial assets and liabilities measured at fair value as of 30 June 2020 and 31 December 2019 (in millions):

	As of 30 June 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 27	€ -	€ -	€ 27
Derivatives	1	-	1	-
Total financial assets	€ 28	€ -	€ 1	€ 27
Financial liabilities:				
Derivatives	€ 1	€ -	€ 1	€ -

	As of 31 December 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 39	€ -	€ -	€ 39
Derivatives	1	-	1	-
Total financial assets	€ 40	€ -	€ 1	€ 39
Financial liabilities:				
Derivatives	€ 2	€ -	€ 2	€ -

Equity investments

The following table summarizes the Company's equity interest in its equity investments:

	As of	
	30 June 2020	31 December 2019
Quikr	5.8%	5.8%
HelloMarket	18.8%	18.8%

The following table summarizes the total fair value of equity investments as of 30 June 2020 and 31 December 2019 (in millions):

	As of	
	30 June 2020	31 December 2019
Fair value, beginning of period	€ 39	€ 61
Fair value adjustments	(12)	(22)
Fair value, end of period	€ 27	€ 39

The fair value of equity investments is categorized as Level 3 as the investments have little to no market activity and are not listed on an exchange.

The Company determined the fair value of Quikr as of 30 June 2020 and 31 December 2019 based on a market approach utilizing a revenue multiple. The Company determined the fair value of HelloMarket primarily using an adjusted cost approach. Because the investments are not actively traded on an exchange, the Company applied discounts for lack of marketability to determine the appropriate fair value of the respective investments.

The following table contains information about the significant unobservable inputs used in Level 3 valuations and valuation techniques used to measure the fair value of equity investments.

			As of	
Description	**Valuation Technique**	**Unobservable Input**	**30 June 2020**	**31 December 2019**
Quikr	Market approach	Revenue multiple	1.25	1.57
		Discount for lack of marketability	50%	45%
HelloMarket	Adjusted cost approach	Discount for lack of marketability	10%	10%

A 10% incremental increase/(decrease) to the revenue multiple applied to Quikr as of 30 June 2020, in isolation of other changes, would result in an increase/(decrease) of approximately 10% to the fair value of Quikr. A 10% incremental increase/(decrease) to the discount for lack of marketability applied to Quikr, in isolation of other changes, would result in a (decrease)/increase of 20% to the fair value of Quikr, whereas an incremental 10% increase/(decrease) to the discount for lack of marketability applied to HelloMarket, in isolation of other changes, would result in a (decrease)/increase of 11% to the fair value of HelloMarket.

Derivative instruments

The Company's primary objective in holding derivatives is to reduce the volatility of earnings associated with changes in currency exchange rates against the Company's functional currencies. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign exchange rate movements. The Company does not use any of the derivative instruments for trading purposes.

Non-designated hedges

The Company's derivatives consist of foreign currency forward contracts that were primarily used to hedge monetary assets or liabilities associated with changes in currency exchange rates against the Company's functional currencies The Company does not apply hedge accounting to any of its derivative instruments. The gains and losses on the Company's derivatives not designated as hedging instruments are recorded in interest and other, net, which are offset by the foreign currency gains and losses on the related assets and liabilities that are also recorded in interest and other, net. The Company classifies cash flows related to the non-designated hedging instruments as operating activities in the condensed combined carve-out statements of cash flows.

Fair value of derivative contracts

The location of the outstanding derivative instruments in the condensed combined carve-out balance sheets is shown below:

	Balance Sheet Location		As of 30 June 2020		As of 31 December 2019
Derivative Assets:					
Foreign exchange contracts not designated as hedging instruments	Other Current Assets	€	1	€	1
Total derivative assets		€	1	€	1
Derivative Liabilities:					
Foreign exchange contracts not designated as hedging instruments	Accrued Expenses and Other Current Liabilities	€	1	€	2
Total derivative liabilities			1		2
Total fair value of derivative instruments		€	-	€	(1)

The Company net settles transactions of the same type with a single net amount payable by one party to the other. The Company presents the derivative assets and derivative liabilities on a net settlement basis on its condensed combined carve-out balance sheets.

Effect of derivative contracts on condensed combined carve-out statements of profit or loss

The following table provides a summary of the total gain (loss) recognized in the condensed combined carve-out statements of profit or loss from the Company's foreign exchange derivative contracts for the six months ended 30 June 2020 and 2019 (in millions):

		Six months ended 30 June 2020		Six months ended 30 June 2019
Foreign exchange contracts not designated as hedging instruments recognized in interest and other, net	€	1	€	(1)
Total gain (loss) recognized from foreign exchange derivative contracts in the condensed combined statements of profit or loss	€	1	€	(1)

Notional amounts of derivative contracts

Derivative transactions are measured in terms of the notional amount, but this amount is not recorded on the condensed combined carve-out balance sheets and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged but is used only as the basis on which the value of foreign exchange payments under these contracts is determined. The following table provides the notional amounts of the Company's outstanding derivatives as of 30 June 2020 and 31 December 2019 (in millions):

		As of 30 June 2020		As of 31 December 2019
Foreign exchange contracts not designated as hedging instruments	€	399	€	147
Total	€	399	€	147

13. Financial risk management

Overview

The Company maintains a capital structure that enables the Company to achieve its strategic objectives and daily operational needs, and to safeguard the Company's ability to continue as a going concern. The Company's activities result in exposure to a variety of financial risks including foreign exchange risk, liquidity risk, and credit risk. The Company has implemented policies to identify, analyze and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with Parent's Corporate Treasury Policy. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting the Company's business.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenues or expenses are denominated in a different currency from the Company's functional currencies. The Company's operations are primarily denominated in EUR, USD, CAD, DKK, AUD, and GBP. The Company manages foreign exchange risk through derivative contracts to cover forecasted exposures.

A 10% strengthening/weakening of the exchange rate of EUR against the currencies listed below would have increased / (decreased) profit or loss by the amount shown below:

	Six months ended	
	30 June 2020	30 June 2019
USD	(7%)	(2%)
CAD	4%	2%
DKK	1%	0%
AUD	1%	1%
GBP	(1%)	0%

The Company does not have material exposure to foreign currency changes for other currencies for the six months ended 30 June 2020 and 2019.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. To ensure that there is sufficient cash to meet the expected operational expenses, actual and future cash flow requirements are regularly monitored, taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Company's liquidity reserves.

Credit risk

The Company is exposed to credit risk to the extent that the counterparties may be unable to meet the terms of their arrangements. The Company's objective is to mitigate such risks by limiting the counterparties to, and by spreading the risk across, major financial institutions. In addition, the risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis.

The Company's cash and cash equivalents, accounts receivable, and derivative instruments are potentially subject to concentration of credit risk. The Company's accounts receivable are derived from revenue earned from customers. As of 30 June 2020 and 31 December 2019, no customer accounted for greater than 10% of the Company's accounts receivable. In the six months ended 30 June 2020 and 2019, one customer accounted for 17.5% and 18.8% of the Company's net revenues, respectively.

The Company's exposure from its customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer. Procedures include aligning credit and trading terms and conditions with an assessment of the individual characteristics and risk profile of each customer. This assessment is made based on past experiences and independent ratings from external rating agencies whenever available. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company actively monitors the credit risk related to these customers and takes proactive action to reduce credit limits if required. The following table summarizes the movement in the expected credit loss allowances for trade receivables:

		As of 30 June 2020
Balance at 1 January 2020	€	19
Additions to credit loss allowance		(8)
Receivables written off as uncollectible		8
Effect of movements in exchange rates		1
Balance at 30 June 2020	€	20

To measure the expected credit losses, trade receivables have been measured based on shared credit risk characteristics, as evidenced by days past due presented below:

	As of			
		30 June 2020		31 December 2019
Not overdue	€	118	€	98
Overdue </= 60 days		7		14
Overdue > 60 days		24		26
Gross trade receivables	€	149	€	138

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the resulting economic disruption is currently expected to be temporary, there is uncertainty around its duration. The Company's exposure to credit risk has increased as economic activity continues to deteriorate and unemployment or underemployment rises. Due to the pandemic, the Company reassessed the expected credit losses, and as a result, increased its provision rates for credit losses. This influenced receivables and contract assets, as well the timing and amount of revenue to be recognized in the future. To ease the financial impact of the pandemic to the Company's customers, the Company offered extended payment terms to customers by a range of 30-90 days. In addition, the Company offered additional incentives to customers, such as fee waivers and discounts. In aggregate, the amount of the coronavirus incentives offered was approximately €40M for the six months ended 30 June 2020.

14. Property and equipment

The movements in property and equipment are as follows (in millions):

Property and equipment		Computer equipment & software		Furniture & fixtures		Leasehold improvements		Total
Cost		104		3		21		128
Accumulated depreciation		(84)		(3)		(18)		(105)
Balance at 1 January 2020	€	20	€	-	€	3	€	23
Additions		3		-		-		3
Depreciation		(6)		-		(1)		(7)
Activities during the six months ended 30 June 2020		(3)		-		(1)		(4)
Cost		106		3		20		129
Accumulated depreciation		(89)		(3)		(18)		(110)
Balance at 30 June 2020	€	17	€	-	€	2	€	19

Depreciation expense on property and equipment is included in Cost of net revenues, Sales and marketing, Product development, and General and administrative expenses in the condensed combined carve-out statements of profit or loss. Disposals during the six months ended 30 June 2020 were €1 million in computer equipment and software and €1 million in leasehold improvements. There was no gain or loss recognized related to the dispositions.

15. Balance sheet components

Other current assets (in millions):

		As of		
		30 June 2020		31 December 2019
Income tax receivable	€	17	€	17
Other receivables		2		3
Prepaid expenses		8		5
Value added taxes		6		6
Other current assets	€	33	€	31

Accrued expenses and other current liabilities (in millions):

		As of		
		30 June 2020		31 December 2019
Advertising accruals	€	28	€	30
Compensation and related benefits		26		28
Value added taxes		10		11
Lease liability – current		7		5
Accrued professional fees		4		5
Other		2		5
Accrued expenses and other current liabilities	€	77	€	84

16. Employee benefit plans

The Company's employees participate in Parent's equity incentive plans. In addition, certain employees participate in Parent's employee stock purchase plan. All awards granted under these plans consisted of Parent's common shares. The Company's condensed combined carve-out statements of profit or loss reflect compensation expense for these stock-based plans associated with the portion of Parent's equity incentive plans in which the Company's employees participate as well as an allocation for Parent's corporate and other shared employee expenses. Employees may also participate in Parent's employee savings plans.

Parent's equity incentive plans

Parent has equity incentive plans under which Parent grants equity awards, including stock options, RSUs, performance based RSUs ("PBRSUs"), stock payment awards and performance share units, to the directors, officers and employees.

Stock options granted under these plans generally vest 12.5% six months from the date of grant (or 25% one year from the date of grant for grants to new employees) with the remainder vesting at a rate of 2.08% per month thereafter, and generally expire seven to ten years from the date of grant. RSU awards granted to eligible employees under the equity incentive plans generally vest in annual or quarterly installments over a period of three to five years, are subject to the employees' continuing service to the Company and do not have an expiration date.

PBRSU awards are subject to performance and time-based vesting requirements. The target number of shares subject to the PBRSU award are adjusted based on the business performance measured against the performance goals approved by Parent's Compensation Committee at the beginning of the performance period. The PBRSU award targets are based on Parent's consolidated performance. Generally, if the performance criteria is satisfied, one-half of the award vests in March following the end of the performance period and the other half of the award vests in March of the following year.

Parent's employee stock purchase plan

Parent has an Employee Stock Purchase Plan ("ESPP") for all eligible employees in the Company. Under the plan, shares of Parent's common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the six months purchase period. Employees may purchase shares having a value not exceeding 10% of their eligible compensation during an offering period. During the six months ended 30 June 2020 and 2019, employees of the Company purchased approximately 159 thousand and 151 thousand shares of Parent's common stock at average prices of €23.95 and €22.23 per share, respectively.

Parent's stock option activity

No stock options were granted in the six months ended 30 June 2020 and 2019. During these periods, the aggregate intrinsic value of options exercised under Parent's equity incentive plans was insignificant and €1 million, respectively, determined as of the date of option exercise. As of 30 June 2020, there were 10 thousand outstanding and in-the-money options to purchase shares of Parent's common stock related to the Company's employees.

Parent's restricted stock unit activity

The following table presents RSU activity (including PBRSUs that have been earned) under Parent's equity incentive plans that the Company's employees participated in as of and for the six months ended 30 June 2020 (in thousands, except per share amounts):

		Units		Weighted Average Grant-Date Fair Value (per share)
Outstanding at 1 January 2020	€	1,951	€	33.15
Awarded and assumed		1,194		26.46
Vested		(506)		31.07
Forfeited		(151)		32.78
Outstanding at 30 June 2020	€	2,488	€	30.40

During six months ended 30 June 2020 and 2019, the aggregate intrinsic value of RSUs vested under Parent's equity incentive plans that the Company's employees participated in was €19 million and €21 million, respectively.

Stock-based compensation expense

The following table presents stock-based compensation expense for the six months ended 30 June 2020 and 2019 (in millions):

	Six months ended	
	30 June 2020	30 June 2019
Cost of net revenues	€ 1	€ 1
Sales and marketing	7	7
Product development	6	6
General and administrative	7	8
Total stock-based compensation expense	€ 21	€ 22

Included in total stock-based compensation expense for the six months ended 30 June 2020 and 2019 is €4 million and €4 million, respectively, of allocations related to Parent's corporate and shared services employees. As of 30 June 2020, there was approximately €51 million of unearned stock-based compensation related to grants to the Company's employees that will be expensed from 2021 through 2024. If there are any modifications or cancellations of the underlying unvested awards, the Company may be required to accelerate, increase or cancel all or a portion of the remaining unearned stock-based compensation expense. Future unearned stock-based compensation will increase to the extent the Company grants additional equity awards, changes the mix of grants between stock options and restricted stock units, or assumes unvested equity awards in connection with acquisitions.

Parent's employee savings plans

Parent has an Employee Savings Plan (the "Plan") which qualifies as a defined contribution pension plan whereby the Company contributes a fixed percentage of the employees' salaries to the Plan. The participating employees are able to direct the contributions into a variety of investment funds offered by the Plan. Total expense for the Company's employees covered under the Plan was €4 million and €4 million for the six months ended 30 June 2020 and 2019, respectively.

17. Income tax

The following tables present provision for income taxes (in millions, except percentages):

	Six months ended	
	30 June 2020	30 June 2019
Weighted average annual tax rate	27.5%	26.3%
Effective tax rate after one-off items	28.1%	151.5%

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effects of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The estimated weighted average annual tax rate for the six months ended June 30, 2020 is higher compared to the six months ended June 30, 2019 primarily due to the change in jurisdictional mix of earnings.

The effective tax rate after one-off items for the six months ended June 30, 2020 is lower compared to the same period in 2019 primarily due to a negotiated reduction in the tax basis of the intangible assets in the non-US Classifieds platforms resulting in the recognition of tax expense of €178 million during the six months ended June 30, 2019. The negotiated settlement also resulted in the recognition of a benefit of €23 million during the six months ended June 30, 2019 for an adjustment to the prior year intangible asset tax amortization.

The Company's income tax provision has been prepared following the benefits-for-loss approach, a modification to the separate return method. The impact on the effective tax rate of utilizing the benefits-for-loss approach decreased tax expense by €1 million and €1 million in the six months ended 30 June 2020 and 2019, respectively.

The parent entity of the Classifieds business is incorporated in the Netherlands; therefore, the income tax provision has been prepared on that basis. As a result, any U.S. international tax provisions (including the effects of U.S. tax reform) applicable to entities with a U.S. parent have not been considered.

The Company is subject to tax in the Netherlands and other foreign jurisdictions. The Company is under examination by certain tax authorities for the 2010 to 2017 tax years. Management has made adequate accruals for liabilities likely to arise from periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent on the outcome of agreements with relevant tax authorities or litigation where appropriate. In assessing these income tax uncertainties, management makes judgements about the unit of account, the evaluation of the circumstances, facts and other relevant information in respect of the tax position taken together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities.

18. Subsequent events

On 20 July 2020, eCG's Parent entered into a definitive agreement ("Purchase Agreement") to transfer the Company to Adevinta ASA ("Adevinta" or "Purchaser") for $2.5 billion in cash, subject to certain adjustments, and 540 million shares in Adevinta. These shares represent approximately 44% of Adevinta's total outstanding shares and approximately 33% of Adevinta's outstanding voting shares as of 30 June 2020. Together, the total consideration payable under the definitive agreement is valued at approximately $9.2 billion, based on the closing trading price of Adevinta shares on the Oslo Stock Exchange on 17 July 2020. The transaction is expected to close by the first quarter of 2021. Completion of the sale is subject to certain conditions, including regulatory approvals and the approval of the transaction by Adevinta's shareholders as set forth in the definitive agreement and other risks and uncertainties.

The Company has evaluated subsequent events through the period from the balance sheet date through the date that the condensed combined financial statements were authorized for issuance, 25 September 2020, and determined that there have been no additional events that have occurred that would require adjustments to disclosures in the condensed combined financial statements.