Adevinta

Adevinta Annual Report 2020

Creating perfect matches on the world's most trusted marketplaces

Index

OUR MISSION
Create perfect matches on the world's most trusted marketplaces.

OUR PURPOSE
Make a positive change in the world by helping everything and everyone find new purpose.

OUR STRATEGY
With trusted brands that enjoy leading market positions, Adevinta operates a resilient business model at the centre of the second-hand economy at a time when consumers are seeking more sustainable and cost-efficient ways of buying products. The bulk of the Group's classifieds revenues are from professional customers who depend on recurring, subscription-based listing packages. To ensure the Group remains at the forefront of the digital economy, Adevinta is investing in new products and technology and believes this is its best long-term differentiator.

Adevinta at a glance

We are a global online classifieds specialist, operating in 11 countries. We provide digital services to connect buyers and sellers, and facilitate transactions, from job offers to real estate, cars, consumer goods and more. Adevinta's portfolio spans more than 30 digital products and websites, attracting 1.3 billion average monthly visits. Leading brands include top-ranked leboncoin in France, InfoJobs and Milanuncios in Spain, and 50% of fast-growing OLX Brazil. The Group employs 4,700 people committed to supporting users and customers daily.

Expected acquisition of eBay Classifieds Group

In July 2020, Adevinta agreed to acquire eBay Classifieds Group. Upon completion, this acquisition will transform Adevinta into a globally scaled pure-play online classifieds leader, with leading market positions in 16 countries covering one billion people and with around three billion monthly visits.

REVENUE[1]

▼ €727m

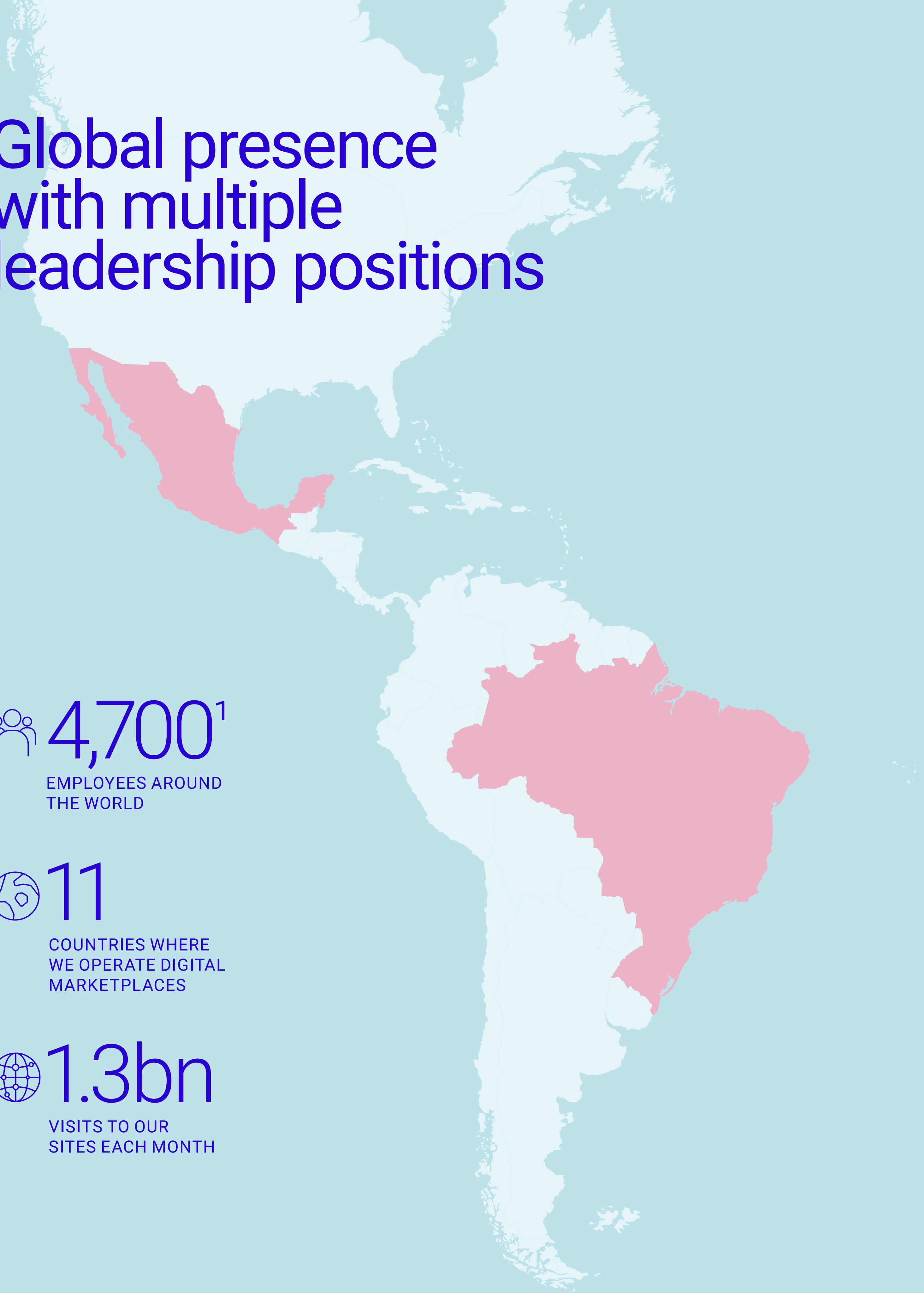
2019: €740m

EBITDA[2]

▼ €194m

2019: €206m

[1] Operating revenues including joint ventures
[2] EBITDA including joint ventures



Global presence with multiple leadership positions

4,700[1]

EMPLOYEES AROUND THE WORLD

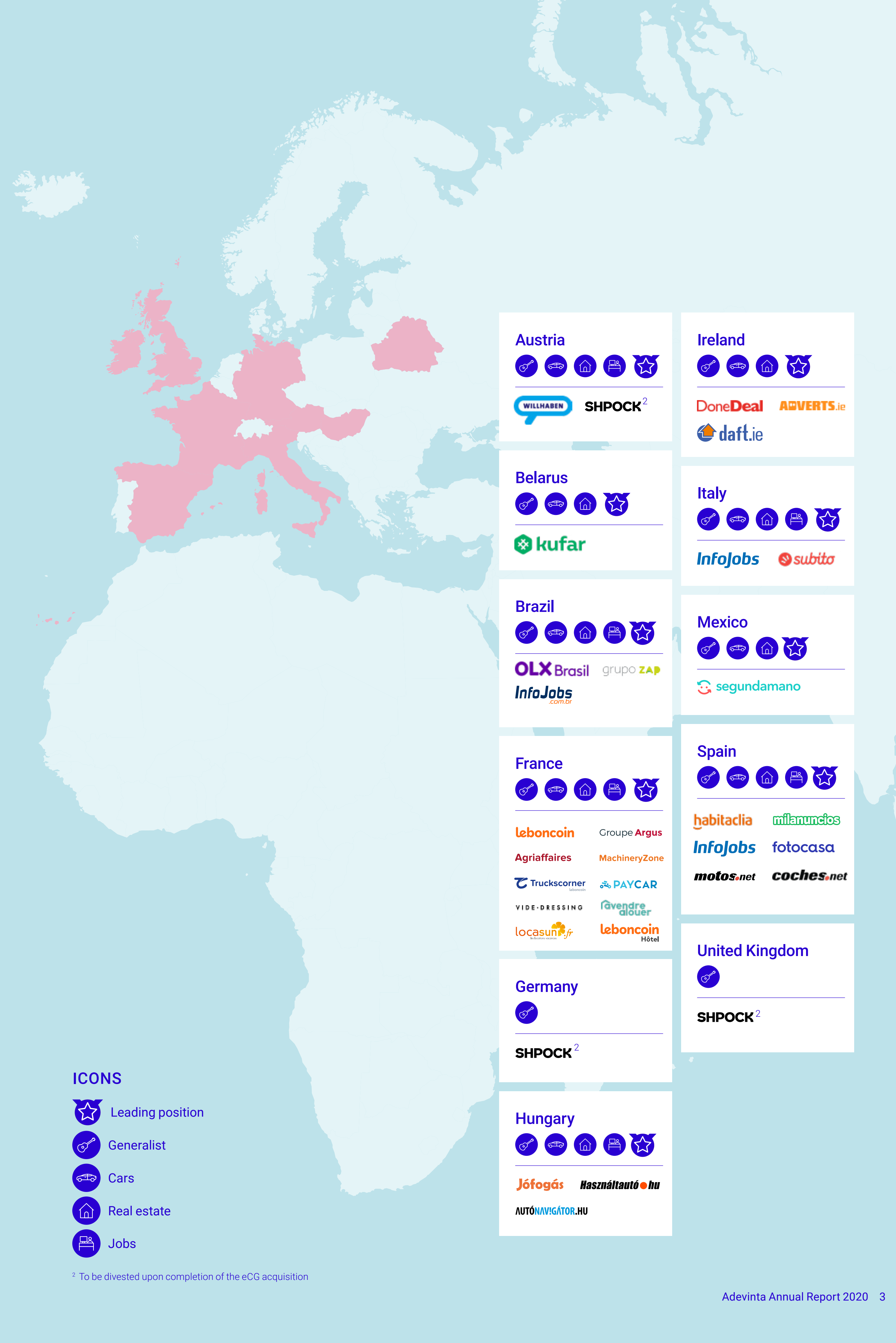
11

COUNTRIES WHERE WE OPERATE DIGITAL MARKETPLACES

1.3bn

VISITS TO OUR SITES EACH MONTH

[1] As at 31 December 2020 including joint ventures



Austria

WILLHABEN
SHPOCK[2]

Ireland

DoneDeal
ADVERTS.ie
daft.ie

Belarus

kufar

Italy

InfoJobs
subito

Brazil

OLX Brasil
grupo ZAP
InfoJobs.com.br

Mexico

segundamano

France

leboncoin
Groupe Argus
Agriaffaires
MachineryZone
Truckscorner
PAYCAR
VIDE-DRESSING
avendrealouer
locasun.fr
leboncoin Hôtel

Spain

habitaclia
milanuncios
InfoJobs
fotocasa
motos.net
coches.net

Germany

SHPOCK[2]

United Kingdom

SHPOCK[2]

Hungary

Jófogás
Használtautó.hu
AUTÓNAVIGÁTOR.HU

ICONS

- Leading position
- Generalist
- Cars
- Real estate
- Jobs

[2] To be divested upon completion of the eCG acquisition

Message from the CEO

Nobody could have anticipated the disruption that businesses worldwide would face as a result of the Covid pandemic.

Our top priorities throughout the year were to ensure our sites remained fully operational, to engage and support our users and customers, and to protect the health and safety of our employees.

While we started the year with strong positive momentum, the Covid crisis changed the business environment dramatically in all our markets. However, recovery was encouragingly swift in many parts of our operations and this was helped by strong cost-saving initiatives. The Group achieved a robust performance in extremely challenging circumstances.

Adevinta's operating revenues[1] in 2020 were €727 million (2019: €740 million). This small decrease was mainly due to a weaker performance in Spain and our Global Markets, although this was partially offset by an improved performance in France, which increased its overall revenue. There was a healthy improvement in core classifieds revenue in most markets, while advertising revenue was on a soft positive trend. EBITDA[1] decreased from €206 million to €194 million, representing a 27% margin, down two percentage points year-on-year. Net cash flow from operating activities was €105 million, down 22% year-on-year.

I am very proud of how our teams responded to the challenges Covid presented. I applaud the way they reached out so effectively to our staff around the world as the majority of our people made the transition to working remotely. Our response was equally encouraging on the customer side. We engaged with our professional customers so that we could understand the specific difficulties they faced and support them with tailored solutions. We helped our customers restart their activities as soon as they could safely do so, and our personalised approach was very well received.

More significantly, our business model has proven its resilience during the Covid crisis. The demand for reduced physical interaction and increased digitalisation has encouraged us to continue developing our product and technology capabilities.

Delivering on our commitment to growth

I said in 2019 that establishing Adevinta as an independent organisation and a global champion in online classifieds gave us a 'licence to expand'. Our aim was to be better positioned to lead in the consolidation of our industry. Our acquisitions in 2020 underline that we are delivering on our promise.

In October, we boosted our presence in Brazil's online real estate classifieds when our equal joint venture OLX Brazil acquired Grupo Zap in a move that positions us as a key player in the real estate market. The acquisition closed on schedule and at year end integration was progressing well. We see huge potential for digitisation in this sector, with numerous opportunities to create integrated solutions that enhance the experience of buying, selling or renting properties.

In July 2020, Adevinta announced a much bigger and truly game-changing transaction with the exciting news that we had agreed to acquire eBay Classifieds Group. Upon completion, this acquisition will transform Adevinta into a globally scaled pure-play online classifieds leader, with leading market positions in 16 countries covering one billion people and with around three billion monthly visits. The breadth of talent and experience across the combined companies will help us optimise assets at different stages of development, accelerate monetisation and create value for users and advertisers. It will add significant strengths in areas such as new products and services, as well as centralised expertise for data, advertising, product and technology.

We also continued our portfolio optimisation to ensure we capture the right growth opportunities. We completed four divestments during the year, beginning in June 2020 with Corotos in the Dominican Republic, and continuing in October 2020 with Avito in Morocco, Tayara in Tunisia and Fincaraíz in Colombia. In February 2021, we sold Yapo in Chile. The new owners have an emerging markets expertise and local focus that will help these businesses reach their full potential. During the respective transition periods, we will provide the necessary support to achieve a smooth handover.

Integration process of eBay Classifieds Group is on track

Our immediate task will be to integrate the businesses successfully and realise the revenue and cost synergies we identified. At the end of 2020, the integration process planning was very much on track. On the revenue side, we will benefit from sharing best practices and playbooks across our

[1] Including joint ventures

> The Group achieved a robust performance in extremely challenging circumstances

markets. For example, the acquisition sees Mobile.de, Germany's biggest online vehicle marketplace, bring valuable expertise we can deploy around the Group. Equally, Adevinta's leading online classifieds generalist in France, leboncoin, has successfully entered new verticals and built a strong transactional model, and this experience and know-how can add huge value throughout our portfolio. There are also opportunities to develop new advertising products, and to reduce cost and increase efficiency by consolidating and simplifying our product and technology infrastructure.

Driving our business model through technology

Our agreement to acquire eBay Classifieds Group is an excellent development because upon completion it will give us unparalleled scale in technology and talent. Technology plays a key role in the evolution of our business model, and I continue to underline the importance of investing in our products and technology. Having world-class products, and the right people to build them, are essential to our success. Consumer behaviour has been changing for many years, and the drive for more convenience, trust and transparency, as well as the shift towards more sustainable consumption, has amplified the role of online marketplaces. In 2020 and into 2021, the Covid pandemic has proven the value of stay-at-home shopping and further accelerated the pace of change.

We significantly strengthened our product and technology capability in 2020 with the implementation of new transactional solutions at leboncoin in France. These solutions allow us to support the complete consumer journey and include peer-to-peer payment, trust profiles and ratings, fraud detection and delivery. The transactional model allows us to tap into important new revenue streams and we will use the leboncoin playbook to strengthen the monetisation of all our generalist classifieds platforms over time. The way we have developed our transactional model is one of our biggest strategic achievements this year, and we will focus heavily on this going forward. Becoming fully transactional is a key part of our strategy alongside a commitment to becoming the industry leader in Motors and Real Estate.

There were many other successful collaborations in 2020 across our product and technology teams. In Spain, for example, deployment of image recognition has improved the ad insertion process. In France, new ad widgets on dashboards bring important benefits to our professional customers. A key product and technology area we focused on in 2020 was machine learning, an artificial intelligence capability. At the start of the year, we were already applying machine learning in 40 different features across our portfolio. We set a target to double that, and by the end of 2020 we had significantly over-delivered. Adevinta has created its own specialised Machine Learning Academy to increase knowledge, adoption and use of machine-learning models.

The power of our people

No review of our operations in 2020 would be complete without thanking our employees for their loyalty throughout the year. During the many challenges we faced in 2020, I was delighted to see increases in the Group's employee engagement scores. Attracting, developing and retaining the very best people will always be a cornerstone of our success. Our integration of eBay Classifieds Group, which will make us one the most important technology-based companies in Europe, will only enhance our appeal as an employer of choice.

Outlook

Adevinta began its journey as a standalone company in 2019 as a specialist in online classifieds. There have been some key strategic decisions in 2020 and these will guide and support our development in 2021 and subsequent years. The Board and Management Team have built a firm foundation for Adevinta and are ensuring the Group has the vision, people and resources to pursue opportunities for growth as we evolve as a larger organisation. We are ambitious and are always looking to raise the bar.

The trends that support the development of a digital economy are accelerating, and we see strong growth opportunities along with an increasing need for efficient online solutions and more convenient user digital journeys. Professional users are rethinking their operating models and demanding more efficient digital content and advertising solutions. The Group believes online classifieds marketplaces will play a larger role in the lives of individual consumers too.

Our aim is to become the industry leader in Motors by building on our existing strengths with a focus on making it easier for our users to buy and sell, providing tools and support for secure online transactions, and upgrading our tools for professional users. We are seeking industry leadership in Real Estate too, by improving the way we use our unique data, generating more leads through performance-based products, extending our C2C services and providing users with secure rental journeys.

> Our integration of eBay Classifieds Group, which will make us one the most important technology-based companies in Europe, will only enhance our appeal as an employer of choice

The Group will continue to invest in product and technology, and further deploy the strong transactional model we have developed to leverage additional revenue opportunities and create value over time. Rapid technological development presents both new opportunities and threats, and it is my top priority to continue investing in this area to ensure we stay ahead of the curve. Our focus on product and technology is ultimately Adevinta's best long-term differentiator.

While the macroeconomic environment globally may take time to recover fully, the Covid crisis confirmed our leading market positions. Looking ahead, our strong client relationships and enhanced product offering will continue to support business development.

With strong operational leverage in a number of geographic markets and our growing momentum in enhancing our product and technology platform, the Group believes it has a sustainable growth profile. In particular, our agreement to acquire eBay Classifieds Group will allow us to create more value in years to come. Thanks to its scale and footprint, the combined business will significantly reinforce our ability to participate in the ongoing consolidation of the global online classifieds industry. I am confident we can continue to expand and also seize new opportunities as they arise.

Rolv Erik Ryssdal
CEO Adevinta

Adevinta

France

leboncoin, Groupe Argus, Agriaffaires, MachineryZone, Truckscorner, PAYCAR, VIDE-DRESSING, avendrealouer, locasun.fr, leboncoin Hôtel

Spain

habitaclia, milanuncios, coches.net, InfoJobs, fotocasa, motos.net

Brazil

OLX Brasil, InfoJobs.com.br, grupo ZAP

Ireland

DoneDeal, ADVERTS.ie, daft.ie

Hungary

Jófogás, Használtautó.hu, AUTÓNAVIGÁTOR.HU

Italy

InfoJobs, subito

Austria

WILLHABEN

Mexico

segundamano

Belarus

kufar

The Board of Directors of Adevinta ASA

Orla Noonan
Board Chair

Orla Noonan began her career in investment banking at Salomon Brothers in London, where she worked from 1994 to 1996. She then spent more than two decades working in content and media at Groupe AB in Paris, holding various management positions including Vice President and Company Secretary responsible for finance, M&A and regulatory affairs. She was CEO of Groupe AB from 2014 to 2018 and independent Board member at Schibsted Media Group from 2017 to 2019.

Orla Noonan has been an independent Board member at Iliad SA since 2009, at SMCP since 2017, and a Board member of Agence France Presse (AFP) since 2019. She is a graduate of HEC, Paris and has a B.A. in Economics from Trinity College, Dublin.

Shares held in Adevinta: 5,030

Kristin Skogen Lund

Kristin Skogen Lund has been CEO of Schibsted ASA since 1 December 2018. Her previous positions include Director General of the Confederation of Norwegian Enterprise (NHO) from 2012 to 2018, EVP of the Nordic region and digital services at Telenor, CEO at the Schibsted companies Aftenposten, Scanpix and Scandinavia Online, several roles at the Coca-Cola Company, serving as Director from 1997 to 1998, as well as Unilever and the Norwegian Embassy in Madrid. Kristin Skogen Lund has 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, she has been a member of the Global Commission on the Economy and Climate, and the ILO Global Commission on the Future of Work.

Kristin Skogen Lund is also Chair of the Board at Oslo-Filharmonien. She has an MBA from INSEAD and a BA in International Studies and Business Administration from the University of Oregon.

Shares held in Adevinta: 0

Peter Brooks-Johnson

Peter Brooks-Johnson has been CEO of Rightmove, the UK's largest property portal, since 2017. He began his career at Accenture UK Ltd, where he worked from 1995 to 2000, and then spent five years at Berkeley Partnership LLP from 2000 to 2005 as a consultant. He joined Rightmove in 2006 and held the position of Head of the Agency business from 2008 to 2011, Managing Director from 2011 to 2013 and COO from 2013 to 2017. Peter Brooks-Johnson graduated with a MEng in Microelectronics from Newcastle University.

Shares held in Adevinta: 0

Sophie Javary

Sophie Javary has over 30 years of experience in investment banking, both within M&A and ECM. She is currently Vice-Chairman CIB EMEA with BNP Paribas. Her previous experience includes, Head of Corporate Finance Europe Middle East Africa (EMEA) at BNP Paribas (2014 to 2018), Senior Banker at BNP Paribas (2011 to 2013) and 16 years at Rothschild & Co (1994 to 2011) where she was appointed as General Partner in 2002. She was Director, Head of ECM origination in France at Baring Brothers France from 1993 to 1994 and held various positions at Banque Indosuez in Paris (1989 to 1992) and at Bank of America (1981 to 1986). She is a Board member of the Elior Group and of the think tank EuropaNova, and has been decorated with the French Légion d'honneur. Sophie Javary is a graduate from HEC Paris with a certificate from the international management programme following six months at the Fundação Getulio Vargas of São Paulo (Brazil) and six months at New York University (USA) graduate school of business administration.

Shares held in Adevinta: 0

Terje Seljeseth

Terje Seljeseth trained in computer science and has held various leadership positions at Schibsted over more than three decades. He was part of Schibsted's top management team as the CEO of Schibsted Classified Media AS from 2009 to 2015 and as the Schibsted CPO from 2015 to 2017. He began his career with Schibsted as IT development manager at Aftenposten AS from 1996 to 1998 and was CTO from 1998 to 1999. He founded FINN.no in 1999, the Norwegian classified advertisements website, and was the company's CEO until 2009. Since 2017, he has been Chief Analyst at Tinius Trust. Since 2018, Terje Seljeseth has been a Board member of Gjensidige Forsikring ASA, an advisory board member of Headhunter.ru in Russia and an advisory board member of TA-Media's classified division in Switzerland. He has been a Board member and owner of Videocation.no – a technology education website – since 2017. Terje Seljeseth graduated with a degree in computer science from Datahøgskolen in Oslo and completed additional studies in informatics at the University of Oslo.

Shares held in Adevinta: 0

Fernando Abril-Martorell Hernández

Fernando Abril-Martorell Hernández has held various leadership positions in industrial and financial companies, and since 2015 has been Chairman and CEO of Indra. He was CEO of Grupo Prisa (2011 to 2014), CEO of Credit Suisse in Spain and Portugal (2005 to 2011), and CFO and later CEO of Grupo Telefonica (1996 to 2003). His earlier experience includes 10 years in different positions at JP Morgan. He has been a member of the Board of Directors of Energía y Celulosa, S.A since 2007. Fernando Abril-Martorell Hernández graduated in Law and Business Administration from ICADE (Madrid).

Shares held in Adevinta: 0

Board of Directors' report

A pivotal year

2020 was a year of extraordinary progress, marked by a resilient financial performance.

There were two parts to our strategy in demerging Adevinta from Schibsted in April 2019 and completing our subsequent IPO. First, we wanted to create a separate and focused independent company for Schibsted's international online marketplaces. Second, we set out our aim to become a leader in this consolidating and highly competitive industry. We look back on 2020 as a pivotal year of extraordinary progress in these respects, marked by a resilient financial performance despite the unprecedented disruption of the Covid pandemic. We believe our strategy is the right one and that it will underwrite continued success going forward.

We have increased our focus on product development and creating value for users and customers. We are building a strong culture with high levels of engagement that will attract the best talent and allow our employees to focus on Adevinta's mission to create perfect matches on the world's most trusted marketplaces. We continued throughout the year to develop the vision, expertise and agility to be a strong competitor in the global online classifieds industry and we have the financial strength to support our long-term development. Our shareholder base is strong and we believe we have a mandate to take a long-term view on value creation for all our stakeholders.

Sound governance is essential for any business to achieve its long-term strategic objectives, sustain success and create value. Adevinta has an active Board that makes decisions in a highly efficient manner and provides close support to the company's management. We continue to build a strong governance platform that will help us achieve our ambitions. In 2020, we reviewed and updated our principles of corporate governance and our code of ethical conduct along with our principles of corporate responsibility. We also continued to enhance our compliance policies with respect to anti-bribery and corruption, sanctions and competition, and developed our framework for Governance, Risk and Internal Control.

Strategy for success

The Board believes a clear strategy is the best foundation for business success and in 2020 we worked with Adevinta's leaders to sharpen our strategic priorities. Our refreshed strategy will help us build on our collective strengths, realise our opportunities and show how everyone at Adevinta can contribute to our continued growth and development.

One of our pillars is to become the industry leader in Motors and Real Estate. These two verticals will be where we look to create the most value in the next three to five years, building on Adevinta's leading brands and expertise. Second, we will continue our journey to build fully transactional marketplaces so that we can consolidate our leading positions and protect our consumer goods brands from emerging competitors. Finally, we will invest in what we call the 'next big things' by planting the seeds for new waves of growth so that we can stay relevant as we increase the size and value of our business. This all means Adevinta is working on a number of time horizons. The Board can deliver value by facilitating the immediate development of existing and new businesses, by supporting investment in technology and product development, by seeking appropriate acquisitions, or by looking for new and evolving models in a sector where disruptive technology can change competitive dynamics very quickly.

World's largest online classifieds group

One of our objectives at the start of 2020 was to refocus our portfolio in line with our strategy. In October, our equal joint venture OLX Brazil completed its acquisition of Grupo Zap in a move that significantly enhances the Group's presence in Brazil's online real estate classifieds. This is a sector with low penetration of online listings and is poised for migration to digital. The acquisition reflects a key pillar of our strategy to expand in territories where we see significant growth potential. Our divestment in June of our Corotos marketplace in the Dominican Republic, the sale in October of our online classifieds businesses Avito in Morocco, Tayara in Tunisia and Fincaraíz in Colombia, and the sale in February 2021 of Yapo in Chile, are good examples of our complementary strategy to focus only on key assets and key geographies where we can have maximum impact.

In July, our agreement to acquire eBay Classifieds Group strengthened our business dramatically. The Board recognised the value of this opportunity from the outset, which at a single stroke will transform us into a globally scaled online classifieds leader. This shows that Adevinta is swiftly executing on its strategy to take advantage of growth opportunities that we outlined at our IPO last year. On completion, this acquisition will give us a diversified and complementary portfolio of assets and brands and make us the leading company of its kind worldwide in this sector. The combined entity will benefit from solid market positions, a strong financial profile, significant synergy potential and a close cultural fit that will allow us to pursue a shared vision with eBay Classifieds Group as well as a smooth integration.

Thanks to its scale and footprint, the new business will be ideally positioned to compete vigorously in the ongoing consolidation of the global online classifieds industry. Raising acquisition financing was successful, with both the equity market and the debt market strongly supporting the transaction. It was also very well received by the wider investment community, which saw it as transformative and recognised the strong strategic rationale to the acquisition.

Our portfolio optimization

Becoming the World's Leading Online Classifieds Group

2020

MAY JUN JUL AUG SEP OCT NOV DEC

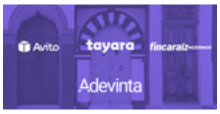
2021

JAN FEB MAR APR MAY

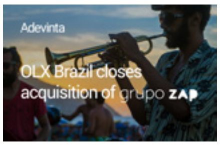
Adevinta divests marketplace Corotos (Dominican Republic)

Adevinta signs agreement to acquire eBay Classifieds Group

Adevinta divests marketplaces Avito (Morocco), Tayara (Tunisia) and Fincaraíz (Colombia)



OLX Brazil closes acquisition of Grupo Zap



Adevinta divests marketplace Yapo (Chile)

There was excellent collaboration and support among our internal teams in progressing the eBay Classifieds Group transaction despite the Covid environment. It is important to emphasise that the work did not detract from our day-to-day management focus or our commitment to continue developing strong local market positions. The Board is determined that we will deliver the significant synergies that were identified.

Optimising our operating model

We continued throughout the year to work on determining the Group's optimum operating model, ensuring we have sufficient scale to roll out solutions from the centre to our local markets and brands. As Adevinta grows, either through acquisition or organic growth, we build scale and enhance our ability to develop new technologies and address the needs of our clients and end users around the world. Our aim is to balance the speed and agility of our smaller local teams with the increasing economies of scale of the global organisation. A stand-alone company in a specific domestic market clearly does not have the resources to do that. This new operating model allows for a much sharper focus on our products and clients.

Going fully transactional

A good example in 2020 was our work at leboncoin, our classifieds website in France linking buyers and sellers of cars, furniture, clothing, real estate, jobs, professional equipment and holiday rentals. We successfully deployed a new model during the year to let users transact via our platform that includes integrated services such as payment and delivery. Leboncoin was the first Adevinta brand to do that at scale, and we are now implementing this approach for other Adevinta online classifieds businesses. We accelerated this rollout as a consequence of Covid, which has stimulated demand for ecommerce. The growing scale of our operations allowed us to introduce our transactional model to geographic markets that were not initially on our roadmap for this in 2020.

Connecting with local communities

Our mission to create perfect matches on the world's most trusted marketplaces means supporting our users and customers in a variety of local communities worldwide. Adevinta demonstrated clearly during a year dominated by Covid how frequently we impact many people's lives. Our websites used their community reach to implement swift and effective solidarity initiatives. Examples include providing free-of-charge help to hospitals recruiting medical professionals, sourcing free accommodation for doctors and nurses, helping people support neighbours by delivering groceries or medication, and creating free virtual storefronts for small businesses to help them survive lockdown. These initiatives showed how essential Adevinta is in terms of meeting local needs and how closely connected local businesses and professional customers are with the communities they serve.

European technology leader

Our agreement to acquire eBay Classifieds Group gives us the number one market position in 10 European countries. We are excited at the prospect of building a European leader in the technology industry, a leader that is managed out of Europe but which is already operating globally. This identity as a European champion is valuable because it strengthens our employer brand in a marketplace that competes fiercely for talent. It is arguably even more important from an institutional perspective given that we operate in a sector where there is the prospect of increasing regulation around technology and data.

The Group's financial results

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

Consolidated EBITDA amounted to €182.5 million (compared to (€199.5) million in 2019), a decrease of (9)% (see the section on each business area for more detail).

Share of profit of joint ventures and associates increased from €5.9 million in 2019 to €16.2 million in 2020. An amount of €17.4 million recognised within this line item is attributable to the disposal of the investment in Silver Indonesia, which has been swapped for cash and a 6% stake in the online marketplace Carousell operating in Asia. Barring this effect, the share of profit (loss) of joint ventures and associates would have decreased by €7.1 million mainly driven by lower results in Brazil, largely explained by costs related to the Grupo Zap acquisition process.

Impairment loss in 2020 was €42.8 million (compared to €(24.6) million in 2019), mostly reflecting impairment of goodwill related to Yapo (Chile).

In 2020, the Group's other income and expenses amounted to €(39.4) million (compared to €(12.8) million in 2019). This is primarily due to acquisition and integration-related costs, mainly from the agreement to acquire eBay Classifieds Group, and IPO-related costs, mostly associated with the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019. These are partly offset by a gain on sale of subsidiaries and associates, most of which arose from the divestment of Avito (Morocco), Tayara (Tunisia) and Fincaraíz (Colombia). In 2019, this was mainly due to restructuring, transition and listing costs and other expenses arising from Adevinta's IPO.

Operating profit in 2020 amounted to €55.9 million (compared to €122.8 million in 2019).

> We are excited at the prospect of building a European leader in the technology industry

Operational development

Adevinta

In 2020, Adevinta's revenue decreased by 2%[1], showing strong operational resilience in the Covid crisis. In the same period, EBITDA decreased by 6%[1]. The drop in revenues and the evolution in business mix had a negative impact on profitability. This was partially offset by strong cost-saving initiatives implemented throughout the year and some benefit from government support measures.

France

In France, leboncoin is the 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 Group has strengthened its vertical positions in France through acquisitions carried out with the aim of building a portfolio of complementary brands, such as A Vendre A Louer, MB Diffusion, Kudoz, Vide Dressing, PayCar, the Argus Group, Locasun, and lastly Pilgo SAS. Despite a difficult context in France arising from the Covid pandemic and restrictions, in 2020, overall revenue increased by 10%, or 3% excluding acquisitions, benefiting from strong positions in classifieds and the ramp-up of transactional solutions. EBITDA was stable year-on-year and EBITDA margin decreased five percentage points due to the dilutive impact of acquisitions and an increase in expenses related to product and technology development as well as sales activities.

Spain

The Group's business in Spain is the country's largest online classifieds business based on revenues and audience. The Spain segment comprises a leading group of complementary online classifieds sites. These include InfoJobs, a leading job vertical, as well as Coches.net, which is among the market leaders in the motors vertical. Spain includes Fotocasa, which also holds a strong position in the real estate vertical, as well as an additional real estate vertical in Habitaclia. Milanuncios is the Group's main generalist online classifieds site in Spain, and is a further source of content for the real estate and motors verticals. In 2020, revenue in Spain decreased by 9%, severely impacted by the full lockdown in mid-March and Q2 and the subsequent waves of Covid, which imposed strict restrictions on non-essential businesses all over the country.

Brazil

The Group's online classifieds in Brazil primarily consists of OLX Brazil, which is a generalist online classifieds site and a market leader, with approximately 90% of traffic from mobile use in 2019. In October 2020, OLX Brazil acquired Grupo Zap, a key player in the online real estate classifieds market in Brazil. The Brazilian segment also comprises InfoJobs Brazil, a part of the job vertical. Revenues grew 14% in local currency terms in 2020 and benefited from the contribution of the Grupo Zap acquisition (revenue up 1% yoy on a comparable basis). EBITDA margin improved 11 percentage points, the same on a comparable basis.

Global Markets

Adevinta's Global Markets comprise a global portfolio of online classifieds sites with well-recognised brands across Italy, Austria, (50/50 joint venture, willhaben), Ireland (Distilled SCH), UK (via Shpock[2]), Hungary, Mexico, and Belarus. In June 2020, Adevinta divested its online classifieds business in the Dominican Republic, followed by its online classifieds businesses in Morocco, Tunisia and Colombia in October 2020. Adevinta sold its online classifieds business Yapo in Chile in February 2021.

The Group's operations in Italy consist of Subito, a generalist brand with strong positions in motors and jobs and a challenger position in real estate, and InfoJobs, which is a leading job vertical.

The Group's online classifieds sites in Hungary consist of Jófogás and Használtautó. Jófogás is a market leading generalist online classifieds site, and Használtautó is market leader within the motors vertical. Használtautó has been fully integrated with Jófogás, selling bundles of a number of listings and add-on products to strengthen its leading position within the motors vertical.

[1] Including Joint Ventures
[2] To be divested upon completion of the eCG acquisition

The Group operates 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. willhaben is a fast-growing generalist online classifieds site, as well as a market leading operator in the motors and real estate verticals.

In Ireland, the Group operates three online classifieds sites as part of Distilled SCH:

- Done Deal, a generalist online classifieds site with a strong presence in the motors vertical
- Daft, a market leader in the real estate vertical
- Adverts, a generalist online classifieds site with a strong market position, particularly in the Dublin area

Shpock is a generalist (app-first) mobile online classifieds site that was acquired by Schibsted in 2015. Shpock is moving its focus from offering location-based discovery to becoming a transactional classifieds site, with categories ranging from electronics, fashion and furniture to specialised verticals such as motors and real estate. Shpock is focusing its efforts in the UK.

In 2020, Global Markets revenue decreased by 11%, or 9% excluding the negative impact of disposals. EBITDA decreased by 45% due to the revenue decrease and the ramp-up of investment in Shpock.

Financial position and cash flow

The carrying amount of the Group's assets increased by €1,203.6 million to €3,323.4 million during 2020 and the Group's net interest-bearing debt increased by €273.3 million to €470.0 million. The Group's equity ratio was 37% at the end of 2020, compared to 73% at the end of 2019.

The most significant increase in the carrying amount of the Group's assets and interest-bearing debt amounting to €1,060 million is related to the issuance of the notes that took place in November 2020. The liabilities in relation to the notes (€1,060 million) have been recognised as "Non-current interest-bearing borrowings" and the funds locked in an escrow account in relation to the notes have been recognised as an asset in "Other current assets". Another significant source of increase in the carrying amount of the Groups' assets has been the funding of the acquisition of Grupo Zap, which has been partially financed through a capital increase in the joint venture in Brazil amounting to €76.7 million and a loan to the joint venture amounting to BRL949.4 million (€149.9 million at 31 December 2020).

In 2019, Adevinta entered into a non-current revolving credit facility of €300 million and repaid all outstanding interest-bearing debt from Schibsted generated before the IPO. In 2020, Adevinta refinanced its existing €300 million bank facility with a €600 million multi-currency term loan and revolving credit facilities, and a bridging loan secured through bilateral facilities (€225 million) with partner banks. In addition, in relation to the agreement to acquire eBay Classifieds Group, Adevinta issued notes amounting to €1,060 million and entered into a series of derivative instruments to hedge the foreign currency exposure for the consideration to be paid in US$.

Net cash flow from operating activities was €104.7 million for the year, compared to €134.1 million in 2019. The decrease is primarily related to the decrease in operating profit. Net cash outflow from investing activities was €(317.2) million for the year, compared to €(137.0) million in 2019. The increase is mainly due to the acquisition of debt and equity instruments of joint ventures and associates, partly set-off by proceeds from sale of subsidiaries. Net cash inflow from financing activities was €271.7 million for the year, compared to a net cash inflow amounting to €19.2 million in 2019. The increase is primarily related to the cash received from the bridging loan in 2020.

Investing in technology

At Adevinta, we carefully monitor and invest in the newest technologies to ensure we take advantage of every opportunity to improve our products. We use real data to make informed

> We successfully deployed a new model to let users transact via our platform that includes integrated services such as payment and delivery. Leboncoin was the first Adevinta brand to do that at scale

decisions on how our products can deliver maximum value to our users. In an environment where technology is continually evolving, our global network of marketplaces collaborates closely and shares its latest insights and learning so that we can deliver the best possible user journey.

Operational and financial risk

Operational risk

Adevinta competes in several markets against a wide variety of competitors. Due to rapid technological change, evolving industry standards and changing needs and preferences of customers and users, the competitive landscape is extremely dynamic. Adevinta faces intense competition from both traditional and new generalist marketplaces, hyper-vertical marketplaces, global internet companies and aggregators that have entered the online classifieds market and new business models.

Adevinta operates online classifieds marketplaces in a number of European countries and in selected emerging markets in Latin America. Consequently, Adevinta's operations are affected by general economic conditions in markets in which it operates. Adevinta faces risk with respect to the continuing effects of the Covid pandemic which has impacted all of Adevinta's markets. Although the industry proved more resilient compared to most others, continued and future impact of Covid could have a material knock on impact on Adevinta's business, financial condition, results of operations, prospects and liquidity.

Adevinta's operations involve the storage and transmission of its customers' and users' confidential information. Security breaches, computer malware and computer hacking attacks could expose Adevinta to a risk of loss of this information, liability and litigation, as well as the loss of trust among its users and customers.

Adevinta is dependent upon attracting and retaining current and prospective highly skilled personnel. Adevinta's ability to operate its business and implement its strategies depends, in part, on the skills, experience and efforts of its personnel involved in management, product development, technology development and sales. As a result, Adevinta believes that its success depends to a significant extent upon its ability to attract and retain such personnel, particularly in the case of tech-related positions, and that competition for employees of this type is intense. The loss of such personnel could affect Adevinta's ability to develop and sell its services effectively, which could have a material adverse effect on Adevinta's business, financial condition, results of operations and prospects.

Adevinta is dependent on adapting in a timely manner to continuing change, evolving industry standards and customers' and consumers' changing needs and preferences. If Adevinta is not able to adapt, any of the foregoing may have a material adverse effect on its business, results of operations, financial condition and prospects.

Changes in laws and regulations, or the interpretations thereof, could increase Adevinta's operating costs or require Adevinta to restrict its ability to conduct its business and/or deliver services. This includes laws and regulations that regulate communications and commerce on the internet, as well as laws pertaining to privacy, taxation, advertising and consumer protection among others. Adevinta's operations are subject to a significant number of tax regimes, including taxation of the Group's digital services, and changes in legislation or regulations in any of the countries in which Adevinta operates could have a material adverse effect on its business results and financial condition.

Financial risk management

Through its international operations, Adevinta is exposed to fluctuations in the exchange rate of a basket of currencies, with the Brazilian Real (BRL) being the most significant. On a consolidated basis, the currency risk is considered low. Adevinta monitors this exposure by minimising the build up of FX cash and matching cash-ins with cash-outs in the same currency wherever operationally possible. Adevinta also makes use of financial derivatives to mitigate transactional and translational currency risk.

Adevinta's credit risk is considered low as trade receivables are diversified through a high number of customers, customer categories and markets. Moreover, a considerable portion of sales is through prepaid subscriptions or advertisements with credit card payments made on the purchase date. Liquidity risk associated with cash flow fluctuations is also considered low as Adevinta has adequate equity and solid credit facilities. For more details on currency, credit, interest rate and liquidity risk, please refer to note 22 (Financial risk management) of the consolidated financial statements.

Statement of Corporate Governance

Adevinta's approach to corporate governance is based on the Norwegian Code of Practice for Corporate Governance. In accordance with section 3-3b of the Norwegian Accounting Act, an annual statement on corporate governance for Adevinta is included as a separate section of this annual report, and is an integral part of the Board of Directors' report.

Board of Directors' report continued

Sustainability statement

In accordance with section 3-3c of the Norwegian Accounting Act, Adevinta has prepared a sustainability statement that sets out Adevinta's approach to sustainability. The statement includes information about the working environment, injuries, accidents, sickness absence, equality and non-discrimination, as well as Adevinta's social and environmental impact. The statement is included as a separate section of this annual report, and is an integral part of the Board of Directors' report.

Adevinta ASA

Adevinta ASA is the parent company of the Group and is located in Oslo, Norway. Adevinta ASA delivered a loss after tax of €(181.6) million. As at 31 December 2020, Adevinta ASA had total assets of €2,801.2 million and the equity ratio was 46%.

The Board of Directors has adopted a dividend policy that allows for development of Adevinta's business and further growth. Thus, the company ambition is to pay a stable and growing dividend going forward while maintaining flexibility to invest in growth. While the dividend and buy-back policy will be discussed by the new Board of Directors following the completion of the eBay Classifieds Group transaction, the focus in the medium term remains on deleveraging.

The Company does not expect to pay any dividend in 2021. The Board of Directors proposes that the losses after tax of €(181.6) million are transferred to other equity. As of 31 December 2020, Adevinta ASA had total equity of €1,298.8 million. The Board of Directors has determined that Adevinta ASA had adequate equity and liquidity at year end 2020.

Outlook

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

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

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

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

Following the completion of our acquisition of eBay Classifieds Group, we will become the world's leading online classifieds pure player with unprecedented scale. We will benefit from leading positions in 16 countries, covering 1 billion people. As the largest player in the sector, we will be uniquely positioned to accelerate growth. We will leverage our complementary expertise and know-how across geographies and verticals to ensure best-in-class product offerings and user experience for our customers. We expect the combination with Adevinta to drive substantial and sustainable revenue and cost synergies with an estimated run-rate EBITDA impact of €130-165 million in the third year. On completion of the transaction, we will enter the integration phase. This will include a global assessment of market opportunities and the definition of our long-term strategic plan for the combined business. Our combined group strategic and financial objectives will be communicated in a Capital Markets Day, which we anticipate holding in H2.

Going concern

Based on Adevinta's long-term strategy and forecasts, and in accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared on a going concern basis.

Events after the balance sheet date

Disposal of Yapo

On 24 February 2021, Adevinta signed an agreement to sell its subsidiary Yapo (Chile) to Frontier Digital Ventures (FDV), a company specialising in online marketplaces in emerging markets. The business of Yapo represented part of the Group's

Global Markets operating segment. The disposal is in line with Adevinta's portfolio optimisation strategy. The sale was recognised on 24 February 2021. Loss on sale after income tax amounted to €11.3 million.

UK CMA update

On 2 March 2021, Adevinta confirmed that the UK Competition and Markets Authority (CMA) has announced that it considers there are reasonable grounds to believe that the remedies presented by Adevinta and eBay address their concerns in respect of Adevinta's proposed acquisition of eBay Classifieds Group. The remedies proposed by Adevinta and eBay are the divestment of each company's primary classifieds operations in the UK: Shpock, Gumtree (UK) and Motors.co.uk. These remedies have been proposed in response to the competition concerns raised by the CMA on 16 February 2021.

In accordance with Adevinta's intention to sell Shpock, the operations were at the time of announcement classified as held for sale. The Shpock operations are part of the Group's Global Markets operating segment. The sale is expected to be finalised by 30 June 2021.

Repurchase of shares by Adevinta ASA

On 3 March 2021 a buy-back programme was announced. The duration of this programme will be no longer than 2 April 2021 and the size of the programme is up to 1,700,000 shares. Further information of this programme is published on our website.

Covid pandemic

The duration and extent of the Covid pandemic and related financial, social and public health impacts are uncertain. Disclosures have been included in Note 3 and 32 to the consolidated financial statements on the impact that this uncertainty has had on the reported amounts for the year ended 31 December 2020, and the potential impacts that this uncertainty may have on reported figures in future periods.

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

25 March 2021

Adevinta ASA's Board of Directors

Orla Noonan
Board Chair

Fernando Abril-Martorell Hernández
Board member

Kristin Skogen Lund
Board member

Sophie Javary
Board member

Peter Brooks-Johnson
Board member

Terje Seljeseth
Board member

Rolv Erik Ryssdal
CEO

CEO statement

Enabling sustainable consumption is the cornerstone of our business model and is an integral part of our DNA. By fulfilling our mission to create perfect matches on the world's most trusted marketplaces, we help people make sustainable choices.

By offering our users a platform on which to deal directly with each other, we reduce the need for newly produced goods and promote more sustainable consumption. This important concept and connection is what we call our Second Hand Effect. Through Adevinta's digital marketplaces, every time an individual chooses to buy a used item instead of something new, they are saving money and making a choice that helps the environment. Buying a used sofa, for example, means one less new sofa needs to be manufactured, and the old sofa serves a new purpose. This contributes directly to the circular economy, which in turn means the use of less energy and fewer natural resources. All this translates to savings in greenhouse gas emissions and fewer wasted materials. A single sofa might not seem like much, but when you multiply these environmental savings across the dozens of digital marketplaces we operate, the result is remarkable. We make every effort to calculate the environmental benefits of second-hand trade. In 2020, for example, 19.1 million tonnes of carbon dioxide emissions were potentially saved by people who chose to buy and sell used items through Adevinta's digital marketplaces.

Our environmental, business and societal impacts

We were busy throughout 2020 on many aspects of our sustainability work. We enhanced key documents that impact our sustainability performance and continued to monitor the sustainability risks that are most relevant to Adevinta's business. The following pages examine our performance in terms of environmental impact, with a focus on our role in the circular economy, energy use and greenhouse gas emissions, and reduction of waste. We also review our business impact under the headings of sustainable investments and ownership, privacy, user safety and fraud protection, fair business practices and sustainability within our supply chain. Finally, we have analysed our societal impact in terms of diversity and inclusion, skills development and knowledge sharing, health and wellbeing of employees, community engagement and charitable donations.

We look forward to improving on all fronts. However, our agreement to acquire eBay Classifieds Group will upon completion have a major impact on the size of our organisation. For this reason, we believe it is appropriate to wait until integration of the enlarged Adevinta Group is underway before undertaking further work on developing our sustainability strategy.

Covid pandemic

Despite the Covid pandemic's effect on our operations in 2020, I am pleased to say that our marketplaces continued to play an important role in people's lives and continued to show how closely connected we are with local communities. Our wide reach helped to spread vital Covid-related information from governments and health services, support volunteering and educational activities, and to provide direct support to key workers such as paramedics, nurses and caregivers. Our marketplaces' initiatives were brought to life by the fantastic response and participation of thousands of local people in different parts of the world.

I am certain that we can achieve much more as a sustainable business in the years to come and I am excited about the future. I am confident that Adevinta will continue to provide lasting positive impacts as a force within the circular economy, as an employer, and as a business that builds beneficial relationships with the local communities in which we operate.

Rolv Erik Ryssdal
CEO Adevinta

IN 2020

19.1m

TONNES OF CARBON DIOXIDE EMISSIONS WERE POTENTIALLY SAVED*

* By people who chose to buy and sell used items through Adevinta's digital marketplaces

Purpose

Make a positive change in the world by helping everyone and everything find new purpose

Mission

To create perfect matches on the world's most trusted marketplaces

Our sustainability governance

The Chief Executive Officer (CEO) has the overarching responsibility for Adevinta's sustainability work. The Board of Directors oversees and governs Adevinta's sustainability performance, while the Chief Financial Officer (CFO) is responsible for the operational performance and reports to the executive management team and Board at least once a year. The sustainability statement is an integral part of the Board of Directors report.

During 2020, we reviewed and updated governing documents that impact our sustainability performance and these are described further in this annual report. In light of Adevinta's agreement to acquire eBay Classifieds Group, we intend to reassess our work on defining a company-wide sustainability strategy as part of the integration of the respective businesses.

Sustainability policies

Code of Ethical Conduct and Principles of Corporate Responsibility

During 2020, we decided to split our Code of Conduct document into two separate documents: Our **Code of Ethical Conduct**, which targets employees and partners; and our **Principles of Corporate Responsibility**, which addresses company responsibilities. These two documents outline our principles and standards for conducting business and serve as our key sustainability policies at this stage. They are based on the UN Global Compact and include principles on human rights, labour rights, business ethics, equal opportunities, anti-discrimination, child labour and forced labour, anti-corruption and the protection of the environment.

The **Code of Ethical Conduct** sets out the basic standards of ethical behaviours that Adevinta expects of all employees across the Group, in respect of internal and external business interactions. In particular, it guides employees on how to behave in relation to the following topics:

- Anti-bribery and corruption
- Gifts and entertainment
- Conflicts of interest
- Maintaining reliable records and reports
- Handling information that may affect the Company's share price

We do not tolerate any form of bribery or corruption and we are committed to preventing unethical business practices.

Our **Principles of Corporate Responsibility** set out the basic standards of behaviour that Adevinta expects of all employees and companies across the Group to ensure that we consider, and contribute positively towards, the interests of all our stakeholders (users, customers, suppliers, regulators, local communities, etc). Our Principles are divided into five categories which set out Adevinta's position in respect of different issues:

- Responsibility towards our employees: labour rights, equal opportunities and anti-discrimination, bullying and harassment;
- Responsibility towards our users, customers and clients: privacy and data protection;
- Responsibility towards protecting Adevinta's assets: confidential information, intellectual property, information technology;
- Responsibility towards our community and society: human rights, the environment, political activity, improper use of our platforms, sale or promotion of unlawful goods or services, money laundering and terrorism financing, competition (anti-trust) laws; and
- Our accountability for sustainable corporate responsibility in terms of disclosing sustainability performance data for the Group, as well as progress on targets as part of the Group's annual report according to the requirements defined by the EU (European Union) and Norwegian laws.

In 2020, we also reviewed and developed several governance policies. The policy documents apply to all Group companies in which we own more than 50% of the voting rights. In cases where Adevinta does not exercise such control, the Board members appointed by Adevinta are required to ensure the main principles outlined in our Code of Ethical Conduct are applied by these companies.

All policy documents and the **Code of Ethical Conduct** and **Principles of Corporate Responsibility** are available to all our employees via the Adevinta intranet.

In addition to the group-wide policies included in the illustration, our marketplaces have policies including privacy policies and guidelines which are designed and implemented at the local level.

In June 2020, the Board of Directors approved Adevinta's first modern slavery statement for the financial year 2019. The statement was developed to comply with the legal requirements of section 54(1) of the UK Modern Slavery Act 2015 and outlines the action taken by Adevinta to identify and mitigate the potential risks of modern slavery related to its business operations and supply chain.

Policies

We are committed to building a culture of trust where discussion of ethical issues is an integral part of the business, and where employees feel comfortable about identifying potential unethical business conduct. During 2020, 1,365 employees across the Adevinta brands completed compliance training and we plan to extend this to all employees in 2021.

During 2020, we reviewed and adjusted our whistleblowing policy, providing employees with different channels for reporting concerns at local and Group level. Additionally, if employees prefer to raise issues regarding misconduct, breaches and potential violations anonymously, they can use the Adevinta Speak Up channel. To ensure the anonymity and personal integrity of our employees, Speak Up is run by an external party. In 2020, we had no confirmed incidents of corruption.

Sustainability risks

We have identified the top sustainability risks most relevant to Adevinta's business over the next five years in terms of likelihood and impact from an economic, legal, reputational and business continuity perspective. A majority of the material risks which are relevant from a sustainability perspective, such as risks associated with

Code of Ethical Conduct
Principles of Corporate Responsibility

Governance

- Corporate governance principles
- Principles for expansion and growth
- Governance, risk and control framework
- Legal compliance policy
- Competition compliance policy
- Adevinta anti-bribery and anti-corruption policy
- Adevinta sanctions and export controls policy
- Privacy policies and guidelines
- Tax policy
- Finance policy

Social

- Diversity and inclusion policy
- Recruitment policy
- Discrimination, bullying and harassment policy

Environmental

- Environmental policy
- Travel policy

people or cyber security, are embedded into the company-wide risk management and assessment process. A selection of sustainability risks such as climate change and regulatory changes have been identified separately for 2020, due to impact and/or likelihood.

We also identified risks in social, environmental and economic categories, such as changes in consumer behaviour, an increased investor interest in ESG matters and supply chain risks. Together with the risk analysis, we developed a range of mitigants including current mitigating factors and others that might arise from possible future sustainability initiatives.

For example, climate change is influencing consumer behaviour and this creates opportunities for Adevinta. On the other hand, we might see customers abandoning products that are important to our sales today, such as second-hand cars with combustion engines, and turning to electric cars or even service-based models. Sustainability regulations and legislation can have both direct and indirect effects on Adevinta's operations, leading to increased supply chain costs and changes in customer behaviour. Understanding trends and engaging with important stakeholder groups will be key to our continuing ability to offer marketplaces features that suit the current and future needs of our users and customers.

As investor requirements and interest in ESG matters increase, Adevinta needs to be transparent and responsible. We have evaluated our business according to the DJSI benchmark and are therefore implicitly providing some of this transparency. Sustainability-related risks can be attributed to many factors, such as media reporting, regulations or simply a wish to do well, but what matters most to Adevinta is not why risks arise, but rather what effect such risks may have on our business and community at large, and what actions Adevinta must take to mitigate risks.

For more information regarding how we manage sustainability-specific risks, see the following sections: "Our environmental impact" and "Our business impact."

Performance and next steps

Following our agreement to acquire eBay Classifieds Group and the impact of this transaction on the size of our organisation, we felt it was appropriate to review our work on establishing an overarching sustainability strategy. We will address the sustainability strategy of the combined entity in due course.

Our environmental impact

Our online marketplaces empower people to make more sustainable choices in their daily lives. Every day, millions of people around the world buy and sell used items on Adevinta's marketplaces, thereby choosing to live in a more sustainable way.

Our approach to our environmental impact is stated in the group environmental policy. Based on the principles of the UN Global Compact, it includes initiatives to promote greater environmental responsibility, the use of environmentally friendly technologies and the application of the precautionary approach. Adevinta's executive leadership team ensures that the content and the spirit of this environmental policy are communicated, understood and acted upon within their operations. Adevinta's Director of Communications is responsible for monitoring compliance with the policy.

Second Hand Effect

Whenever a second-hand trade replaces the need to produce a new item, there are significant reductions in carbon emissions and the use of raw materials that would have been an inevitable part of

Stakeholder involvement

Who did we engage with?	How did we engage with them?	What is most important to them?
Users	Market research, Social media, Survey of French users	• Contributions to circular economy • Privacy, user safety and fraud protection • Energy use and greenhouse gas emissions
Employees	Employee survey, Focus groups	• Diversity and inclusion • Manage office waste and use of material • Sustainable investments and ownership • Fair business practices • Energy use and greenhouse gas emissions • Contributions to circular economy
Investors and ESG analysts	Analysis of inquiries, Investor feedback	• Privacy, user safety and fraud protection • Contributions to circular economy • Diversity and inclusion • Skills development and knowledge sharing • Health and wellbeing of employees
European legislators	Desktop analysis	• Sustainable investments and ownership • Privacy, user safety and fraud protection • Fair business practices

any manufacturing process. Adevinta is on the front line of the war against waste, and we support the well-established philosophy of "reduce, reuse, repair, and recycle." Each time one of our users buys or sells something second-hand instead of newly produced items, the planet benefits. This contributes to sustainable consumption and the circular economy. We call this the Second Hand Effect.

The Second Hand Effect calculates the potential savings in greenhouse gas emissions and the use of materials associated with choosing second-hand goods over new goods. In 2020, we issued our Second Hand Effect report to spread awareness of the environmental benefits of second-hand trade. This included data on savings from 2019 and we continued to measure the savings arising from the Second Hand Effect throughout 2020. For 2020, users from the seven participating Adevinta sites contributed to the following potential savings:

- 19.1m[1] tonnes of carbon emissions (CO_2e)
- 1m tonnes of plastic
- 7.4m tonnes of steel
- 0.7m tonnes of aluminium

The Second Hand Effect is a great way for every single one of our users to support Adevinta's aim to contribute towards the UN Sustainable Development Goal 12 – Responsible Consumption and Production (more specifically Target 12.5, which is to 'substantially reduce waste generation'). Our marketplaces help connect buyers and sellers, with each successful transaction extending a product's life and avoiding the need to produce a new product. While each individual sale might seem minor, every time a potential need for a new product is replaced by the sale of a used one, the planet benefits. Across Adevinta's many marketplaces, the cumulative environmental gains are substantial.

[1] There are two reasons for the decrease in 2020 versus 2019. First, fewer sites participated with the effect corresponding to some 7% of SHE ads and up to 4% of the potential environmental savings. Secondly, lockdowns severely affected the remaining sites in the SHE project, accounting for a 9% reduction in the number of SHE ads overall, and a particularly sharp impact from the 19% reduction in motor vehicle ads, a category associated with high level of environmental savings.

Materiality analysis

We have not updated the materiality analysis that defines the reporting scope for 2020, but we expect to update this for the combined entity during 2021.

Environmental impact

Contributions to circular economy
Energy use and greenhouse gas emissions
Manage office waste and use of material

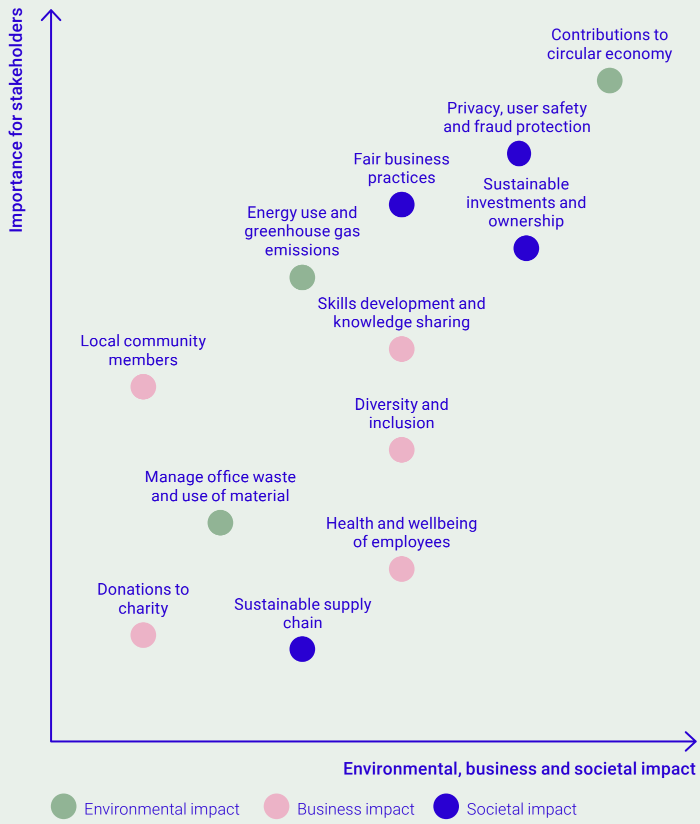
Business impact

Sustainable investments and ownership
Privacy, user safety and fraud protection
Fair business practices
Sustainable supply chain

Societal impact

Diversity and inclusion
Skills development and knowledge sharing
Health and wellbeing of employees
Local community members
Donations to charity

Adevinta Materiality Matrix



Measuring our carbon footprint

We measure and report our carbon footprint so that we can understand and manage the environmental impact of our businesses. The energy our office operations and external data centres used in 2020 accounted for 77% (61% in 2019) of our total greenhouse gas emissions.

Connecting buyers and sellers digitally across the globe requires significant data storage and processing capabilities, and energy usage from data centres accounts for 44% of Adevinta's environmental impact. Adevinta predominantly uses third-party, cloud-based external data centre providers for this purpose, and the energy usage reported is based on their estimates. Our main data centre supplier is committed to long-term goals to increase energy efficiency and to work towards using only renewable energy sources.

Our offices, representing 34% of our greenhouse gas emissions, are another important source of emissions, and we strive to minimise energy consumption. During 2020, our French operations opened an additional office space housing approximately 1,000 employees. This 1970s building has been completely refurbished to modern standards with a commitment to sustainability, good environmental performance and extensive use of natural and environmentally friendly materials. The building has been certified under five highly respected standards: HQE Excellent, BBC, BREEAM Excellent, WELL Gold, and Wired Score Gold.

Our business travel represented 23% of our greenhouse gas emissions. We monitor our business travel carefully and strive to minimise the need for travelling between offices by using video conferencing as much as possible. Due to the Covid pandemic and its effects on the health and safety of our employees, we reviewed and enhanced our security guidelines for remote working during 2020 to ensure business continuity. In light of how quickly the pandemic was spreading, and before an official lockdown was announced in some countries, we asked our employees to test their video conference facilities and VPN connections from their homes. We issued further guidance to our employees on a range of related requirements. These included: secure video conferencing to ensure that only encrypted and GDPR compliant solutions are used; secure sharing of working documents; how to identify phishing and spam attacks; and the importance of installing security updates.

While the waste generated from our offices represents a smaller part of our overall environmental impact, we still adopt reduction measures. We strive to reduce waste and have established recycling systems in many of our locations. We have procedures for safe handling and recycling of electronic waste, but we have not been able to measure the amount of electronic waste generated. A limited number of our mature operations measure what is consumed in the workplace and how much general waste is recycled.

Energy consumption within Adevinta (MWh)	% change	2020	2019	2018
Consumption of electricity, heating, cooling				
of which electricity	-6%	**3,231**	3,429	2,808
of which heating[1,2]	+79%	**1,617**	905	981
of which cooling[3,4]	+835%	**1,749**	187	204
Total	+46%	**6,596**	4,521	3,993

[1] The increase is due to an increased availability of data
[2] Heating data represents 8/21 (38,1%) of the companies
[3] The increase is due to an increased availability of data
[4] Cooling data represents 5/21 (23,8%) of the companies

GHG Emissions (Tonnes of CO_2e)	% change	2020	2019	2018
Direct Scope 1 emissions	-93%	**2**	35	38
Company owned cars[1]	-93%	**2**	35	38
Indirect Scope 2 emissions	+40%	**1,549**	1,103	1,023
Electricity, heating and cooling[2]	+40%	**1,549**	1,103	1,023
Other indirect Scope 3 emissions	17%	**1,036**	3,671	3,883
Leased and privately owned cars and taxi[3]	+54%	**568**	369	369
Business travel – flights[4]	-75%	**365**	1,477	1,945
Business travel – train and bus[4]	-92%	**103**	1,266	n/a
Energy from data centres	+11%	**2,017**	1,825	1,599
Total	-4%	**4,604**	4,809	4,944

[1] Decreased use of company cars due to Covid
[2] Increase due to an increased availability of data
[3] Increase due to commuting by car and taxi due to Covid
[4] Decrease due to Covid

Energy and GHG intensity	2020
GHG Intensity, tonnes CO_2e emissions/turnover € million[1]	**6.8**
GHG Intensity, tonnes CO_2e emissions/employees[2]	**1.1**
Energy intensity, mWh/turnover € million[1]	**9.8**
Energy intensity, mWh/employees[2]	**1.6**

[1] Turnover is defined as consolidated financial operating revenues
[2] Employees are based on headcount as of 31.12.2020

We are aware of the challenge of water scarcity in several of the countries in which we operate. To gain a better understanding of whether our business impacts water scarcity, we did a high-level risk assessment. Based on our current presence in markets where water scarcity arises, and also given the type of operations we run, we have concluded that water scarcity is not a material issue for Adevinta. Considering that water continues to be an issue the world faces, we ensure no wastage and apply smart consumption irrespective If Adevinta were to establish operations in new markets where water scarcity is a substantial issue, this would have to be reassessed.

Our business impact

Adevinta is a leading European marketplace group currently covering 11[1] markets in Europe and Latin America and we believe we can play an important role in society. Our aim is to be a trusted digital partner, creating intuitive and seamless solutions for our users while protecting their data.

Trust and fraud protection

One of our material issues in the context of sustainability is to retain a high level of trust. Adevinta's mission – to create perfect matches on the world's most trusted marketplaces – implicitly emphasises the importance of trust. Trust has always been a crucial element of our business model, and gaining and maintaining the trust of our users and customers alike is key to the success of our marketplaces – and even more so as we accelerate our strategy to go fully transactional. We aim at all times to ensure the privacy and integrity of our users' data, provide safe user experiences and protect users against fraud.

The growth of the digital economy is creating new opportunities for fraudsters. It goes without saying that as we enhance our ecommerce tools to give customers and end users superior digital experiences, we need to strengthen our ability to identify and prevent fraud. Fraudsters continue to identify new ways of bypassing safeguards and protections, and we take this issue very seriously. We know that we must continue deploying the best anti-fraud capabilities and solutions alongside appropriate financial resources so that we can ensure our platforms deliver safe transactions between legitimate users at all times.

Our marketplaces aim to provide our users with high-quality, spam-free content and leads in a safe environment. This applies to the content posted on our marketplaces, as well as the messenger functionality that allows users to communicate. A robust combination of automated and manual fraud detection and moderation capability scans, detects and removes fraudulent ads or unsafe messages. Our customer support centres assist users and customers by responding to their concerns or complaints. In addition, our marketplaces provide our users with advice and recommendations on how to prevent and report fraudulent or suspicious activities. During 2020, we continued to invest in trust-related features by improving existing capabilities such as our automated ad reviews and by launching new ones such as user profiles and ratings.

The Group prohibits the use of its classified advertising platforms for the promotion or sale of unlawful goods or services, such as illicit drugs, counterfeit goods and weapons. Each business within the Group is required to keep a list of products and services which are not to be sold or promoted on our platforms. These lists comply not only with the minimum standards set by the Group but also with the requirements of local laws. Furthermore, these lists are incorporated into the user terms and conditions of each operating website.

Privacy

User data is an essential driver of our product development and growth strategy. We highly value our users' privacy and attach the utmost importance to protecting their data. The right to privacy and integrity, for both our users and employees, is stipulated in our Principles of Corporate Responsibility. A high level privacy governance policy outlines key principles for the whole Group, including principles related to transparency, control, accessibility, limitation, retention and training. Specific user-facing privacy policies and guidelines are designed and implemented at the local marketplace level.

Our work on privacy and integrity is led by our Group General Counsel, and we have data protection officers as well as product, UX and tech developers dedicated to protecting our users' privacy. Our privacy community meets every month to exchange best practices and to share news and regulatory developments.

Our privacy programme has the following key objectives:

- Guide Adevinta's data-driven innovations by executing on privacy by design across our product and tech organisation, embedding privacy into our corporate culture, technology stack and products.
- Provide an efficient, bespoke and patented privacy service to give users' control over their personal data through an automated process. This gives the users control over their personal data, for example by allowing them to access or delete personal data.

[1] During the reporting period (full calendar year of 2020) Adevinta covered 12 markets

- Ensure continuous compliance with our legal obligations.
- Maintain and increase end-user and public competence, knowledge and trust regarding our use of data.

Adevinta has reporting routines for complaints and data breaches as part of our Incident Management At Scale (IMAS) process, which includes clear guidelines for responsibilities, escalation, analysis, mitigation and post mortems. We also have extensive measures in place for detecting vulnerabilities so that we can prevent breaches wherever possible.

In 2020, a total of 10 (five in 2019) incidents were categorised as personal data breaches, one of which was recorded in three countries. In 2020, we have reported four (four in 2019) data breaches to relevant data protection authorities. In 2020, we received 28 (four in 2019) substantiated complaints regarding unauthorised access to personal data.

User security

Adevinta's security management system protects our users and customers across our portfolio of companies. The system's primary purpose is to analyse and manage digital security risks and ensure the security of our brand communities. A comprehensive set of procedures and technical controls allow us to continue improving our ability to provide leading products in a secure manner.

Our security management system integrates security best practices from standards such as ISO 27001, ISO 22301 and OWASP. Adevinta's comprehensive security management activities include:

- Security compliance and risk management
- Access management security controls
- Application security management
- Secure product application design and architecture
- Network security management
- Vulnerability lifecycle management
- Third-party security management
- Security monitoring and security incident management
- Security awareness and security training

Sustainable investment and ownership

During 2020, the Board of Directors approved Adevinta's Principles for Expansion and Growth. These define a general path regarding identification and execution of external growth initiatives. They also provide guidance on legal and sustainability elements to be used in assessing country specific risks as a basis for market entry, or when acquiring companies in existing markets. The importance of country-specific risk from a legal and sustainability risk perspective is weighed against other criteria. This allows Adevinta to make informed decisions based on an overall risk and opportunity perspective. This serves the best interests of our shareholders, users and customers, employees and other relevant stakeholders such as regulators, lenders and investors, and the wider society.

Due diligence procedures

Before entering new markets, Adevinta always conducts country risk assessments and adequate due diligence. Our due diligence procedure is based on the UN Global Compact principles and Adevinta's Principles for Corporate Responsibility, as well as applicable and relevant sanctions regimes from the UN, the EU and the US. Any red flags identified from such a due diligence process are clearly identified and raised to the Merger & Acquisition deal team and escalated to the Adevinta Investment Committee and/or Board of Directors when necessary.

Adevinta Ventures

Our corporate ventures arm invests in start-ups to find the sustainable marketplaces of tomorrow. We look to invest in marketplaces or new models that transform the value chain of mobility, real estate and future-of-work categories across Europe. Our investment strategy aims to reinforce existing market positions and help early-stage start-ups expand to new markets so that they can have a bigger impact.

Sustainable supply chain

With a market presence in 11[1] countries, Adevinta clearly recognises its responsibility regarding anti-corruption, human rights, labour rights, environmental protection and sanctions in the supply chain. Given that our business is to run online marketplaces, the bulk of our procurement activity comprises the provision of services, such as IT and professional services; only a smaller part relates to physical products such as ICT equipment and office supplies.

During 2020, we worked on a Global Procurement policy to determine the principles and processes that must be followed when sourcing services from third parties and for the ongoing management of those suppliers. We have

[1] During the reporting period (full calendar year of 2020) Adevinta covered 12 markets

CASE STUDY:
Adevinta Ventures invests in Bipi

In October 2020, Adevinta Ventures led the series B funding round of Bipi, Spain's fast-growing car-as-a-service startup. Founded in Madrid in 2017, Bipi is a leading European car subscription service, offering consumers a hassle-free alternative to car ownership. It offers fully flexible, all-inclusive monthly subscriptions to high quality new and used cars for a single, all-inclusive monthly payment and a digital-first, 100% online transaction process.

Bipi is the market leader in Spain, and will use this new funding to further accelerate its growth in the Spanish market by hiring new talent, investing in technology, and entering new European markets including France. Bipi continued to grow through the most challenging periods of the Covid pandemic as users sought to find flexible alternatives to car ownership.

incorporated a risk-based approach that includes assessments of the supplier from a sustainability and compliance perspective as well as from a business criticality, data protection and information security perspective. Through sustainability and compliance checks, we aim to identify any suppliers that fall under the categories considered as higher risk from a sustainability or compliance perspective in the industry in which we operate. Any supplier identified under these criteria needs to complete a more comprehensive Sustainability, CSR and Ethics risk questionnaire that will be assessed by our Risk and Legal Compliance teams before a final decision is made about contracting the supplier. We are also in the process of engaging third-party providers to perform screening based on external data sources which will be incorporated in the supplier risk management process.

This risk-based approach underlines our commitment to avoid relationships with suppliers that do not act with integrity, are non-compliant with applicable rules and regulations, or that infringe environmental, social or governance standards. We have started to roll out this approach to a selection of new global suppliers and this work will be extended to local markets in the next few years.

EU action plan on sustainable finance

Responsible investment goes hand in hand with incorporating sustainability into risk management, by fostering transparency and by steering capital to investments that align with the Paris Agreement and more broadly with the United Nations Sustainable Development Goals. Within the EU, these three objectives have been operationalised in the EU Action Plan on Sustainable Finance adopted by the Commission in March 2018. Given that Adevinta invests shareholder capital or raises capital in the debt market to invest, and does not hold any investment funds, Adevinta does not fall under the Disclosure Regulation. However, we do have institutional shareholders that are pension funds and banks. As such, they fall under the Disclosure Regulation, which means that in coming years we will need to give transparent information on the so called Principles of Adverse Impact to these shareholders. By continuously developing our sustainability data, we will be able to communicate these key performance indicators as and when required. Given that Adevinta is required to produce a sustainability report, according to the Directive on Non-Financial Disclosures, we also have to report whether any of our investments are covered by the EU Taxonomy. Adevinta has conducted an initial taxonomy screening and concluded that our operations and holdings are not covered by the taxonomy industries that have been developed for objective 1 and 2 (climate change mitigation and climate change adaptation).

Our societal impact

Adevinta is a people-first organisation that aims to provide world-class workplaces where all our employees can reach their full potential. People are our most valuable assets, and we rely on highly skilled individuals working together to succeed. Therefore, development of our people and communication with our teams play a key role in value creation at Adevinta. A cornerstone of our strategy is to continue investing in the people and culture at the heart of our business and to ensure we have the right people in the right place at the right time.

Our culture

Our people-centric culture helps our employees feel good about coming to work every day. Our culture is founded on trust, resilience and the open exchange of ideas, learning and knowledge. To support this, we set out our key behaviours, which guide our people in their daily actions and help us choose the right new employees. These key behaviours also feature in our performance discussions.

Career development through Adevinta Avenues

We launched our Adevinta Avenues global career framework in 2020. This tool gives each of our people a clear and consistent picture of the competencies and behaviours we need to succeed. Adevinta Avenues will ensure we have the right skills for the future and is our platform for building a standout company culture, a strong employer brand and clear recruitment processes to attract the best and the brightest to Adevinta. We also use Adevinta Avenues to develop the strong talent we already have.

Career development opportunities are extremely important for candidates looking to join Adevinta, and we continue to make this a key part of our employee value proposition. We want this to be an area where we clearly stand out against peers in the industry. Adevinta Avenues will be the foundation of all our future people initiatives and will enhance the way we attract, progress, develop and reward employees. It allows our people to structure their development within Adevinta and provides the framework for annual career development conversations as well as individual compensation and benefits packages. Adevinta Avenues gives our people the chance to take on new projects, expand their skills and benefit from working with talented people from all over the world.

Adevinta's Key Behaviours

Win together and lose together
And don’t be a jerk

Say it like it is
And treat feedback as a gift

Get stuff done
And keep your promises

Always be learning, fast
Try stuff, learn from the data and try again

Performance reviews

	2020		2019	
	Total number	Rate %	Total number	Rate %
Total	**3,609**	90%	3,123	88%
Male	**2,030**	89%	1,776	89%
Female	**1,579**	91%	1,347	86%
M1	**6**	86%	7	100%
Managers	**712**	94%	472	69%
Employees	**2,891**	89%	2,644	92%

'I Love Radical' training

A strong emphasis throughout 2020 was on building our feedback culture through training based on the well-known Radical Candor model developed by Kim Scott. Radical Candor provides guidance on how best to give and receive feedback as a foundation for achieving continuous improvement and building high performance teams. To implement this, we rolled out 'I Love Radical' training to increase understanding of the benefits of constructive, sincere and honest feedback. This addresses one of our key behaviours: 'say it like it is and treat feedback as a gift'. In 2020, our facilitators delivered 'I Love Radical' workshops to nearly 500 employees.

Learning & Education

Our global people function and local human resources teams offer face-to-face training programmes. These target general training needs through career development workshops and soft skills training, as well as function-specific training such as our Product and Sales Academies.

A key achievement in 2020 was the launch of Adevinta Machine Learning Academy, a custom-designed training programme for Adevintans to ramp up knowledge, adoption and use of machine learning in our products and business. More than 200 people have graduated from the Academy, which offers both a tech and business track to provide tailored learning experiences for different audiences.

Machine learning is a subset of artificial intelligence that enables computer systems and programmes to learn and improve from our data without being explicitly programmed. This allows more automation in products and services, minimising the need for human intervention, speeding up and improving personalisation, moderation and ad insertion. At the start of 2020, machine learning technology was deployed in 61 use cases across Adevinta; by year end that number had more than doubled to 150. The Machine Learning Academy helped Adevinta to increase adoption of machine learning, which has been used to improve user experience, reduce costs and increase revenues, while also providing our employees the chance to develop a key technical competency.

The table below summarises learning hours for our centrally provided learning programmes.

Programme	Hours
Career development	1,329
Early careers	976
I Love Radical	906
Onboarding bootcamp	1,258
Product academy	2,040
Sales academy	1,066
Women in Leadership	1,456
Other trainings	3,168
Total	12,199

In addition, local operations organise their own training workshops. In Ireland, we recorded 1,010 training hours in 2020, while in France the total was more than 13,000.

Global human resources data system

Part of Adevinta's strategy is to embrace a data-driven culture throughout the organisation. In 2020, after preparatory steps in the previous year, we completed Adevinta's global human resources system. This gives us a real-time, consistent view of the data associated with the people we employ, supported by a team responsible for analytics and reporting. This means we now have a global strategy for human resources data and employee engagement with people-related tools, processes and expertise that add deep value to the business. The new system provides dashboards for our senior leadership team and our management teams to facilitate better-informed human resources decision-making globally. This is an important resource given our enlarged geographic footprint following Adevinta's agreement to acquire eBay Classifieds Group.

Agreement to acquire eBay Classifieds Group

Our agreement to acquire eBay Classifieds Group will create the world's largest international online classifieds business with an extensive footprint and leading brands around the world. The combined entity has number #1 market positions across 16 countries serving a population of one billion people.

From a human resources perspective, the acquisition is a compelling investment in terms of the breadth of talent across the two companies and the collective experience across the combined portfolio. It significantly reinforces the strength of our employer brand, and our close cultural alignment with eBay Classifieds Group will allow us to pursue a shared vision and ensure a smooth integration. We are bringing on board highly experienced specialists with a proven track record of success in online classifieds. In particular, it allows us to draw on product and technology talent in important European cities such as Berlin and Amsterdam, cities which many expect will gain more prominence following the United Kingdom's departure from the European Union at the start of 2021.

Employee engagement

We saw a significant increase in employee engagement in 2020. We evaluate our performance as an employer through our Marketplaces Voice internal employee engagement surveys at least twice a year, and some of our marketplaces also participate in a survey by Great Place to Work®, the global authority on workplace culture. We ensure our leaders and managers receive reports on their teams' engagement trends so that they can devise and execute appropriate action plans that respond proactively to survey findings. We aim to publish these action plans so that all staff can see how Adevinta is responding. This is in line with the transparency and openness that are a key part of our company culture and our intention to build trust through collaboration. In 2020, Adevinta scored 77% on overall employee engagement, an increase of six percentage points from 2019 and comfortably above tech industry benchmarks. A total of 84% of employees agreed that they 'feel like I belong at my company' and 77% agreed that 'my company is a great company for my development'. In 2020, the Adevinta Variable Incentive bonus scheme once again included employee engagement targets.

There are a number of good reasons for our strong employee engagement scores. The rollout of Adevinta Avenues, our new career development framework, and the continued communication efforts by leaders throughout the organisation, have given our people increased confidence about long-term opportunities at Adevinta. Further, our agreement to acquire eBay Classifieds Group is a major milestone for our employees and strengthens our platform for personal development and career progression.

The global Covid crisis brought out the very best among our people and underlined the family-oriented nature of our company culture, which also had a positive effect on employee engagement as the year progressed. Internal teams from different departments supported our people with a range of successful virtual activities that aimed to maintain mental well-being and build camaraderie even though the majority of employees were working remotely. Our marketplaces also supported communities by connecting users with helpers, assisting healthcare workers in finding accommodation, and amplifying public health guidance. Our ability to respond to new requirements or challenges with speed and flexibility underlined the agility of our organisation. We ran a series of surveys to measure how employees felt about Adevinta's response to the pandemic and these received an average of 96% positive responses, clearly demonstrating how well Adevinta looked after its employees during the Covid crisis.

Supporting our sales teams

The Covid crisis meant our sales teams had an exceptionally challenging year. We responded with webinars that showed how sales staff could respond to the business impact of Covid and how they could support customers who were experiencing a severe slowdown in revenues. Professional customers from the motor industry or property sector, for example, suddenly found themselves operating in an environment where the risk of infection made it difficult to organise test drives or property viewings. This affected their operations dramatically, and our customers faced unprecedented business challenges. Our sales teams responded proactively by listening carefully to customers so that they could first understand the issues they faced and then go on to tailor appropriate solutions on a case-by-case basis.

Health and well-being

Adevinta encourages a healthy work-life balance by offering flexible work days and hours, as well as generous paid vacation and parental leave policies.

In 2020, we recorded 14 work-related injuries – of which eight were high-consequence injuries – and 155 cases of ill health. There were no fatalities during the year.

Employee representation

Adevinta's employees have full freedom of association and may organise themselves as they choose. This right is stipulated in our Principles of Corporate Responsibility. To ensure excellent working conditions and to prevent discrimination, every workplace has collective bargaining agreements or working environment committees. By the end of 2020, 78% of all employees were covered by a collective bargaining agreement. In addition, in December 2019, the Adevinta Works Council (AWC) was established. The AWC is modelled on the European Works Council, and includes 27 representatives (16 men and 11 women) from eight countries. In 2020, the AWC met virtually and the main focus of discussion was how the Covid pandemic affected local companies and how Adevinta can best facilitate working from home, as well as the agreement to acquire eBay Classifieds Group.

Diversity and inclusion

We are a diverse group of local brands. We speak different languages, operate in different ways, and are at different levels of market maturity. We love our diversity – it's what makes us stronger. We know Adevinta's long-term success depends on a workforce that includes people from diverse backgrounds and cultures. We believe that our business will perform better if we develop a diverse and inclusive workforce that fosters a sense of belonging among our employees.

We value difference, promote openness, fairness and transparency, and we do not tolerate any form of discrimination. We harness different ways of working and thinking for the benefit of our business, users and customers. We established a target to have a 60:40 male/female ratio in our headcount by 2020 and we finished the year with a ratio of 57/43.

Employees by gender and region[1]

	Male		Female		Total
Board of Directors	3	50%	3	50%	6
Operations					
M1	5	71%	2	29%	7
Managers	448	59%	306	41%	754
Employees	1,822	56%	1,425	44%	3,247
Regions					
European countries	1,980	57%	1,450	43%	3,430
Countries outside Europe[2]	295	51%	283	49%	578
Total	**2,275**	**57%**	**1,733**	**43%**	**4,008**

[1] Two employees wished not to disclose their gender and are not accounted for
[2] Countries outside Europe include operations in Chile, Mexico and Brazil (Infojobs Brazil)

Employees by age and region

	<30		30-50		>50		Total
Board of Directors	0	0%	1	17%	5	83%	6
Operations							
M1	0	0%	6	86%	1	14%	7
Managers	34	4%	678	90%	43	6%	755
Employees	865	27%	2,251	69%	132	4%	3,248
Regions							
European countries	713	21%	2,546	74%	171	5%	3,430
Countries outside Europe[1]	186	32%	389	67%	5	1%	580
Total	**899**	**22%**	**2,935**	**73%**	**176**	**4%**	**4,010**

[1] Countries outside Europe include operations in Chile, Mexico and Brazil (Infojobs Brazil)

Sustainability statement continued

Employees by type and region[1]

	Permanent	Temporary	Total
European countries	3,338	92	3,430
Countries outside Europe[2]	557	23	580
Total	**3,895**	**115**	**4,010**

[1] Two employees wished not to disclose their gender and are not accounted for
[2] Countries outside Europe include operations in Chile, Mexico and Brazil (Infojobs Brazil)

Total number of employees by contract type[1]

	Male	Female	Total
Number of permanent employees	2,230	1,663	**3,893**
of which full time	2,237	1,589	**3,826**
of which part time	38	144	**182**
Total number of employees	**2,275**	**1,733**	**4,008**
Total number of temporary employees	70	72	**142**

[1] Two employees wished not to disclose their gender and are not accounted for

A highlight of our diversity and inclusion action plan is the Women in Leadership programme, Adevinta's year-long accelerated development programme that prepares talented, high-potential women for leadership roles. Sponsored at the senior executive level, this programme continued without interruption through Covid and the second cohort of 18 women completed it in November 2020. Women from this programme have registered a 11% promotion rate or role expansion, compared to the company average of less than 5%.

Another key thread within our commitment to diversity and inclusion is our Change Makers initiative. The Change Makers are a network of passionate employees from across Adevinta's teams who plan and deliver initiatives to help create a workplace where everyone feels they belong, that their differences are embraced and that they are empowered to fulfil their potential. Past initiatives have included workshops on sexual harassment awareness, carbon emissions and stress management. In 2020, our Change Makers activated listening groups in response to the Black Lives Matter movement. This allowed us to understand how this issue was impacting our own people and in response we added a number of actions to our diversity action plan.

Adevinta has zero tolerance of harassment or discrimination of any kind, and this is stated clearly in our Principles of Corporate Responsibility, in our diversity and inclusion policy, and in our discrimination, bullying and harassment policy.

Community engagement

Our marketplaces serve people where they live, acknowledging what's special about every culture and every place. This allows us to help local communities prosper and leave a positive footprint on the world. During the Covid pandemic, our marketplaces continued to play an important role in helping people solve problems and demonstrated that we are an important part of many local communities. Our wide reach has helped to spread vital information from governments and health services, to support volunteering and educational activities, and provided direct support to healthcare workers and other people directly impacted by the Covid pandemic. Many of these actions were initiated and facilitated by our Adevinta brands, and brought to life by the fantastic contributions of thousands of people from local communities.

In addition, in 2020, our marketplaces donated more than €110,000 to a range of non-profit organizations, including hospitals, schools and animal shelters.

Working with communities

Adevinta's employees from around the world implemented helpful initiatives that reached out to local people during the Covid pandemic.

FRANCE

Our leading marketplace **leboncoin** launched the #lebongeste to make it easy for volunteers to offer free assistance during Covid – such as helping with daily chores or offering online classes – to anybody self-isolating or shielding. Ads could be placed on leboncoin using #lebongeste, allowing people to find relevant listings easily.

IRELAND

Ireland's top property website and app **Daft.ie** provided free accommodation to healthcare professionals through its **#HealthcareHeroes** initiative. Daft.ie partnered with large companies to source suitable free accommodation for doctors and nurses working in Irish hospitals.

ITALY

InfoJobs launched a new digital service that offered job candidates 60 minutes of free consultancy to enhance their CVs. The free service was provided to companies and individual candidates by a new team of HR professionals within InfoJobs.

BELARUS

Kufar, the biggest online marketplace in Belarus, organised the **Project JYAKU** art charity auction to raise money for health workers. More than 100 local artists got involved, and winning bidders were able to support the health charity of their choice via the fundraising platform **MolaMola**.

BRAZIL

OLX Brazil launched a charity campaign called **#QuarentenaDoBem** (#QuarantineForGood). The programme leveraged OLX's huge daily traffic of seven million users to connect people who wanted to make a difference and facilitated donations to families facing economic challenges as a result of Covid.

AUSTRIA

Austria's largest advertising portal **Willhaben** waived fees for posting job ads for essential workers. Employers were able to post ads for free and source a range of vital specialist employees – paramedics, nurses and caregivers, as well as general staff for grocery stores, hospitals, medical call centres and warehouses.

About the report

This report has been prepared in accordance with the GRI Standards: Core option and follows the guidelines set out in the Euronext Guidelines for Environmental, Social and Governance (ESG) reporting.

This is Adevinta's second annual sustainability report. The previous report was published on 3 April 2020. Information disclosed in this report refers to activities undertaken from 1 January to 31 December 2020. Unless otherwise stated, there have not been any other significant changes in Adevinta's operations during the year. The report has not been subject to external independent assurance. The sustainability information is provided mainly in the Sustainability Report, but also in sections of the annual report. Please see the GRI Index for further guidance.

Scope and boundaries

The report includes data pertaining to companies which Adevinta has had full ownership or operational control throughout the year, with certain scope limitations included below. Companies that have been incorporated or sold during the year have been excluded.

Employee data

Employee data, as per 31 December 2020, is stated as headcount and covers all companies in scope. This includes all companies that are integrated in the human capital management system Workday® in addition to operations in European countries and operations in one country outside Europe for which data has been collected via templates completed by those companies. Data relating to employee engagement was retrieved from Adevinta's engagement survey and templates completed by each company. Data relating to health and safety was collected via templates completed by each company. Data relating to collective bargaining agreements and performance reviews were collected via a combination of the human capital management system for most entities and via templates completed for two companies. Due to privacy limitations in Spanish legislation, we have been unable to distinguish between recordable ill-health and recordable injuries for the Spanish operations. As a consequence, the information from the Spanish operations has been excluded from the recordable ill-health and injuries presented in this report.

Environmental data

The consolidation approach for environmental data is operational control. For smaller legal entities co-located with other Group companies, environmental data has been collected from the larger companies. Data from holding companies with less than five employees has been excluded. All greenhouse gases are included in the emission calculations and all scopes are included in the intensity data. Data was collected via templates sent to each company and derived from third-party sources and available internal reporting data. The calculations are based on the conversion factors used in the Greenhouse Gas Protocol. Scope 2 emissions are reported only with a location-based approach. Base year for environmental data is 2018.

Omissions

103-3: Management approach – Sustainable investment and ownership: A new structure for evaluation of performance is under development and cannot be shared in this report.

103-3: Management approach – Manage office waste and use of material: A new structure for evaluation of performance is under development and cannot be shared in this report.

302-1: Total fuel consumptions from renewable/non-renewable sources is not possible to disclose due to limitations in the information from suppliers.

403-9 and 403-10: Adevinta has chosen to transit to the new GRI Standard 403: Occupational Health and Safety (2018) hence does not have all information and data in place to fulfill all the requirements this year.

418-1: Data for countries outside the European Union is not included due to data collection limitations. Complaints received cannot be categorized by outside parties and regulatory bodies due to limitations in our reporting system.

Point of contact

If you have any questions about the sustainability report, you are welcome to contact María Pestana at: sustainability@adevinta.com

GRI content index

GRI Standard	Disclosure	Page	Fulfilment	Notes
GRI 102: General disclosures (2016)				
GRI 102: General Disclosures	**Organizational profile**			
	102-1 Name of the organization	1	Fulfilled	
	102-2 Activities, brands, products, and services	1, 2, 3	Fulfilled	
	102-3 Location of headquarters	52	Fulfilled	
	102-4 Location of operations	2, 3	Fulfilled	
	102-5 Ownership and legal form	52	Fulfilled	
	102-6 Markets served	1, 2, 3	Fulfilled	
	102-7 Scale of the organization	32, 3, 44, 14, 2	Fulfilled	Total number of operations = 34 (as of 31 Dec 2020)
	102-8 Information on employees and other workers	31, 32, 34	Partial	Workers not included
	102-9 Supply chain	26	Fulfilled	
	102-10 Significant changes to the organization and its supply chain	4, 18, 58	Fulfilled	
	102-11 Precautionary Principle or approach	22	Fulfilled	
	102-12 External initiatives	22	Fulfilled	
	102-13 Membership of associations	–		No membership of association
	Strategy			
	102-14 Statement from senior decision-maker	18, 19	Fulfilled	
	Ethics and Integrity			
	102-16 Values, principles, standards, and norms of behaviour	28	Fulfilled	
	Governance			
	102-18 Governance structure	20, 21	Fulfilled	
	Stakeholder engagement			
	102-40 List of stakeholder groups	22	Fulfilled	
	102-41 Collective bargaining agreements	30	Fulfilled	
	102-42 Identifying and selecting stakeholders	22	Fulfilled	
	102-43 Approach to stakeholder engagement	22	Fulfilled	
	102-44 Key topics and concerns raised	22	Fulfilled	
	Reporting practice			
	102-45 Entities included in the consolidated financial statements	66	Fulfilled	
	102-46 Defining report content and topic Boundaries	22–23	Fulfilled	
	102-47 List of material topics	22–23	Fulfilled	
	102-48 Restatement of information	24	Fulfilled	Energy intensity unit correction
	102-49 Changes in reporting	–		No changes in reporting
	102-50 Reporting period	34	Fulfilled	
	102-51 Date of most recent report	34	Fulfilled	
	102-52 Reporting cycle	34	Fulfilled	
	102-53 Contact point for questions regarding the report	34	Fulfilled	
	102-54 Claims of reporting in accordance with the GRI Standards	34	Fulfilled	
	102-55 GRI content index	35–37	Fulfilled	
	102-56 External assurance	34	Fulfilled	

GRI content index continued

GRI Standard	Disclosure	Page	Fulfilment	Notes
GRI 200 Economic Standard Series				
Adevinta topic: Donations to charity				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	32	Fulfilled	
	103-2 The management approach and its components	32	Fulfilled	
	103-3 Evaluation of the management approach	32	Fulfilled	
GRI 203: Indirect Economic Impact	203-1 Infrastructure investments and services supported	32, 33	Fulfilled	
Adevinta topic: Fair business practices				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	26	Fulfilled	
	103-2 The management approach and its components	26	Fulfilled	
	103-3 Evaluation of the management approach	26	Fulfilled	
Adevinta topic: Sustainable investments and ownership				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	26, 27	Fulfilled	
	103-2 The management approach and its components	26, 27	Fulfilled	
	103-3 Evaluation of the management approach	26, 27	Fulfilled	
GRI 300 Environmental Standards				
Adevinta topic: Manage office waste and use of material				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	25	Fulfilled	
	103-2 The management approach and its components	25	Fulfilled	
	103-3 Evaluation of the management approach	25	Fulfilled	
Adevinta topic: Energy use and greenhouse gas emissions				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	22–24	Fulfilled	
	103-2 The management approach and its components	22–24	Fulfilled	
	103-3 Evaluation of the management approach	22–24	Fulfilled	
GRI 302: Energy (2016)	302-1 Energy consumption within the organisation	24	Omission	
	302-3 Energy intensity	24	Fulfilled	
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	24	Fulfilled	
	305-2 Energy indirect (Scope 2) GHG emissions	24	Fulfilled	
	305-3 Other indirect (Scope 3) GHG emissions	24	Fulfilled	
	305-4 GHG emissions intensity	24	Fulfilled	
Adevinta topic: Contribution to circular economy				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	23	Fulfilled	
	103-2 The management approach and its components	23	Fulfilled	
	103-3 Evaluation of the management approach	23	Fulfilled	
GRI 306: Waste	306-2Management of significant waste-related impacts	23	Fulfilled	

GRI Standard	Disclosure	Page	Fulfilment	Notes
GRI 400 Social Standards				
Adevinta topic: Health and well-being for employees				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	30, 32	Fulfilled	
	103-2 The management approach and its components	30, 32	Fulfilled	
	103-3 Evaluation of the management approach	30, 32	Fulfilled	
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	–	Omission	
GRI 403: Occupational Health and Safety (2018)	403-9 Work-related injuries	–	Omission	
GRI 403: Occupational Health and Safety (2016)	403-10 Work-related ill health	–	Omission	
Adevinta topic: Skills development and knowledge sharing				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	28–30	Fulfilled	
	103-2 The management approach and its components	28–32	Fulfilled	
	103-3 Evaluation of the management approach	28–30	Fulfilled	
GRI 404: Education and training (2016)	404-3 Percentage of employees receiving regular performance and career development reviews	31	Fulfilled	
Adevinta topic: Diversity and inclusion				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	28–30	Fulfilled	
	103-2 The management approach and its components	28–30	Fulfilled	
	103-3 Evaluation of the management approach	28–30	Fulfilled	
Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	31	Fulfilled	
Adevinta topic: Local community members				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	31	Fulfilled	
	103-2 The management approach and its components	31, 32	Fulfilled	
	103-3 Evaluation of the management approach	32	Fulfilled	
Adevinta topic: Sustainable supply chain				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	26	Fulfilled	
	103-2 The management approach and its components	26–27	Fulfilled	
	103-3 Evaluation of the management approach	27	Fulfilled	
Adevinta topic: Privacy, user safety and fraud protection				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	25–26	Fulfilled	
	103-2 The management approach and its components	25–26	Fulfilled	
	103-3 Evaluation of the management approach	25–26	Fulfilled	
GRI 418: Customer Privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	26	Fulfilled	

Statement of Corporate Governance

1. Statement of Corporate Governance

Adevinta is subject to corporate governance reporting requirements as defined in the Norwegian Accounting Act, section 3-3b, and the Norwegian Code of Practice for Corporate Governance (the Code). The current edition of the Code was published on 17 October 2018 and is available at www.nues.no. Adevinta's Statement of Corporate Governance of the Board of Directors follows the structure of the Code and any deviations from the Code are highlighted under each section. Adevinta's Statement of Corporate Governance also includes information on corporate governance, pursuant to the Norwegian Accounting Act, section 3-3b. Adevinta's corporate governance is subject to review and consideration by the Board of Directors of Adevinta and the Statement of Corporate Governance is an integral part of the Board of Directors report.

2. Adevinta's business

Adevinta's purpose is defined in its Articles of Association as "the operation of digital marketplaces and other types of business related to this; the business of the Company may be operated through participation in other companies." The Articles of Association are presented in full at www.adevinta.com/ir/corporate-governance/articles-of-association/. Adevinta's purpose is to "make a positive change in the world by helping everyone and everything find new purpose." We believe every house can be a home, every person has a role to play, and every object can live a second life – they only have to find their matching need. This is specified in our mission: "creating perfect matches on the world's most trusted marketplaces."

Adevinta's Board of Directors is responsible for defining the objectives, strategies and risk profiles of the Company's business activities, and reviews these annually. Ensuring that the Company considers environmental and societal impacts of business decisions, and providing services which empower its users and customers to make economically sound and environmentally sustainable choices, is a cornerstone of Adevinta's business. Our marketplaces help our users meet and interact in a safe and reliable way, and in an environmentally sustainable manner, by providing a platform for second-hand trading. Adevinta engages with stakeholder groups that are affected by our business. The purpose of such dialogue is to understand the priorities of our stakeholders and ensure that these are reflected in the Company's business and operations strategies. Adevinta provides information on sustainability in a formal statement in accordance with the Norwegian Accounting Act and Euronext's guidelines for Environmental, Social and Governance (ESG) reporting in a separate section of this annual report. This sustainability statement is approved by the Board of Directors.

Deviations from the Code: none.

3. Equity and dividends

Adevinta's Board of Directors ensures that the Company has a capital structure that is appropriate to its objectives, strategy and risk profile. The Board of Directors considers it essential that the Company's shares be perceived as an attractive investment. Accordingly, the Board of Directors has adopted a dividend policy that allows for ongoing investment in the development of Adevinta's business and further growth of the Company's underlying assets, while also providing the opportunity for a meaningful return to investors. The Company's ambition is to pay a stable and growing dividend going forward while retaining flexibility to invest in growth. There have been no dividend payments by the Company since its incorporation on 9 November 2018. The company has announced that there will be no dividend paid in respect of the 2020 financial year.

The Annual General Meeting of Adevinta ASA on 5 May 2020 granted the Board of Directors the following authorisations:

The authorisation to buy-back shares in the Company on the following basis:

(a) the total nominal value of shares acquired or held may not exceed NOK 13,698,970;

(b) the minimum amount which can be paid for the shares is NOK 20 and the maximum amount is NOK 750;

(c) the authorisation is valid until 30 June 2021; and

(d) the buy-back may be undertaken for the following purposes:
   - (i) settlement of obligations under the Company's share-based incentive schemes and employee share-saving plans;
   - (ii) as settlement in acquisitions; and
   - (iii) to optimise the Company's capital structure.

Authorisation to increase the Company's share capital

The Board of Directors is authorised pursuant to the Public Limited Liability Companies Act § 10-14 (7) to increase the Company's share capital on one or more occasions by up to NOK 13,698,970, subject to the following conditions:

(i) this authorisation and the authorisation to issue convertible loans shall, however, be restricted so that they cannot be utilised to issue shares and convertible loans that in the aggregate would exceed 10% of the Company's share capital at the time of the resolution to issue shares and based on the assumption that 100% of the outstanding convertible loans would be converted into equity.

(ii) the authority shall remain in force until the Annual General Meeting in 2021, but in no event later than 30 June 2021.

(iii) the pre-emptive rights of the shareholders under § 10-4 of the Public Limited Liability Companies Act may be set aside.

(iv) the authority covers capital increases against contributions in cash and contributions other than in cash. The authority covers the right to incur special obligations for the Company, ref. § 10-2 of the Public Limited Liability Companies Act. The authority covers resolutions on mergers in accordance with §13-5 of the Public Limited Liability Companies Act.

Authorisation to raise new convertible loans

The Board of Directors is authorised to raise new convertible loans on one or several occasions up to a total amount of NOK 7,500,000,000 (or the equivalent in other currencies), subject to the following conditions:

(i) The share capital of the Company may be increased by a total of NOK 13,698,970 as a result of the convertible loans being converted into equity. This authorisation and the authorisation to issue shares shall, however, be restricted so that they cannot be utilised to issue shares and convertible loans that in the aggregate would exceed 10% of the Company's share capital at the time of the resolution to issue convertible loans and based on the assumption that 100% of the outstanding convertible loans would be converted into equity.

(ii) The shareholders' preferential rights to subscribe the loans pursuant to the Public Limited Companies Act § 11-4 cf. § 10-4 and § 10-5 may be set aside.

(iii) This authorisation shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until the Annual General Meeting in 2021, however not later than 30 June 2021.

The authorisations to increase share capital and raise new convertible loans are not restricted to a single, defined purpose as recommended in the Code. While this is a deviation from the Code, the Board of Directors elected not to propose such restrictions in order to ensure that Adevinta is equipped to participate in value-accretive opportunities going forward.

Deviations from the Code: one.

4. Equal treatment of shareholders and transactions with close associates

In the event that the Board of Directors resolves to increase the Company's share capital and waive the pre-emptive rights of existing shareholders on the basis of a mandate granted to the Board of Directors, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the increase in the share capital.

The Company's acquisition of its own shares, in accordance with the Board of Directors' authorisation referred to in section 3 of this statement, must take place in the market at the stock exchange price and in accordance with generally accepted Norwegian stock exchange practices. Acquired shares may be sold in the market, or used as settlement for the acquisition of businesses, or used for the Adevinta share-based incentive schemes and share-saving programmes for the Group's employees. The share-based incentive schemes are described in more detail in the Statement of Executive Compensation in note 9 to the consolidated financial statements and in the Notice of the Annual General Meeting. In the event of material transactions between the Group and its shareholders, Board members, executive personnel, or close associates of any such parties, the Board of Directors will obtain valuations by an independent third party. In connection with the agreement to acquire eBay Classifieds Group from eBay Inc, Adevinta has agreed that a subsidiary of Schibsted, the currently largest shareholder of the Company, shall acquire the Scandinavian operations of eBay Classifieds. Further details of the transaction were presented to the Company's shareholders in connection with an Extraordinary General Meeting on 29 October 2020. The transaction is being concluded in line with the Company's strategy of focusing its business outside the Nordics, and it is the Board of Directors' view, supported by third party valuation, that it has been entered into on arm´s length market terms.

Deviations from the Code: none.

5. Shares and negotiability

Adevintas's shares are freely negotiable and are freely transferable. In the period between the IPO of Adevinta ASA and 28 October 2019, the Company had two classes of shares.

Since 28 October 2019, the Company has had a single class of shares.

It is noted that upon, and subject to, the completion of the Company's expected acquisition of eBay Classifieds Group from eBay Inc, a second class of non-voting shares will be created and issued to eBay Inc as part of the transaction consideration, which shares will automatically convert to voting shares upon transfer to a third party. This was approved by the shareholders at the Extraordinary General Meeting held on 29 October 2020.

Deviations from the Code: none.

6. General meetings

The shareholders exercise the highest authority through the General Meeting. Adevinta's first Annual General Meeting was held on 5 May 2020. The Company also held an Extraordinary General Meeting on 29 October 2020.

Adevinta's next Annual General Meeting is scheduled for May 2021. The Notice of the Annual General Meeting and documents to be considered will be posted on the Adevinta website prior to the meeting and will be sufficiently detailed and specific to allow shareholders to form a view on all matters to be considered. Shareholders not registered electronically will receive the Notice by post with information on how documents to be considered at the meeting may be downloaded from our website. The deadline for electronic registration is one day prior to the meeting.

The Board Chair was present at all General Meetings in 2020 and will be present at the Annual General Meeting in May 2021. The chair of the Nomination Committee was not present at the Company's first Annual General Meeting held on 5 May 2020, since the inaugural Nomination Committee was appointed at that meeting (see section 7). This is a deviation from the Code which is described in more detail below.

Shareholders will be given the opportunity to vote on each item of business to be considered, including the election of every single candidate to the Nomination Committee and the Board of Directors, whether they attend in person or elect to vote by proxy. Shareholders who cannot attend a General Meeting may vote by proxy. More information on how to appoint a proxy and how to propose resolutions for consideration by the meeting will be provided in the Notice of General Meetings and on our website at www.adevinta.com

Prior to General Meetings the Board of Directors will consider the complexity and nature of the proposed agenda and whether an independent person shall be proposed to act as chair of the General Meeting. This is a deviation from the Code's requirement of enabling the shareholders to elect an independent chair for all General Meetings. The rationale for this is that unless the matters to be considered at a General Meeting are complex or otherwise of a nature that particularly warrants an independent chair, the Chairperson of the Board is considered to be well suited to chair General Meetings.

Deviations from the Code: two, one of which is described in section 7.

7. The Nomination Committee

Adevinta's Articles of Association currently provide for a Nomination Committee composed of between two and three members that shall be elected by the Annual General Meeting. Adevinta appointed its Nomination Committee at the Annual General Meeting on 5 May 2020.

It is noted that, upon and subject to the completion of the Company's expected acquisition of eBay Classifieds Group from eBay Inc, the Company's Articles of Association will be amended to provide that any shareholder holding voting shares representing at least 25% of the total number of voting shares in the Company shall have the right to appoint and be represented on the Nomination Committee by one representative. The amended articles will provide that the Nomination Committee shall consist of between three and five members and that within this range the number of Nomination Committee members shall be determined by the General Meeting, provided that the General Meeting shall elect a sufficient number of Nomination Committee members to ensure that the majority of the Nomination Committee members at any time are elected by the General Meeting. This was approved by the shareholders at the Extraordinary General Meeting held on 29 October 2020.

Deviations from the Code: none.

8. Composition of Adevinta's Board of Directors

Pursuant to Article 6 of Adevinta's Articles of Association, Adevinta ASA's Board of Directors must consist of five to 11 members, as determined by the General Meeting. The Board of Directors of Adevinta ASA currently consists of six members, all of whom were elected by the General Meeting. The Board members are elected for a two-year period. The current Board of Directors includes three women and three men and is compliant with the requirement set forth in section 6-11a of the Public Limited Liability Companies Act, which states that the each gender shall be represent with at least 40% of Board members. The composition of the Board of Directors ensures that it can operate independently of any special interest.

The current Board of Directors meets the recommendation set forth in the Code that the majority of shareholder-elected Board members be independent of the Company's executive personnel and material business contacts, and that at least two of the shareholder-elected Board members be independent of the main shareholders. As CEO of Schibsted, Kristin Skogen Lund is not considered to be an independent director. Due to Terje Seljeseth's links with Blommenholm Industrier and the Tinius Trust, a shareholder in both the Company and Schibsted, he is not considered to be an independent director. All other Board members are considered independent from executive personnel, material business contacts and main shareholders. The Board of Directors does not include executive personnel. Pursuant to section 6-6-(1) of the Public Limited Liability Companies Act, the members are elected for a period of two years. The Nomination Committee will prepare a recommendation of candidates for election to the Board of Directors which will, as far as possible, be distributed to the shareholders along with the Notice of the General Meeting.

It is noted that, upon and subject to the completion of the Company's expected acquisition of eBay Classifieds Group from eBay Inc, the Company's Articles of Association will be amended to provide as follows:

- Each shareholder who has a holding of voting shares equal to or in excess of the below thresholds has an individual right by notice to the Company to directly appoint directors as follows:
  - any shareholder holding voting shares representing at least 25% of the total number of voting shares in the Company shall have the right to appoint two directors; and
  - any shareholder holding voting shares representing at least 10% of the total number of voting shares in the Company shall have the right to appoint one director.
- If the appointment of one or more directors by a shareholder pursuant to this right would result in a composition of the Board with less than half of the directors elected by the General Meeting, the Board shall as soon as practically possible, hold an Extraordinary General Meeting to elect additional member(s) to the Board to ensure that the majority of the directors are elected by the General Meeting.

The above was approved by the shareholders at the Extraordinary General Meeting held on 29 October 2020. The Annual General Meeting elects the Board Chair. According to section 6-1 of the Public Limited Liability Companies Act, the Board of Directors elects the Board Chair if the General Meeting has not done so.

Adevinta encourages share ownership by its directors, but this has not been formalised by the General Meeting. Board members' shareholdings are disclosed in note 12 of the Parent company financial statements.

Deviations from the Code: none.

9. The work of the Board of Directors

The Board of Directors delegates the day-to-day management of the Adevinta Group to the Company's CEO and other members of the executive management. At the same time, it monitors the performance of the executive management team. The Board of Directors actively participates in setting Adevinta's corporate strategy, ensuring that the businesses are properly organised, and that adequate governance and control systems are implemented. The Board of Directors also supervises the group's financial performance, establishes necessary guidelines, and adopts plans and budgets for the businesses. It appoints the CEO and prepares the job description, terms and conditions for this position.

The Board of Directors' work is set forth in the Board Instructions, which governs the Board's responsibilities, duties and administrative procedures. The Instructions also state the CEO's duties in relation to the Board of Directors. Pursuant to section 6-27 of the Public Limited Liability Companies Act, individual Board members may not participate in the discussion of matters in which they or a closely related party are deemed to have a major personal or financial interest, or any decision regarding such matters. Each Board member is personally responsible for assessing whether any such circumstances exist, or whether there are any other factors that may, from an objective perspective, affect public confidence in the Board member's independence or that may lead to a conflict of interest in connection with a matter to be considered by the Board of Directors.

Such circumstances must be brought to the attention of the Board Chair. The Board Instructions further specify that Board members shall not participate in the preparation of, discussion of, or decision on matters in which they have any personal or special economic interest. A Board member is also obligated to notify the Chair if he/she is considering working for, or on assignment with, organisations who operate, or seek to operate, a business that competes with Adevinta Group's current or planned business activities. The Board of Directors works on the basis of an annual meeting schedule that is normally agreed at the first meeting after the Annual General Meeting. The meeting schedule includes strategic planning, business issues and supervisory activities. The CEO, in consultation with the Board Chair, prepares matters for consideration by the Board.

The Board of Directors has established an Audit & Risk Committee and a Remuneration Committee which contribute to the thorough preparation and consideration of matters covered by the committees' respective mandates. The committees do not make decisions but monitor the work of the Group on behalf of the Board of Directors and prepare matters for Board consideration within their respective areas.

The Remuneration Committee is chaired by Board Chair Orla Noonan and its other members are Kristin Skogen Lund and Sophie Javary. The members are appointed by and from the Board of Directors for one-year terms. All three members are considered independent of Adevinta's executive management. Kristin Skogen Lund is not considered independent from Adevinta's main shareholders. The CEO attends committee meetings apart from those at which remuneration of the CEO is considered. The Remuneration Committee prepares matters relating to the remuneration of the CEO, executive directors and executive management.

The Audit & Risk Committee is chaired by Fernando Abril-Martorell Hernández and its other members are Peter Brooks-Johnson and Terje Seljeseth. All three members are considered independent of Adevinta's executive management. Terje Seljeseth is not considered independent from Adevinta's main shareholders. The members are appointed by and from the Board for one-year terms. The CFO is management's main representative in the Audit & Risk Committee and attends all its meetings. The external auditor attends Audit & Risk Committee meetings when matters within the external auditors' area of responsibility are considered. The Audit & Risk Committee prepares the processes of the Board of Directors for quality assurance of financial reports. The committee monitors the Group's internal control and risk management for financial reporting, and reviews and monitors the external auditor's work and independence.

It is noted that, upon and subject to the completion of the Company's expected acquisition of eBay Classifieds Group from eBay Inc, the Company's Articles of Association will be amended to provide that each shareholder that holds voting shares representing at least 25% of the total number of voting shares, has the right to designate at least one representative to each committee of the Board of Directors. The majority of the directors on each committee 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. This was approved by the shareholders at the Extraordinary General Meeting held on 29 October 2020.

The Board of Directors conducts an evaluation of its qualifications, experience and performance, and the results of the evaluation are submitted to the Nomination Committee as the basis for the Nomination Committee's assessment of the Board of Directors' work. The Nomination Committee performs additional assessments of the Board members through interviews conducted with individual directors. The Board considers itself to work well and that its members have complementary expertise and experience.

In 2020, the Adevinta Board of Directors held 19 meetings. The attendance record regarding Board and committee meetings is set out in the table below.

	Board meetings	Remuneration Committee meetings	Audit Committee meetings
Orla Noonan	19/19	7/7	
Kristin Skogen Lund	19/19	7/7	
Sophie Javary	17/19	7/7	
Fernando Abril-Martorell	19/19		6/6
Peter Brooks-Johnson	19/19		6/6
Terje Seljeseth	18/19		6/6

Deviations from the Code: none.

10. Risk management and internal control

The objective of Adevinta's risk management and internal control function is to manage, rather than eliminate, exposure to risks related to the successful conduct of the business of the Company and its subsidiaries, and to support the quality of its financial reporting.

In 2020, the Board of Directors approved Adevinta's updated Governance, Risk and Control Framework (GRC Framework). This aims to formalise, centralise and strengthen risk management and internal control procedures. The framework is aligned with the requirements of the Code of Practice and inspired by internationally recognised Enterprise Risk Management frameworks and other leading practices in this field.

The Adevinta GRC framework is based on the needs of the Company and its stakeholders, and is linked to value creation and value protection processes. It has been designed with the purpose of being sufficiently agile in order to adapt to rapidly changing business models, increasing regulatory demand and monitoring, greater use and dependency of technology, and other challenging demands from the environment in which the Group operates. The framework integrates three elements:

- **Governance** which sets the strategy and determines organisational culture in terms of desired behaviours and risk understanding;
- **Risk management**, including the capabilities and practices, integrated with strategy-setting and its execution, that Adevinta relies on to manage risk in creating, preserving and realising value; and
- **Internal Control** which is designed to provide reasonable assurance that Adevinta's objectives will be achieved whilst managing the underlying risk.

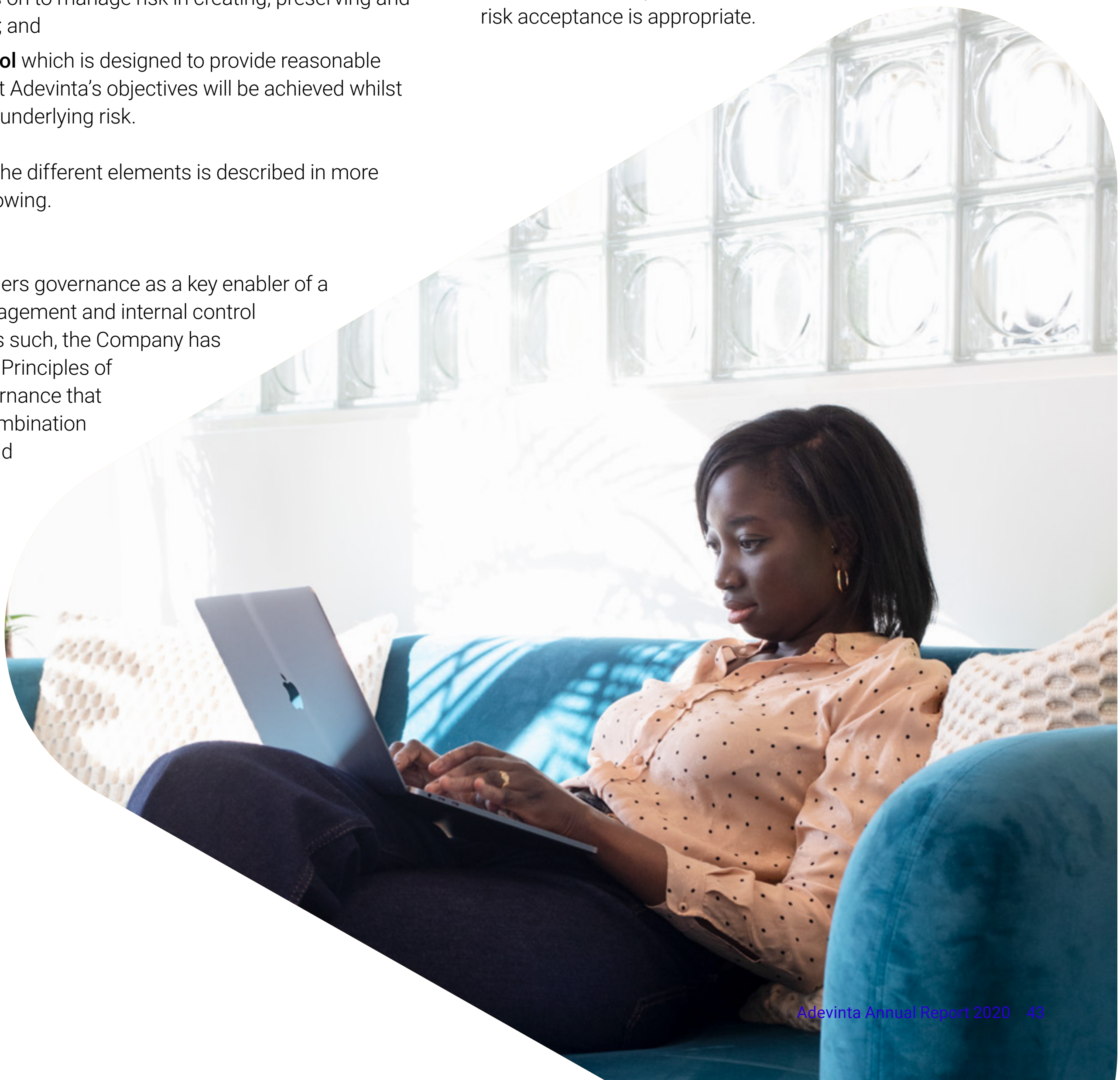
The content of the different elements is described in more detail in the following.

Governance

Adevinta considers governance as a key enabler of a sound risk management and internal control environment. As such, the Company has defined a set of Principles of Corporate Governance that describe the combination of processes and structures implemented by the Board of Directors in order to inform, direct, manage and monitor organisational activities towards the achievement of strategic objectives, compliance with laws and regulations, meeting stakeholders expectations and upholding corporate responsibility. The Principles of Corporate Governance are available to all employees through the corporate intranet and can also be found at our external website (www.adevinta.com/about/corporate-governance).

Risk Management

Adevinta has adopted the COSO Enterprise Risk Management (ERM) Integrated framework as the basis for its risk management process. ERM implies that risk is proactively managed at enterprise level rather than at functional level and supports the ability to assess whether risk acceptance is appropriate.



The Group's risk management process is integrated within the strategy process, the business planning process and the budgeting process to ensure that not only long-term strategic risks are managed but also short-to-medium term operational and functional execution risks. The process is managed centrally by the Risk, Assurance and Compliance Team but responsibility for day-to-day risk management rests with the business segments and corporate functions, ensuring:

- identification, quantification and mitigation of risks affecting the achievement of strategic and operational objectives and their execution
- compliance with relevant laws and regulations
- reliability of financial and non-financial reporting

Thorough and comprehensive risk bottom-up assessment exercises across our business functions and segments will take place at least once a year supplemented by continuous monitoring activities that aim to identify current risk exposure and emerging risk trends and/or to highlight control weaknesses. The Board and the Audit & Risk Committee review the consolidated risk exposure of the Group and as well as specific functional areas and/or business segments where significant risk exposures may exist.

Internal Control

Adevinta considers internal control as a key driver of risk management. The Risk Management and Internal Controls functions are interconnected but not interchangeable in our framework. Adevinta has defined three types of controls based on their scope of application, entity level controls (ELC), process level controls (PLC) and IT General Controls (ITGC). ELC are designed to mitigate risk at entity-wide level; they set forth Adevinta's values through policies and procedures. PLC are operational control activities conducted daily. Management within the operational and functional units are responsible for their implementation in line with Adevinta's Group policies and procedures, the business plan and must be aligned to the organisational culture and ethical framework. Risks specifically related to financial reporting are managed and controlled by the Internal Controls Framework that covers the Group's Financial Reporting function. ITGC are controls that apply to Adevinta's internally facing information technology systems, components, processes and data. They govern proper development and implementation of applications, and ensure the integrity of programmes, data and computer operations. ITGC are managed and controlled by the CIO office.

Financial reporting

Management periodically submits status reports to the Board of Directors to assist in monitoring and controlling the Group's operations. These reports include items such as financial reporting of the Group's key figures, the status of significant business activities, and financial performance of the Group's shares. Quarterly and annual financial statements are reviewed by the Audit & Risk Committee and the full Board of Directors. Adevinta's Group Accounting Department prepares the Group's financial reports and ensures compliance with current accounting standards and legislation.

Deviations from the Code: none.

11. Remuneration of the Board of Directors

The Annual General Meeting determines the remuneration of the Board members. The remuneration reflects the Board member's responsibility, expertise, time commitment and the complexity of the Group's activities and is not linked to the Group's performance. During the period under review, no options were issued to Board members. Details of the Board of Directors' remuneration are disclosed in note 9 of the consolidated financial statements. None of the Board members has accepted any specific assignments for Adevinta.

Deviations from the Code: none.

12. Remuneration of executive personnel

The Board has established guidelines for remuneration of members of the executive management. These guidelines will be communicated to the Annual General Meeting of shareholders and are included in the Annual Report. The Remuneration Committee reviews and approves the remuneration packages (including, where appropriate, bonuses, incentive payments, share-based incentive schemes and post-retirement benefits) for the CEO and each executive director. The Statement of Executive Compensation gives an account of the main principles of Adevinta's executive remuneration policy, including the scope and organisation of bonus schemes and incentive programmes. The Remuneration Committee has assessed the incentive programme and has concluded that it ensures alignment of the financial interests of the executive personnel and the shareholders. The Statement of Executive Compensation will be considered by the Annual General Meeting and made

available to the shareholders on Adevinta's website when the Notice of the Annual General Meeting is issued and is included in note 9 of the consolidated financial statements.
The Annual General Meeting will vote individually on the binding and the nonbinding aspects of the guidelines.

Deviations from the Code: none.

13. Information and communication

Adevinta has established an investor relations policy that provides a framework for communicating with shareholders outside the General Meeting. The Investor Relations Department maintains regular contact with shareholders, potential investors, analysts and other financial stakeholders to ensure that they have access to relevant and accurate information including Adevinta's share price. All shareholders and other financial stakeholders are treated equally with regards to access to financial information. Adevinta's annual reports and quarterly releases contain extensive information on the various aspects of the Group's activities and financial performance. The quarterly presentations are webcast and accessible via the Adevinta website, along with the quarterly and annual reports, as well as other relevant presentations. Adevinta's financial calendar is published on the Adevinta website.

Deviations from the Code: none.

14. Takeovers

The Board of Directors has defined guidelines for takeover bids reflecting the requirements of the Code. In the event of a takeover bid being made for Adevinta, the Board of Directors shall follow the overriding principle of equal treatment for all shareholders and shall seek to ensure that Adevinta's business activities are not disrupted unnecessarily. The Board of Directors shall strive to ensure that shareholders are given sufficient information and time to review any offer and shall not take measures intended to protect the personal interests of individual Board members at the expense of shareholders' interests.

The Board of Directors shall not seek to prevent any takeover bid, unless it believes that the interests of the Group and the shareholders justify such actions. In addition, it shall not exercise mandates or pass any resolutions with the intention of obstructing any takeover bid, unless this is approved by the General Meeting following the announcement of the bid.
If a takeover bid is made, the Board of Directors shall issue a statement with a recommendation as to whether the shareholders should accept such a bid or not in accordance with the Norwegian Securities Trading Act.

Deviations from the Code: none.

15. Auditor

The external auditor presents the main features of the annual audit plan to the Audit & Risk Committee. The external auditor participates in Board meetings where the Group's financial statements are discussed. The external auditor reports on material changes in the Group's accounting principles and key aspects of the audit, comments on material estimated accounting figures, reports material matters on which the auditor and management disagree and presents identified weaknesses in, and suggested improvements to, the Group's internal controls. The Board of Directors has established guidelines for non-auditing work performed by the external auditor. The use of non-audit services performed by the external auditor is subject to prior approval as defined by the Audit & Risk Committee. Up until 31 December 2020, the Chief Financial Officer was authorised to approve non-audit work performed by the external auditor. From 1 January 2021, any non-auditing work performed by the external auditor must be approved by the Audit & Risk Committee. Further, non-auditing services exceeding 50% of the total audit fees of the Group shall be approved by the Board of Directors.

Details of the Group's use and remuneration of the external auditor for auditing and non-auditing services are disclosed in note 30 of the consolidated financial statements. The Audit & Risk Committee reviews the use of non-audit services and has assessed the amount of non-audit services provided by the external auditor, which are found to meet the requirements in the Auditing and Auditors Act and guidelines from the Financial Supervisory Authority of Norway.

Deviations from the Code: none.

Consolidated income statement

for the year ended 31 December

€ million	Note	Year 2020	Year 2019
Operating revenues	**6,7**	**673.5**	**680.3**
Personnel expenses	9	(258.0)	(234.8)
Other operating expenses	8	(233.0)	(246.0)
Gross operating profit (loss)	**6**	**182.5**	**199.5**
Depreciation and amortisation	16,17,31	(60.6)	(45.3)
Share of profit (loss) of joint ventures and associates	5	16.2	5.9
Impairment loss	15,16	(42.8)	(24.6)
Other income and expenses	11	(39.4)	(12.8)
Operating profit (loss)	**6**	**55.9**	**122.8**
Financial income	12	4.7	1.7
Financial expenses	12	(99.4)	(7.8)
Profit (loss) before taxes		**(38.8)**	**116.7**
Taxes	13	(31.0)	(49.6)
Profit (loss)		**(69.8)**	**67.1**
Profit (loss) attributable to:			
Non-controlling interests	27	1.8	3.1
Owners of the parent		(71.6)	64.0
Earnings per share in €:			
Basic	14	(0.10)	0.09
Diluted	14	(0.10)	0.09

Consolidated statement of comprehensive income

for the year ended 31 December

€ million	Note	Year 2020	2019
Profit (loss)		**(69.8)**	**67.1**
Remeasurements of defined benefit liabilities	21	0.0	0.3
Income tax relating to remeasurements of defined benefit liabilities	13	(0.0)	(0.1)
Net gain/(loss) on cash flow hedges	25	(144.3)	–
Change in fair value of financial instruments		(0.3)	–
Items not to be reclassified subsequently to profit or loss		**(144.6)**	**0.2**
Exchange differences on translating foreign operations		(101.7)	(5.3)
Net gain/(loss) on cash flow hedges	25	(4.4)	–
Items to be reclassified subsequently to profit or loss		**(106.1)**	**(5.3)**
Other comprehensive income		**(250.7)**	**(5.1)**
Comprehensive income		**(320.5)**	**62.0**
Comprehensive income attributable to:			
Non-controlling interests		4.0	3.0
Owners of the parent		(324.5)	59.0

Consolidated statement of financial position

as of 31 December

€ million	Note	31 December 2020	31 December 2019
Intangible assets	15,16	1,321.8	1,394.8
Property, plant & equipment	17	19.9	25.3
Right-of-use assets	31	88.6	60.6
Investments in joint ventures and associates	5	369.0	381.1
Deferred tax assets	13	1.6	1.6
Other non-current assets	18,24	183.2	14.8
Non-current assets		**1,984.1**	**1,878.1**
Income tax receivable		1.9	10.9
Contract assets	7	6.0	7.5
Trade receivables and other current assets	18,19,22,24	1,200.4	151.6
Cash and cash equivalents	22,24,28	131.0	71.8
Current assets		**1,339.3**	**241.7**
Total assets		**3,323.4**	**2,119.8**
Paid-in equity		149.4	146.4
Other equity		1,053.1	1,378.1
Equity attributable to owners of the parent		**1,202.5**	**1,524.4**
Non-controlling interests	27	19.2	14.4
Equity		**1,221.7**	**1,538.8**
Deferred tax liabilities	13	58.5	82.9
Non-current interest-bearing borrowings	22,23,24,28	1,266.2	201.7
Lease liabilities, non-current	22,28,31	81.6	53.2
Other non-current liabilities	21	13.3	11.8
Non-current liabilities		**1,419.6**	**349.5**
Current interest-bearing borrowings	22,23,24,28	294.8	0.3
Income tax payable		5.4	4.5
Lease liabilities, current	22,28,31	18.4	13.3
Contract liabilities	7	58.5	56.8
Other current liabilities	21,22,24	305.0	156.6
Current liabilities		**682.1**	**231.5**
Total equity and liabilities		**3,323.4**	**2,119.8**

Consolidated statement of financial position continued

25 March 2021
Adevinta ASA's Board of Directors

Orla Noonan
Board Chair

Fernando Abril-Martorell Hernández
Board member

Kristin Skogen Lund
Board member

Sophie Javary
Board member

Peter Brooks-Johnson
Board member

Terje Seljeseth
Board member

Rolv Erik Ryssdal
CEO

Consolidated statement of cash flows

for the year ended 31 December

€ million	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		(38.8)	116.7
Depreciation, amortisation and impairment losses	6,15,16,17,31	103.4	69.9
Share of loss (profit) of joint ventures and associates	5	(16.2)	(5.9)
Dividends received from joint ventures and associates	28	2.2	1.1
Taxes paid		(41.7)	(63.6)
Sales losses (gains) non-current assets and other non-cash losses (gains)		(6.1)	(0.3)
Net loss on derivative instruments at fair value through profit or loss		78.9	–
Other non-cash items and changes in working capital and provisions[1]		23.0	16.3
Net cash flow from operating activities		**104.7**	**134.1**
CASH FLOW FROM INVESTING ACTIVITIES			
Development and purchase of intangible assets and property, plant & equipment		(43.5)	(48.5)
Acquisition of subsidiaries, net of cash acquired	28	(7.4)	(78.8)
Acquisition of debt and equity instruments of joint ventures and associates		(286.9)	–
Proceeds from sale of intangible assets and property, plant & equipment		–	(0.0)
Proceeds from sale of subsidiaries, net of cash sold	28	30.9	0.0
Net sale of (investment in) other shares		(7.5)	(10.7)
Net change in other investments		(2.8)	0.9
Net cash flow from investing activities		**(317.2)**	**(137.0)**
Net cash flow before financing activities		**(212.5)**	**(2.9)**
CASH FLOW FROM FINANCING ACTIVITIES			
New interest-bearing loans and borrowings	28	491.3	199.2
Repayment of interest-bearing loans and borrowings	28	(205.1)	(0.4)
Change in ownership interests in subsidiaries	4,28	–	(100.2)
Capital increase		–	7.9
Net sale (purchase) of treasury shares		(2.0)	–
IFRS 16 lease payments	28,31	(12.5)	(12.8)
Dividends paid to non-controlling interests	27	–	(3.6)
Net financing from (to) Schibsted ASA		–	(70.9)
Net cash flow from financing activities		**271.7**	**19.2**
Effects of exchange rate changes on cash and cash equivalents		(0.0)	0.3
Net increase (decrease) in cash and cash equivalents		**59.2**	**16.6**
Cash and cash equivalents as at 1 January	28	71.8	55.1
Cash and cash equivalents as at 31 December	**28**	**131.0**	**71.8**

[1] Changes in working capital and provisions consist of changes in trade receivables, other current receivables and liabilities and accruals.

Consolidated statement of changes in equity

(€ million)	Note	Share capital	Other paid-in equity	Hedging reserve	Retained earnings	Foreign currency transl. reserve	Share-holders' equity	Non-controlling interests	Total
Equity as at 31 December 2018		–	(0.3)	–	1,364.5	(46.4)	1,317.8	13.9	1,331.7
Change in accounting principle IFRS 16		–	–	–	(0.7)	–	(0.7)	–	(0.7)
Equity as at 1 January 2019		**–**	**(0.3)**	**–**	**1,363.8**	**(46.4)**	**1,317.1**	**13.9**	**1,331.0**
Profit (loss) for the period		–	–	–	64.0	–	64.0	3.1	67.1
Other comprehensive income		–	–	–	0.2	(5.3)	(5.1)	(0.0)	(5.1)
Total comprehensive income		**–**	**–**	**–**	**64.2**	**(5.3)**	**59.0**	**3.0**	**62.0**
Capital increase	22,26	13.8	130.9	–	–	–	144.7	–	144.7
Share-based payment		–	2.0	–	–	–	2.0	–	2.0
Dividends paid to non-controlling interests	27	–	–	–	–	–	–	(3.6)	(3.6)
Business combinations	4	–	–	–	–	–	–	0.2	0.2
Changes in ownership of subsidiaries that do not result in a loss of control		–	–	–	(1.9)	–	(1.9)	0.8	(1.1)
Group contributions and dividends		–	–	–	3.6	–	3.6	–	3.6
Total transactions with the owners		**13.8**	**132.9**	**–**	**1.7**	**–**	**148.4**	**(2.6)**	**145.8**
Equity as at 31 December 2019		**13.8**	**132.6**	**–**	**1,429.7**	**(51.6)**	**1,524.4**	**14.4**	**1,538.8**
Profit (loss) for the period		–	–	–	(73.6)	2.0	(71.6)	1.8	(69.8)
Other comprehensive income		–	–	(148.7)	(0.4)	(103.8)	(252.9)	2.2	(250.7)
Total comprehensive income		**–**	**–**	**(148.7)**	**(74.0)**	**(101.8)**	**(324.5)**	**4.0**	**(320.5)**
Capital increase	22,26	–	–	–	–	–	–	0.4	0.4
Share-based payment		–	3.5	–	–	–	3.5	–	3.5
Changes in ownership of subsidiaries that do not result in a loss of control		–	–	–	(0.4)	–	(0.4)	0.4	–
Change in treasury shares		–	(0.5)	–	–	–	(0.5)	–	(0.5)
Total transactions with the owners		**–**	**3.0**	**–**	**(0.4)**	**–**	**2.6**	**0.8**	**3.4**
Equity as at 31 December 2020		**13.8**	**135.6**	**(148.7)**	**1,355.3**	**(153.4)**	**1,202.5**	**19.2**	**1,221.7**

Notes to the consolidated financial statements

General information

Group structure

Information on Consolidated income statement items

Information on Consolidated statement of financial position items

Capital management

Other information

Note 1: General information

The Adevinta Group (or "the Group" or "Adevinta") was established 9 April 2019 following demergers of Schibsted Multimedia AS and Schibsted ASA and the consequential transfer of Schibsted's online classifieds operations outside the Nordics to Adevinta ASA. Adevinta ASA was listed on the Oslo Stock Exchange on 10 April 2019. Schibsted retained a majority interest of 59.25% in Adevinta ASA. This majority interest increased in 2019 to 59.28% as part of the combination of shares (note 14 and 26).

Adevinta ASA is a public limited company and its offices are located in Grensen 5, Oslo in Norway. The shares of Adevinta ASA are listed on the Oslo Stock Exchange. Adevinta is one of the global leaders in online classifieds, active in many countries around the world. Key markets include France, Spain and Brazil. In addition, business was carried out in 2020 in Italy, Austria, Ireland, Hungary, Mexico, Chile, Belarus, Colombia, the Dominican Republic, Morocco, Tunisia, UK and Germany. Changes in the composition of the Group during the period are described in note 4 and the business areas are described in segment information in note 6.

The financial position and performance of Adevinta was particularly affected by the following events and transactions during the reporting period:

- The agreement to acquire eBay Classifieds Group announced in July 2020 required incurring acquisition costs (note 11), hedging the forecasted business combination (note 22 and 25) and new financing, through a new senior secured Term Loan B and the issuance of Senior Secured Notes (note 22 and 23).
- The acquisition of Grupo Zap in October 2020 (note 4) required hedging of the forecasted funding commitment (note 22 and 25), issuance of a loan to joint ventures (note 18 and 29) and acquisition of equity instruments of joint ventures (note 4).
- The impairment loss of €42.4 million related to the cash-generating unit marketplace operations in Chile allocated to goodwill (note 15).
- The Covid pandemic (note 32).

The consolidated financial statements including notes for Adevinta ASA for the year 2020 were approved by the Board of Directors on 25 March 2021 and will be proposed to the Annual General Meeting in May 2021.

Note 2: Basis for preparing the consolidated financial statements

Compliance with IFRS

Adevinta presented combined financial statements until Q1 2019. IFRS 10 Consolidated Financial Statements requires a parent company to directly or indirectly control its subsidiaries at the balance sheet date in order to prepare consolidated financial statements. Adevinta ASA did not obtain such control until 9 April 2019.

Following the demergers described in note 1, Adevinta ASA obtained control of the subsidiaries and ownership interests comprising the Adevinta Group and reports consolidated financial statements according to IFRS 10. The consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The valuation and recognition of the items in the consolidated financial statements have been carried out in accordance with applicable IFRS standards.

New and amended standards adopted by the Group

Adevinta has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2020:

- **Definition of Material – amendments to IAS 1 and IAS 8**

  These amendments use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

Note 2: Basis for preparing the consolidated financial statements continued

- **Definition of a Business – amendments to IFRS 3**
  The amendments help companies determine whether an acquisition made is of a business or a group of assets. The amended definition clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

- **Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7**
  The amendments provide companies with temporary relief from certain requirements related to hedge accounting in the period of uncertainty before the replacement of an existing interest rate benchmark, with an alternative nearly risk-free interest rate (an RFR). For the hedging relationships where the relief is applied, companies are required to disclose additional qualitative and quantitative information. However, the amendments also provide an exemption from these disclosure requirements in IAS 8.28 f with respect to the adjustment amounts in the current and prior period.

- **Revised Conceptual Framework for Financial Reporting**
  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The amendments listed above did not have any impact on the amounts recognised in prior periods, have not had a significant impact in the current period nor are expected to significantly affect the future periods.

New standards and interpretations not yet adopted

The Group's intention is to adopt the relevant new and amended standards and interpretations if they become effective, subject to EU approval before the consolidated financial statements are issued. However, it is not expected that these amendments will impact significantly the Adevinta consolidated financial statements in future reporting periods and on foreseeable future transactions.

Basis of preparation

The consolidated financial statements have been prepared based on a historical cost basis, with the exception of:

- financial instruments in the categories "Financial assets and liabilities at fair value through profit or loss or OCI";
- assets held for sale; and
- plan assets of the defined benefit pension plans.

Assets that no longer justify their value are written down to the recoverable amount, which is the higher of value in use and fair value less selling costs.

An asset or liability is classified as current when it is part of a normal operating cycle, when it is held primarily for trading purposes, when it falls due within 12 months or when it consists of cash or cash equivalents on the date of the Consolidated statement of financial position. Cash and cash equivalents consist of bank deposits and other monetary instruments with a maturity of three months or less. Other items are non-current. A dividend does not become a liability until it has been formally approved by the General Meeting.

Non-current assets as well as groups of non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction instead of through continued use and a sale is considered highly probable. When these are classified as held for sale they are measured at the lower of their carrying amount or fair value minus sales costs.

Note 2: Basis for preparing the consolidated financial statements continued

All amounts are in € million unless otherwise stated. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

The accounting policies that have been applied as well as significant estimation uncertainties are disclosed in relevant notes to the consolidated financial statements.

Consolidation principles

The consolidated financial statements include the parent Adevinta ASA and all subsidiaries, presented as a single economic entity. All the entities have applied consistent principles. Intercompany transactions, balances and unrealized gains on transactions between group companies have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Subsidiaries are all entities controlled, directly or indirectly, by Adevinta ASA. The Group controls an entity when it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through power over the entity. Power over an entity exists when the Group has existing rights that give the current ability to direct the activities that significantly affect the entity's returns.

Generally, there is a presumption that a majority of voting rights result in control. The Group considers all relevant facts and circumstances in assessing whether control exists, including contractual arrangements and potential voting rights to the extent that those are substantive.

Subsidiaries are included in the consolidated financial statements from the date Adevinta ASA effectively obtains control of the subsidiary (acquisition date) and until the date Adevinta ASA ceases to control the subsidiary.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to Adevinta ASA. Non-controlling interests are presented in the Consolidated statement of financial position within equity, separately from the equity of the owners of the parent, except when put options are granted to holders of non-controlling interests, in which case the related accumulated non-controlling interest is derecognised.

Profit (loss) and comprehensive income attributable to non-controlling interests are disclosed as allocations for the period of profit (loss) and comprehensive income attributable to non-controlling interests and owners of the parent, respectively.

Associates are all entities over which the Group has significant influence but in which it does not have control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (note 5), after initially being recognised at cost.

Joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures only. Interests in joint ventures are accounted for using the equity method (note 5), after initially being recognised at cost in the Consolidated statement of financial position.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros (€), which is Adevinta ASA's functional and presentation currency.

Note 2: Basis for preparing the consolidated financial statements continued

Foreign currency transactions are translated into the entity's functional currency on initial recognition by using the spot exchange rate at the date of the transaction. At the reporting date, assets and liabilities are translated from foreign currency to the entity's functional currency by:

- translating monetary items using the exchange rate at the reporting date
- translating non-monetary items that are measured in terms of historical cost in a foreign currency using the exchange rate at the transaction date
- translating non-monetary items that are measured at fair value in a foreign currency using the exchange rate at the date when the fair value was determined

Exchange differences arising on the settlement of, or on translating monetary items not designated as, hedging instruments, are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss.

Upon incorporation of a foreign operation into the consolidated financial statements by consolidation or the equity method, the results and financial position are translated from the functional currency of the foreign operation into € (the presentation currency) by using the step-by-step method of consolidation. Assets and liabilities are translated at the closing rate at the reporting date and income and expenses are translated monthly at the average exchange rates for the month and accumulated. Resulting exchange differences are recognised in other comprehensive income until the disposal of the foreign operation.

Exchange rates are quoted from Norges Bank (norges-bank.no), which is Norway's central bank.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation. They are therefore expressed in the functional currency of the foreign operation and translated at the closing rate at the reporting date.

Note 3: Significant accounting judgements and major sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management also needs to exercise judgement in applying the Group's accounting policies. The most important areas where judgements and estimates are having an impact are listed below. Detailed information of these estimates and judgements is included in the relevant notes.

The Covid outbreak is currently affecting the world economy negatively. Management has based its current estimates of future cash flows on the expectation that the businesses will recover from Covid in line with expected recovery projections for 2021 and the discount rates are based on an expected stabilisation of volatility, risk premiums and interest rates at levels indicative of the current environment.

Note 3: Significant accounting judgements and major sources of estimation uncertainty continued

Significant estimates and judgements:

- Existence of significant influence over an investee (note 5)
- Recognition of contracted listing fees and premium products according to normal pattern of views (note 7)
- Recognition of deferred tax assets for tax losses carried forward (note 13)
- Calculation of value in use in testing for impairment of goodwill and other intangible assets (note 15)
- Capitalisation of development costs (note 16)
- Fair value of contingent consideration and liabilities related to non-controlling interests' put options (note 20)
- Calculation of present value of defined benefit pension obligations (note 21)
- Assessment of contingent liabilities (note 21)
- Assessment of forecasted business combination as highly probable (note 25)
- Liabilities measured at fair value (note 24)
- Determination of lease term and estimating the incremental borrowing rate (note 31)

Note 4: Changes in the composition of the group

Principle

Business combinations

The acquisition method is used to account for all business combinations that do not involve entities under common control where Adevinta ASA or its subsidiary is the acquirer, meaning the entity that obtains control over another entity or business. When a subsidiary or business is acquired, a purchase price allocation is carried out. Identifiable assets acquired and liabilities and contingent liabilities assumed are, except for limited exceptions, measured at fair value at the acquisition date. Any non-controlling interest in the acquiree is measured, for each individual acquisition, either at fair value or at the proportionate share of the acquiree's identifiable net assets. The residual value in the acquisition is goodwill. Acquisition-related costs are expensed as incurred.

Contingent consideration is recognised as part of the consideration transferred in exchange for the acquiree. Subsequent changes in the fair value of the contingent consideration deemed to be a liability are recognised in profit or loss.

In business combinations that are achieved in stages, the previously held equity interest is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

The transfer of the online classifieds operations to Adevinta ASA in 2019 was accounted for as a business combination involving entities under common control applying the pooling-of-interests method. This method implies continuing historical financial information at carrying values as reported in the consolidated financial statements of the parent company Schibsted ASA. It also meant reflecting the result for the full current year and comparable information as if the relevant entities and businesses had been combined since the beginning of the earliest period presented.

Changes in ownership interests in subsidiaries that do not result in a loss of control

Transactions with non-controlling interests that do not result in a loss of control are recognised in equity. Any change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Adevinta ASA.

When put options are granted by Adevinta to holders of non-controlling interests, Adevinta determines and allocates profit (loss), other comprehensive income and dividends paid to such non-controlling interests. Accumulated non-controlling interests are derecognised as if the non-controlling interest was acquired at the reporting date and a financial liability reflecting the obligation to acquire the non-controlling interest is recognised. The net amount recognised or derecognised is accounted for as an equity transaction. In the Consolidated statement of changes in equity, such amounts are included in the line item "Changes in ownership of subsidiaries that do not result in a loss of control".

Note 4: Changes in the composition of the group continued

Non-current assets (or disposal groups) held for sale and discontinued operations
Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These assets are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell the asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operation, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Consolidated income statement.

Loss of control
The assets and liabilities of the subsidiary and the carrying amount of any non-controlling interests are derecognised when Adevinta loses control of a subsidiary. Any consideration received and any investment retained in the former subsidiary is recognised at their fair values. The difference between amounts recognised and derecognised is recognised in profit or loss. Amounts recognised in other comprehensive income related to the subsidiary are reclassified to profit or loss or transferred to equity similarly as if the parent had disposed of the assets and liabilities directly. Amounts reclassified to profit or loss (including accumulated translation differences) are included in gain or loss on loss of control of subsidiary in profit or loss.

Business combinations
Adevinta invested €0.4 million in 2020 (€78.6 million in 2019) to acquire businesses (business combinations). The amount comprises the net cash consideration transferred reduced by cash and cash equivalents of the acquirees. Additionally, Adevinta paid €7.0 million of deferred consideration in 2020 related to the prior year's business combinations. In 2019, Adevinta paid €0.2 million of contingent consideration related to the prior year's business combinations.

Note 4: Changes in the composition of the group continued

In January 2020, Adevinta completed the acquisition of Pilgo SAS, which is an online marketplace for hotel rooms.

In February 2020, Adevinta completed the acquisition of Jobisjob SLU, which is a digital company related to the job market.

In June 2019, Adevinta completed a bolt-on acquisition of Locasun, a holiday rental and travel specialist marketplace operating across Europe (mainly in France 38%, Spain 18% and Italy 15%), through the acquisition of 100% of the shares of Locasun SARL and 100% of the shares of Locasun Spain SLU. In addition, Adevinta obtained control of PayCar; a startup specialising in P2P payments for second-hand vehicles operating mainly in France; after acquiring 68.8% of the shares of PayCar SAS.

On 4 October 2019, Adevinta completed the acquisition of the Argus Group, the leading player in digital marketing services to the automotive industry in France, through the acquisition of 100% of the shares of SNEEP, the French parent company of the Argus Group. Adevinta has benefited from Argus Group expertise and penetration of the professional market for second-hand car trade, particularly thanks to the second-hand vehicle pricing tool which is the number one player in the French market. As a result of this acquisition, leboncoin has enhanced its strong position in the French car market segment.

The subsidiaries acquired in 2020 are included in the France (Pilgo) and Spain (Jobisjob) operating segments. The subsidiaries acquired in 2019 (Locasun, PayCar and Argus Group) were included in the France operating segment.

Acquisition-related costs of €32.5 million (€1.0 million in 2019) related to forecasted and closed business combinations are recognised in profit or loss in line item "Other income and expenses" (note 11).

Business combinations that occurred in 2020 are not material for the Group.

The net assets recognised in the 31 December 2019 consolidated financial statements were based on a provisional assessment of their fair value. The valuation had not been completed on the date the 2019 consolidated financial statements were approved for issue by the Board of Directors. The valuation was completed in 2020 and did not result in material adjustments to the provisionally recognised amounts. Therefore no restatement was required for 2019 comparative information.

Note 4: Changes in the composition of the group continued

The table below summarises the consideration transferred and the amounts recognised for assets acquired and liabilities assumed after the business combinations that occurred in 2019, based on the final valuation:

	2019
Consideration:	
Cash	90.1
Deferred consideration	7.0
Contingent consideration	4.4
Consideration transferred	**101.5**
Fair value of previously held equity interest	0.1
Total	**101.6**
Amounts for assets and liabilities recognised:	
Intangible assets	36.5
Property, plant & equipment	0.6
Right-of-use assets	2.1
Other non-current assets	0.4
Trade and other receivables	9.4
Other current assets	2.6
Cash and cash equivalents	11.5
Deferred tax liabilities	(10.1)
Lease liabilities, non-current	(0.9)
Other non-current liabilities	(3.2)
Lease liabilities, current	(1.1)
Current liabilities	(17.0)
Total identifiable net assets	**30.8**
Non-controlling interests	(0.2)
Goodwill	71.0
Total	**101.6**

The implied goodwill connected with the Argus acquisition relates to the synergies with leboncoin, future customers, future technology and workforce. The synergies are mainly ascribed to a bundled offer between leboncoin and Argus, an increased utilisation of the acquired technology, cross selling between customers of leboncoin and Argus and cost savings when integrating the two businesses. In addition, the technology (valuation and solution) is continuously updated and therefore the return on future technology and customers is also part of goodwill.

Note 4: Changes in the composition of the group continued

Goodwill recognised on other acquisitions made in 2019 was mainly attributable to the value of expected synergies with leboncoin and to the workforce and know-how of the companies acquired. None of the goodwill recognised was expected to be deductible for income tax purposes.

The business combinations are carried out as part of Adevinta's growth strategy and the businesses acquired where identified as being a good strategic fit with existing operations within Adevinta.

The fair value of the acquired receivables was €9.4 million in 2019, of which €8.0 million were trade receivables. There was no material difference between the gross contractual amount receivable and the fair value of the receivables.

Non-controlling interests were measured at the proportionate share of the acquiree's identifiable net assets.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities. In calculating the present value of lease payments, Adevinta used its incremental borrowing rate at acquisition date because the interest rate implicit in the leases were not readily determinable.

In 2019, the companies acquired in business combinations contributed €12.3 million to operating revenues and contributed negatively to consolidated profit by €0.6 million. If the acquisition date of all business combinations completed through purchase of shares in 2019 was as at 1 January, the operating revenues of Adevinta would have increased by €43.7 million and profit (loss) would have increased by €1.6 million in 2019.

Contingent consideration

A contingent consideration as part of the purchase agreement with the previous owners of Locasun SARL was agreed. The additional cash payments were limited to two payments to be made at the end of years 2020 and 2021. Each payment was capped at €2.5 million and was to be calculated on the achievement of certain EBITDA targets for each period.

As at the acquisition date, the fair value of the contingent consideration was estimated to be €4.4 million. No payment was made in 2020. The fair value of the contingent consideration as at 31 December 2020 is €1.0 million, which reflects the latest information available as well as the indicators included in the budget approved for 2021.

Disposal of subsidiaries

In November 2020, Adevinta sold its subsidiaries, Avito (Morocco), Tayara (Tunisia) and Fincaraíz (Colombia) to Frontier Digital Ventures (FDV), a company specialising in online marketplaces in emerging markets. All three subsidiaries were disposed of as a group in a single transaction. The business of the disposal group was included in the Group's Global Markets operating segment. The disposal is aligned to Adevinta's portfolio optimisation strategy. The disposal group did not represent a separate major line of business, thus did not qualify as discontinued operations. The sale resulted in a gain before tax of €4.3 million recognised in other income and expenses (note 11). Details of the sale were as follows:

Note 4: Changes in the composition of the group continued

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

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

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

Other changes in the composition of Adevinta

In March 2020, Adevinta's OLX Brazil joint venture agreed to acquire Grupo Zap, a leading online classifieds site for real estate operating in Brazil, for approximately R$2.9 billion. In the consolidated financial statements, this investment has been accounted for using the equity method. At signing, Adevinta entered into a deal-contingent derivatives to fix Adevinta's funding commitment in relation to the transaction in € and eliminate the currency risk. On 1 October 2020, Brazil's Antitrust Agency (CADE) issued the formal approval for the transaction and the acquisition was closed on 30 October 2020.

On 13 October 2020, Adevinta converted the deal's contingent derivatives into plain vanilla instruments. At settlement, the derivatives were derecognised. The change in the fair value of the derivatives of €(66.9) million was recognised in financial expenses (note 12 and 25) in profit or loss.

Note 4: Changes in the composition of the group continued

The acquisition of Grupo Zap was partially financed through a capital increase in the joint venture in Brazil amounting to €76.7 million (note 5) and a loan to the joint venture amounting to BRL949.4 million (€143.3 million at the issue date) (note 18 and 29).

In 2019, Adevinta invested €100.2 million related to increased ownership interests in subsidiaries. The amount invested was primarily related to the acquisition of the remaining 10% ownership of Adevinta Spain, increasing the ownership to 100%.

In August 2019, the OLX Brazil joint venture acquired a 100% ownership in Anapro (Facher Tecnologia Ltda.), a company based in Brazil focused on CRM and sales management solutions for the real estate market. In the consolidated financial statements, this investment has been accounted for using the equity method.

The effect of changes in ownership interests in subsidiaries that did not result in loss of control on the equity attributable to owners of the parent in 2019 is presented in the table below:

	2019
Net consideration received (paid)	(100.2)
Financial liabilities previously recognised related to non-controlling interests' put options	100.0
Adjustment to equity	**(0.2)**
Of which adjustment to non-controlling interests	–
Of which adjustment to equity attributable to owners of the parent	(0.2)

The adjustments to equity presented above were included in the line item "Changes in ownership of subsidiaries that do not result in a loss of control" in the Consolidated statement of changes in equity. That line item also included changes in financial liabilities related to non-controlling interests' put options recognised in equity, as disclosed in note 20.

Note 5: Investments in joint ventures and associates

Principle

A joint arrangement is an arrangement where two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement and exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as joint ventures if they are structured through separate vehicles and the parties have rights to the net assets of the arrangements.

An associate is an entity over which Adevinta, directly or indirectly through subsidiaries, has significant influence. Significant influence is normally presumed to exist when Adevinta controls 20% or more of the voting power of the investee. Significant influence can also be demonstrated when the Group is entitled to be a Board member, even if ownership interest is below 20%.

Interests in joint ventures and associates are accounted for using the equity method.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Adevinta's share of the post-acquisition profits or losses. Adevinta's share of the investee's profit or loss is recognised in profit or loss and the share of changes in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends received reduce the carrying amount of the investment.

Note 5: Investments in joint ventures and associates continued

When Adevinta's share of losses equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Adevinta does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 15.

Significant judgement

The Group is guaranteed one seat on the board of Younited SA and participates in all significant financial and operating decisions. The Group has therefore determined that it has significant influence over this entity, even though it only holds 10.51% of the voting rights.

Changes in ownership

The use of the equity method is discontinued from the date an investment ceases to be a joint venture or an associate. Any retained interest in the entity is remeasured to its fair value, with the changes in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. The difference between the total of the fair value of this retained interest and any proceeds from disposing a partial interest in a joint venture or an associate, and the carrying amount of the investment, is recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If Adevinta's ownership interest in a joint venture or an associate is reduced, but joint control or significant influence is retained, a gain or loss from the partial disposal is recognised in profit or loss. The retained interest is not remeasured. Only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

	2020			2019		
Development in net carrying amount	Joint ventures	Associates	Total	Joint ventures	Associates	Total
As at 1 January	**369.0**	**11.1**	**380.0**	**367.5**	**5.8**	**373.3**
Additions (note 4)	76.7	–	76.7	–	5.5	5.5
Transition from (to) receivables	–	–	–	2.2	–	2.2
Share of profit (loss)	**1.4**	**14.8**	**16.2**	**6.3**	**(0.3)**	**5.9**
Gain	–	1.6	1.6	–	0.4	0.4
Dividends received and capital repayments	(2.2)	(0.1)	(2.3)	(1.1)	(0.2)	(1.4)
Translation differences	(103.0)	(0.3)	(103.3)	(5.8)	(0.1)	(5.9)
As at 31 December	**341.9**	**27.1**	**369.0**	**369.0**	**11.1**	**380.0**
Of which presented in Investments in joint ventures and associates	341.9	27.1	369.0	369.0	12.1	381.1
Of which presented in Other current liabilities	–	–	–	–	(1.0)	(1.0)

For more details on acquisitions and divestments of joint ventures and associates, see note 4.

Note 5: Investments in joint ventures and associates continued

In 2020, share of profit (loss) of joint ventures and associates includes a gain of €17.4 million in relation to the disposal by 703 Search BV of the investment in Silver Indonesia JVCO BV that has been swapped for cash and a 6% stake in the online marketplace Carousell operating in Asia.

The carrying amount of investments in joint ventures and associates comprises the following investments:

		2020			2019		
	Country of incorporation	Interest held	Joint ventures	Associates	Interest held	Joint ventures	Associates
Silver Brazil JVCO BV	Netherlands	50.00%	334.5	–	50.00%	362.0	–
willhaben internet service GmbH	Austria	50.00%	7.4	–	50.00%	6.9	–
Younited SA	France	10.51%	–	11.0	10.94%	–	11.6
703 Search BV	Netherlands	31.50%		15.7	31.50%		(1.8)
Other			–	0.4		–	1.3
Carrying amount as at 31 December			**341.9**	**27.1**		**369.0**	**11.1**

Description of the business of the joint ventures and associates:

Silver Brazil JVCO BV	Operates online classified sites in Brazil (olx.com.br, 50% ownership from July 2017, Anapro.com.br, 50% ownership from August 2019 and suahouse.com, datazap.com.br, fipezap.com.br, zap.com.br, vivareal.com.br, conectaimobi.com.br, geoimóvel.com.br, and infoprop.com.br, 50% ownership from October 2020)
willhaben internet service GmbH	Operates online classified sites in Austria (willhaben.at, car4you.at and autopro24.at)
Younited SA	Operates peer-to-peer lending marketplaces in France, Italy and Spain (younited-credit.com, it.younited-credit.com and es.younited-credit.com)
703 Search BV	Operates as a holding company for the equity investment in Carousell and does not carry out any trading activities.

Note 5: Investments in joint ventures and associates continued

The following table sets forth summarised financial information for material joint ventures as at 31 December:

	2020			2019		
	Silver Brazil	willhaben	Total	Silver Brazil	willhaben	Total
Interest held as at 31 December	**50.00%**	**50.00%**		**50.00%**	**50.00%**	
Income statement and statement of comprehensive income:						
Operating revenues	68.5			79.0		
Depreciation and amortisation	(2.8)			(2.0)		
Interest income	0.3			0.7		
Interest expense	(2.7)			(0.4)		
Taxes	(0.7)			5.3		
Profit (loss)	(2.3)			7.7		
Profit (loss) attributable to owners of the parent	(2.3)			7.7		
Total comprehensive income attributable to owners of the parent	(2.3)			7.7		
Share of profit (loss)	**(1.2)**	**2.6**	**1.4**	**3.9**	**2.4**	**6.3**
Share of other comprehensive income	–	–	–	–	–	–
Share of total comprehensive income	**(1.2)**	**2.6**	**1.4**	**3.9**	**2.4**	**6.3**
Statement of financial position:						
Goodwill	411.3			–		
Other non-current assets	105.2			40.7		
Other current assets	12.1			10.6		
Cash and cash equivalents	21.0			15.6		
Non-current financial liabilities (excluding trade and other payables)	(313.9)			(6.5)		
Other non-current liabilities	(38.3)			(17.4)		
Other current liabilities	(27.8)			(15.4)		
Net assets/(liabilities)	**169.6**			**27.5**		
Share of net assets/(liabilities)	84.8			13.7		
Goodwill	249.7			348.3		
Carrying amount as at 31 December	**334.5**	**7.4**	**341.9**	**362.0**	**6.9**	**369.0**

The table above shows figures on a 100% basis. Adevinta's share is presented on separate line items. Variances in the statement of financial position from 2019 to 2020 are mainly due to the Grupo Zap acquisition in 2020.

Note 6: Operating segments

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

Based on the internal reporting structure, Adevinta has identified France, Spain, Brazil and Global Markets as reportable operating segments.

Adevinta has implemented in 2020 minor changes in the financial reporting structure. In order to fully align Global Markets segment reporting with Management reporting and to create full consistency between the Brazil and Global Markets segments when it comes to the presentation of joint ventures, willhaben revenues and EBITDA are included on a 100% basis for both 2020 and 2019. Certain expenses related to Business Area management of the Global Markets segment have been moved from the HQ/Other segment to Global Markets. Group consolidated figures are unchanged.

- France comprises primarily leboncoin (including Kudoz, which was integrated in May 2019), MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo.
- Spain comprises primarily InfoJobs, Coches, Motos, FotoCasa, Habitaclia, Milanuncios and Vibbo.
- Brazil comprises Silver Brazil joint venture (including OLX, Anapro and Grupo Zap) and Infojobs Brazil. In the Consolidated income statement and Consolidated statement of financial position of Adevinta, OLX Brazil is accounted for using the equity method of accounting. The segment figures for Brazil are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated income statement and Consolidated statement of financial position.
- Global Markets comprises primarily Subito and Infojobs in Italy; Daft, Done Deal and Adverts in Ireland; Hasznaltauto and Jofogas in Hungary; Fincaraiz in Colombia (sold in Q4 2020); Yapo in Chile; Segundamano in Mexico; Kufar in Belarus; Tayara in Tunisia (sold in Q4 2020); Avito in Morocco (sold in Q4 2020); Corotos in Dominican Republic (sold in Q2 2020); Shpock in Austria, Germany and United Kingdom; and willhaben in Austria. In the Consolidated income statement and Consolidated statement of financial position of Adevinta, willhaben is accounted for using the equity method. The segment figures for willhaben in Global Markets are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated income statement and Consolidated statement of financial position.

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

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

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

See Definitions and Reconciliations section for definition of Investment phase operations.

See also the explanation in note 7 regarding disaggregation of revenues.

Note 6: Operating segments continued

Operating revenues and profit (loss) by operating segments

Full year 2020 € million	France	Spain	Brazil	Global Markets	Other/ Headquarters	Eliminations	Total
Operating revenues from external customers	392.1	164.7	73.3	145.2	5.4	(107.2)	673.5
Operating revenues from other segments	1.1	–	–	0.6	3.5	(5.2)	–
Operating revenues	**393.2**	**164.7**	**73.3**	**145.8**	**8.9**	**(112.4)**	**673.5**
Gross operating profit (loss) excl. Investment phase	**190.9**	**52.6**	**12.9**	**25.4**	**(60.6)**	**(21.9)**	**199.3**
Gross operating profit (loss)	**190.9**	**52.6**	**12.9**	**8.6**	**(60.6)**	**(21.9)**	**182.5**
Depreciation and amortisation	(23.9)	(11.5)	(4.3)	(10.2)	(16.3)	5.6	(60.6)
Share of profit (loss) of joint ventures and associates	(2.2)	–	0.1	17.0	–	1.3	16.2
Impairment loss	0.0	–	(0.2)	(42.4)	(0.2)	0.0	(42.8)
Other income and expenses	1.5	(0.5)	(9.1)	(1.9)	(38.5)	9.1	(39.4)
Operating profit (loss)	**166.3**	**40.6**	**(0.6)**	**(28.9)**	**(115.6)**	**(5.9)**	**55.9**

Gross operating profit (loss) ex. Investment phase excludes operations in growth phase with large investments in market positions, immature monetisation rate and where sustainable profitability has not been reached. For 2020, Investment phase operations contributed operating revenues of €21.3 million and reduced gross operating profit by €16.8 million.

For information regarding "Other income and expenses", see note 11.

Note 6: Operating segments continued

Full Year 2019 € million	France	Spain	Brazil	Global Markets	Other/ Headquarters	Eliminations	Total
Operating revenues from external customers	356.9	182.0	86.0	162.8	10.5	(117.8)	680.3
Operating revenues from other segments	0.6	0.0	0.0	1.3	2.4	(4.3)	0.0
Operating revenues	**357.4**	**182.0**	**86.0**	**164.1**	**12.8**	**(122.1)**	**680.3**
Gross operating profit (loss) excl. Investment phase	**191.3**	**60.5**	**6.0**	**25.5**	**(61.0)**	**(13.0)**	**209.4**
Gross operating profit (loss)	**191.3**	**60.5**	**6.0**	**15.7**	**(61.0)**	**(13.0)**	**199.5**
Depreciation and amortisation	(14.3)	(9.7)	(3.4)	(10.8)	(11.8)	4.7	(45.3)
Share of profit (loss) of joint ventures and associates	(1.4)	–	–	1.1	–	6.2	5.9
Impairment loss	0.0	0.0	(0.0)	(22.5)	(2.1)	0.0	(24.6)
Other income and expenses	(0.5)	(2.1)	(1.0)	(1.9)	(8.3)	1.0	(12.8)
Operating profit (loss)	**175.1**	**48.7**	**1.6**	**(18.4)**	**(83.1)**	**(1.1)**	**122.8**

Gross operating profit (loss) ex. Investment phase excludes operations in growth phase with large investments in market positions, immature monetisation rate and where sustainable profitability has not been reached. For 2019, Investment phase operations contributed operating revenues of €28.5 million and reduced gross operating profit by €9.8 million.

For information regarding “Other income and expenses”, see note 11.

Note 6: Operating segments continued

Operating revenues and non-current assets by geographical areas

In presenting geographical information, attribution of operating revenues is based on the location of the companies. There are no significant differences between the attribution of operating revenues based on the location of companies and an attribution based on the location of customers. Operating revenues presented in the table below are revenues from external customers. Non-current assets are attributed based on the geographical location of the assets.

€ million	Full year 2020	Full year 2019
Operating revenues		
France	392.1	356.6
Spain	165.2	182.4
Other Europe	96.0	111.0
Other countries	20.2	30.3
Total	**673.5**	**680.3**
Non-current assets		
France	726.4	687.4
Spain	518.9	522.5
Other Europe	187.7	194.1
Other countries	375.7	463.2
Total	**1,808.7**	**1,867.2**

The non-current assets comprise assets, excluding deferred tax assets and financial instruments, expected to be recovered more than twelve months after the reporting period. Other countries consist primarily of Adevinta's businesses in Latin America.

Note 7: Revenue recognition

Principles

Adevinta recognises revenue to depict the transfer of promised goods or services to customers that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is measured at the transaction price agreed under the contract. The non-cash consideration is measured at the fair value of the goods or services received. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the services provided.

Adevinta has applied the following principles for the timing of revenue recognition for the different categories of products and services:

Advertising

Advertising revenues are from sales of advertisement space on online sites. Advertising revenues are recognised as the ads are displayed.

Note 7: Revenue recognition continued

Classifieds
Listing fees in contracts entitling the customer to have an ad displayed for a defined maximum period of time are recognised over that period, reflecting the normal pattern of views of such ads. Revenue from premium products that are active for a defined maximum period is recognised over that period. Revenue from other premium products benefiting the customer in a pattern similar to that of a listing fee is recognised over the applicable period similar to listing fees.

Contract costs
Management expects that incremental commission fees paid to intermediaries as a result of obtaining customer contracts are recoverable. The Group has therefore applied the principle to capitalise contract costs. Capitalised commission fees are amortised over the period during which related revenues are recognised.

Estimation uncertainty
For classified revenues from certain listing fees and premium products recognised over time, judgement is required in determining the normal pattern of views for ads displayed for a defined maximum period of time. The management believes that, based on past experience, a declining rate is the most appropriate reflection of the normal pattern of views, meaning that ads are viewed more frequently in the beginning of the display period than towards the end of the maximum period. Relevant contracts applying this recognition principle normally have a duration of between 30 and 60 days.

Revenue from contracts with customers

	2020	2019
Revenue from contracts with customers	670.4	678.3
Other revenues	3.1	2.0
Operating revenues	**673.5**	**680.3**

Contracts with customers typically have a contract period of one year or less and do not contain significant variable consideration.

Revenue is measured at the transaction price agreed under the contract. No element of financing is deemed present as the sales are mainly made with a credit term of 30 to 40 days, which is consistent with market practice. While deferred payment terms exceeding normal credit terms may be agreed in rare circumstances, the deferral never exceeds 12 months.

Adevinta has no significant obligations for refunds, warranties or other similar obligations.

Note 7: Revenue recognition continued

Disaggregation of revenues

In the following table, revenue is disaggregated by category.

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

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

Brazil revenues include revenue of the Brazilian subsidiary only and does not include revenue of Silver Brazil joint venture accounted for using the equity method. Global Markets do not include revenue of willhaben accounted for using the equity method. This is in contrast with the analysis presented in note 6 that includes 100% revenue of Silver Brazil joint venture and of willhaben joint venture for the purposes of Operating Segments disclosure.

Contract assets and liabilities

The contract assets primarily relate to Adevinta's rights to consideration for advertisements delivered but not billed at the reporting date. The contract assets are transferred to receivables when the rights to receive consideration become unconditional. No significant credit losses are expected on contract assets.

The contract liabilities relate to payments received in advance of performance under advertising and classified contracts. Contract liabilities are recognised as revenue when Adevinta performs under the contract.

Note 7: Revenue recognition continued

The following table provides information about receivables and significant changes in contract assets and contract liabilities from contracts with customers.

	Receivables from contracts with customers	Contract assets	Contract liabilities
Balance as at 1 January 2020	**94.6**	**7.5**	**56.8**
Net of cash received and revenues recognised during the period	(6.0)	6.8	3.0
Transfer from contract assets recognised at the beginning of the period to receivables	7.4	(7.4)	–
Business combination	0.1	–	0.1
Disposals through sales of businesses	(2.9)	(0.8)	(0.5)
Impairment losses recognised	(7.3)	–	–
Currency translation	(1.1)	(0.1)	(0.9)
Balance as at 31 December 2020	**84.8**	**6.0**	**58.5**

	Receivables from contracts with customers	Contract assets	Contract liabilities
Balance as at 1 January 2019	**81.6**	**2.0**	**51.2**
Net of cash received and revenues recognised during the period	11.0	6.4	5.6
Transfer from contract assets recognised at the beginning of the periods to receivables	2.0	(2.0)	–
Business combination	5.4	1.2	–
Impairment losses recognised	(5.3)	–	–
Currency translation	(0.1)	(0.1)	(0.1)
Balance as at 31 December 2019	**94.6**	**7.5**	**56.8**

All contracts have duration of one year or less, hence contract liability at the beginning of the period is recognised as revenue during the period. Remaining performance obligations at the reporting date have original expected durations of one year or less. The Group applies the practical expedient and does not disclose information about remaining performance obligations that have an original expected duration of one year or less.

Contract costs

In 2020 and 2019, no significant incremental commission fees were capitalised and no impairment loss related to capitalised contract costs was recognised.

Note 8: Other operating expenses

	2020	2019
Commissions	13.6	13.8
Rent, maintenance, office expenses and energy	11.3	12.5
Marketing spend	79.8	96.6
Professional fees	41.1	50.5
Travelling expenses	3.2	8.8
IT expenses	55.2	49.4
Other expenses	28.8	14.3
Total	**233.0**	**246.0**

The decrease in marketing spend and professional fees is mainly due to cost control measures due to Covid. The increase in other expenses is mainly due to ramp-up of the transactional model.

Note 9: Personnel expenses and remuneration

	2020	2019
Salaries and wages	204.6	183.3
Social security costs	60.4	51.1
Net defined benefit expense	2.2	2.0
Share-based payment	7.5	6.0
Other personnel expenses[(1)]	(16.7)	(7.6)
Total	**258.0**	**234.8**
Average number of full-time equivalents	4,202	3,619

[1] Other personnel expenses are deducted with the amount of capitalised salaries, wages and social security.

The Board of Directors' Statement of Executive Compensation

Pursuant to section 6-16a of the Public Limited Liability Companies Act (the "Act"), the Board of Directors must draw up a special statement of guidelines for the pay and other remuneration of senior executives. According to section 5-6 (3) of the Act, the Annual General Meeting shall hold an advisory vote on the Board of Directors' guidelines for the remuneration of the executive management employees for the coming financial year (section 1 below), and a binding vote on guidelines concerning share-related incentive programmes (section 2 below).

The Board of Directors has appointed a dedicated Remuneration Committee in order to ensure thorough consideration of matters relating to the remuneration of the CEO and other members of the Adevinta Executive Team. In addition, the Committee advises the Board of Directors and CEO on the philosophy, principles and strategy for the compensation of senior executives at Adevinta.

Note 9: Personnel expenses and remuneration continued

1. Guidelines for determination of salary and other remuneration for the financial year 2021

The Board of Directors and its Remuneration Committee seek to ensure that the remuneration packages of the employees in its remit are appropriate, well balanced, and competitive in order to attract, retain and motivate key talent which is crucial to the business.

A competitive base salary forms the basis of the remuneration package (along with benefits and pension, where applicable). Individuals may also participate in short-term and long-term incentive schemes for which payments are subject to performance, aligning and motivating participants to drive business performance and value creation for shareholders. The remuneration of executives is regularly assessed taking into account market positioning, the scope and responsibilities of the role and performance in the role.

The Remuneration Committee has adopted the following principles when approaching executive remuneration:

Performance Driven

Incentive arrangements will be designed to drive both individual and organisational long-term sustainable performance, ensuring that the interests of executives are closely aligned with those of shareholders.

Highly Competitive

Reward levels will be highly competitive on a total remuneration basis in order to attract and retain top talent in a diverse global marketplace.

Fair and Equitable

Remuneration structures will be compliant with the listing location of Adevinta and its shareholder base, but will be sensitive to talent environment(s) in a diverse global marketplace. A consistent approach will be taken to remuneration internationally to ensure fair and equitable reward decisions across Adevinta, albeit that local custom and practice will be considered to ensure that reward practice remains relevant in each country.

Simple and Measurable

Reward structures and policies will be simple to administer, understand and will be easily measured. Where reward structures vary across geographies, policies and processes will be aligned where possible and will be compliant with local jurisdictions.

Flexible

The Remuneration Policy will be tailored to the requirements of Adevinta and will be flexible to support the evolving business.

Note 9: Personnel expenses and remuneration continued

The table below summarises the elements of remuneration applicable to executives.

Element and purpose	Operation	Maximum opportunity
Base Salary *Foundation of remuneration package that reflects the individual's role, responsibilities and performance.* *A competitive base salary allows us to attract, retain and motivate high-calibre executives with the skills to achieve our key aims while managing costs.*	Base salaries are typically reviewed annually and set in January of each year, although the Remuneration Committee may undertake an out-of-cycle review if it determines this to be appropriate. When reviewing base salaries, the Remuneration Committee typically takes the following into account: • the level of skill, experience and scope of responsibilities, individual and business performance, economic climate and market conditions; • the upper quartile market pay in the context of companies of a similar size and complexity to Adevinta; and • general base salary movements across the Group.	When determining salary increases, the Remuneration Committee will consider the factors outlined in this table under 'Operation'.
Pension *To remain competitive and to encourage retirement planning.*	The Adevinta Executive Team may be eligible to participate in a defined benefit or defined contribution pension scheme or alternatively may receive cash in lieu of pension. Contributions to defined contribution schemes or cash in lieu of pension are linked to base salary only.	The CEO continues to participate in the Schibsted defined benefit pension plan which entitles him to a disability pension, early retirement pension from the age of 62 and thereafter a lifelong retirement pension. In addition, the CEO participates in a defined contribution pension plan. The CEO of Spain receives a cash payment equal to 8% of his salary in lieu of pension. The CEO of France participates in a defined benefit pension plan. The SVP People & Communications participates in a defined contribution scheme with employer contributions equal to 6% of salary. Other members of the Adevinta Executive Team do not currently receive pension contributions (other than any applicable state pension contributions in the applicable country). Any future pension arrangements will be viewed in connection with the overall salary and employment conditions, and will be aligned with market practice in the relevant country. Local rules governing pension entitlement, social security entitlement and taxation are taken into account when designing individual pension plans.

Note 9: Personnel expenses and remuneration continued

Element and purpose	Operation	Maximum opportunity
Annual Variable Incentive	The Adevinta Executive Team participates in the Annual Variable Incentive (AVI). This is a cash-based plan, based on performance over a one-year period. Payouts are based on the achievement of financial, strategic and operational objectives, which are set by the Remuneration Committee and Board of Directors at the start of the financial year. In addition, special incentive plans can be agreed with the Executive Team members.	The maximum AVI opportunity for the Adevinta Executive Team are as follows: • CEO: 50% of salary • Between 40% to 50% for other members of the Adevinta Executive Team.

Severance pay

The CEO is entitled to a severance payment equal to 18 months' base salary in addition to the six-month notice period. The other members of the Adevinta Executive Team are entitled to a six-month notice period. Some members of the Adevinta Executive Team are also entitled to severance payments equal to six months salary, as set out in the table below, in addition to legal requirements.

	Position	Notice period (months)	Severance pay entitlement (month's salary)
Rolv Erik Ryssdal	Chief Executive Officer	6	18
Uvashni Raman	Chief Financial Officer	6	–
Gianpaolo Santorsola	Chief Executive Officer (Spain)	6	–
Antoine Jouteau	Chief Executive Officer (France)	6	6
Ovidiu Solomonov	SVP (Global Markets)	6	6
Renaud Bruyeron	SVP (Product & Technology)	6	–
Nicki Dexter	SVP (People & Communications)	6	6

Note 9: Personnel expenses and remuneration continued

2. Guidelines for share based programmes for the financial year 2021*

2.1. Performance Share Plan

The Performance Share Plan (PSP) is proposed to continue during 2021 subject to shareholder approval at the 2021 Annual General Meeting.

The table below outlines the operation of the plan for 2021.

Element and purpose	Operation	Maximum opportunity
Performance Share Plan *To aid retention and align the interests of participants with those of shareholders to motivate and incentivise delivering sustained business performance over the long term.*	The PSP is an annual three-year rolling plan, delivered in Adevinta ASA shares. For the Adevinta executive management team, the vesting period is five years. For 2021, the aim is to offer this to the CEO, the members of Adevinta's Executive Team and other senior managers. The number of shares the employee receives will depend on the Adevinta ASA share price performance against a peer group (relative Total Shareholder Return (TSR)). The payout mechanism related to the PSP is as follows: • Below median performance – 0% of the award vests • Median performance – 25% of the award vests • Between median and upper quartile performance – straight line vesting between 25% and 100% of the award • Upper quartile performance – 100% of the award vests The peer group used is the companies in the STOXX Europe 600 Index with a market capitalisation of half to double that of Adevinta ASA 30 days prior to the end of the calendar year. This currently includes over 300 companies across a variety of sectors.	Under the PSP, participants will be granted an Award equivalent to a percentage of their base salary at the time of granting as follows: • CEO – 300% of base salary • Other Adevinta Executive Team – 175% to 300% of base salary • Senior employees – 75% to 175% of base salary For the Adevinta Executive Team (including the CEO), vesting of awards is on a phased basis as follows: • 50% of the award vests after three years • 25% of the award vests after four years • 25% of the award vests after five years

* 2021 share based plans have not been communicated yet, and timing and content are dependent on the completion of the eBay Classifieds Group acquisition

The PSP is governed by a set of Plan rules, approved by the Board, which ensure fair and consistent governance of the Plan. The rules include change of control and "good leaver"/"bad leaver" provisions.

The PSP also includes malus and clawback provisions which permit Adevinta ASA to cancel unvested shares and/or to require already transferred shares to be delivered back to the Company in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts or the audited accounts of any Group Member; and/or
- action or conduct of participant which, in the reasonable opinion of the Board of Directors, amounts to employee misbehaviour, fraud or gross misconduct.

Note 9: Personnel expenses and remuneration continued

Agreements entered into with employees under previous plans (including those which transferred to Adevinta ASA as part of the demerger process) will continue together with some modifications made in 2019 as explained in note 10.

2.2 Mandatory shareholding requirements

The Adevinta Executive Team are subject to the following shareholding requirements:

- CEO: 300% of base salary (within five years of 10 April 2019)
- Other Adevinta Executive Team: 200% of base salary (within five years of 10 April 2019)

2.3 Adevinta Share Purchase Plan for all Group employees

In order to motivate and retain employees, all Group employees are invited annually to save up to 5% of their annual base salary, subject to a maximum of €7,500, through payroll deductions in order to purchase shares of Adevinta ASA.

The share purchase is made on market terms four times a year. Employees who continue to hold their shares for two years after purchase (the "Holding Period") and who are still employed by the Group at the end of the Holding Period, are entitled to receive one free bonus share from Adevinta for every one share purchased and held during the Holding Period.

3. Agreements entered into or amended in 2020 and their impact on the company and the shareholders

In 2020, Adevinta entered into agreements with selected executives regarding participation in the share-based long-term incentive plan (the PSP). For further details see note 10. The Board of Directors believes that share-based remuneration promotes value creation in the Group and that the impact these agreements have on the company and shareholders is positive.

4. Remuneration for the financial year ending 31 December 2020

The implementation of executive remuneration principles during 2020 have overall been in line with the described principles in the Statement of Executive Compensation for 2020, previously approved by Adevinta's Annual General Meeting. As mentioned in the Statement of Executive Compensation for 2020, during 2020 and 2019 Adevinta Executive Team (and other senior employees) were, in addition to the PSP programmes, participants in the following incentive schemes:

- The Senior Executive Plan (SEP) and Key Contributor Plan (KCP) both established in 2015; and
- The Schibsted Long Term Incentive (LTI) plan which was established in 2018.

Existing awards under these schemes held by participants who transferred to Adevinta as part of the demerger were settled in connection with the demerger so as to align their incentives with Adevinta as follows:

- Awards under the KCP settled in two equal cash tranches on or about the following dates:
  - 10 April 2019; and
  - 10 April 2020.

  Participants must remain employed at the time of the payment to be eligible to receive it.

- Awards under the SEP vest according to the existing schedule, with vesting dates in December 2019, 2020 and 2021. Settlement will be made in cash. Participants must remain employed at the time of the payment to be eligible to receive it.

Note 9: Personnel expenses and remuneration continued

- Performance under the 2018 Schibsted LTI plan was measured at the demerger date and was determined to be at the maximum level. Awards under the 2018 Schibsted LTI were divided into two parts:
  - Pro rata LTI: The maximum opportunity was pro-rated for time from the start of the performance period (1 January 2018) to the demerger date and converted to a number of Adevinta ASA shares. These shares vested on 10 April 2020, subject to continued employment.
  - Transition Award: To compensate for awards which would otherwise be forefeited as a result of the demerger, a Transition Award was granted in Adevinta ASA shares equal in value to the sum of:
    - The part of the original LTI value not included in the Pro rata LTI (i.e. the portion in respect of the period from the demerger date to the end of the original performance period); and
    - An additional value reflecting a three-month period in which the Adevinta employees were not eligible to participate in the subsequent 2019 Schibsted LTI plan.

  These shares will vest on 10 April 2021, subject to continued employment.

- Matching awards granted under the Schibsted Employee Share Saving Plan were crystallised and valued at the demerger. Settlement will be made in cash, subject to continued employment at the time of the payment, in six monthly instalments. The first instalment paid in June 2019 related to matching awards for shares purchased under the ESSP in March and June 2017. The second instalment in December 2019 related to matching awards for shares purchased under the ESSP in September and December 2017, and so on. The final payment was made in December 2020.

Details of salary, variable pay and other benefits provided to Group management in 2020 (in € 1,000):

Members of Group management[1]	Salary including holiday pay	Variable pay	Shared-based payment (earned 2020)[2,3]	Other benefit[4]	Total remuneration	Accrued pension expenses
Rolv Erik Ryssdal	438	93	731	23	1,285	297
Uvashni Raman	357	289	327	3	976	–
Nicki Dexter	227	45	177	1	450	11
Gianpaolo Santorsola	332	72	501	69	974	–
Antoine Jouteau	335	138	456	39	968	8
Ovidiu Solomonov	237	46	303	28	614	–
Renaud Bruyeron	240	48	172	87	547	–

(1) Some of the members receive salary in other currencies than €. Average annual exchange rates are used to translate the numbers in the table above in €.
(2) Cost details and valuation of share-based payment are disclosed in note 10.
(3) Shared-based payment is the accrued amounts related to 2020 (the amounts do not necessarily reflect actual shares transferred or cash payments) for the Schibsted legacy programmes and Adevinta programmes. For further details see note 10.
(4) Gianpaolo Santorsola receives a cash payment equal to 8% of his salary in lieu of pension.

Note 9: Personnel expenses and remuneration continued

Details of salary, variable pay and other benefits provided to Group management in 2019 (in € 1,000):

Members of Group management[1]	Salary including holiday pay	Variable pay	Shared-based payment (earned 2019)[2,3]	Other benefit[4]	Total remuneration	Accrued pension expenses
Rolv Erik Ryssdal	467	227	694	26	1,414	330
Uvashni Raman[5]	260	324	160	78	822	–
Nicki Dexter	206	71	141	1	420	12
Gianpaolo Santorsola	325	140	704	57	1,226	–
Antoine Jouteau	328	174	384	40	927	14
Ovidiu Solomonov	240	75	227	209	751	–
Renaud Bruyeron	185	62	148	108	503	–

(1) Some of the members receive salary in other currencies than €. Average annual exchange rates are used to translate the numbers in the table above in €.
(2) Cost details and valuation of share-based payment are disclosed in note 10.
(3) Shared-based payment is the accrued amounts related to 2019 (the amounts do not necessarily reflect actual shares transferred or cash payments) for the Schibsted legacy programmes and Adevinta programmes. For further details see note 10.
(4) Gianpaolo Santorsola receives a cash payment equal to 8% of his salary in lieu of pension.
(5) Uvashni Raman joined Adevinta as CFO in April 2019 and hence the remuneration presented in the table is for April-December 2019.

The development in number of shares not-vested in share-based payment programmes for the Group management in 2020 is as follows:

	Shares not-vested 1 January 2020[1]	Shares granted[2]	Adjustment shares granted	Shares vested	Shares not-vested 31 December 2020
Rolv Erik Ryssdal	268,045	128,028	–	(41,526)	354,547
Uvashni Raman	118,059	98,188	–	–	216,247
Nicki Dexter	67,034	39,230	–	(9,794)	96,470
Gianpaolo Santorsola	212,335	91,175	–	(60,082)	243,428
Antoine Jouteau	177,698	91,175	–	(25,984)	242,889
Ovidiu Solomonov	115,082	67,329	–	(12,463)	169,948
Renaud Bruyeron	63,934	38,505	–	(10,682)	91,757

(1) The Schibsted legacy programmes are excluded from the table.
(2) Shares granted relate to the Adevinta PSP of 2020.

Note 9: Personnel expenses and remuneration continued

The development in number of shares not-vested in share-based payment programmes for the Group management in 2019 was as follows:

	Shares not-vested 1 January 2019[1]	Shares granted[2]	Adjustment shares granted	Shares vested	Shares not-vested 31 December 2019
Rolv Erik Ryssdal	–	268,045	–	–	268,045
Uvashni Raman	–	118,059	–	–	118,059
Nicki Dexter	–	67,034	–	–	67,034
Gianpaolo Santorsola	–	212,335	–	–	212,335
Antoine Jouteau	–	177,698	–	–	177,698
Ovidiu Solomonov	–	115,082	–	–	115,082
Renaud Bruyeron	–	63,934	–	–	63,934

(1) The Schibsted legacy programmes are excluded from the table.
(2) Shares granted include Schibsted legacy programmes converted into Adevinta programmes.

Remuneration[1] to the Board of Directors in 2020 (in € 1,000):

	Board remuneration	Remuneration Committee	Audit Committee	Nomination Committee	Total remuneration
Members of the Board and Committees:					
Orla Noonan, Chairman of the Board and the Remuneration Committee	109	11	–	–	120
Kristin Skogen Lund, Member of the Board and the Remuneration Committee[2]	–	–	–	–	–
Peter Brooks-Johnson, Member of the Board and the Audit Committee	56	–	11	–	67
Terje Seijeseth, Member of the Board and the Audit Committee	47	–	11	–	58
Sophie Javary, Member of the Board and the Remuneration Committee	56	8	–	–	64
Fernando Abril-Martorell Hernández, Member of the Board and Chairman of the Audit Committee	56	–	17	–	73
Trond Berger, Member of the Nomination Committee and Committee Chair	–	–	–	13	13
Mette Krogsrud, Member of the Nomination Committee[3]	–	–	–	–	–
Total	**324**	**19**	**39**	**13**	**395**

(1) The 2020 remuneration refers to agreed remuneration for 2020 that is due to be paid in 2021.
(2) Kristin Skogen Lund is not entitled to remuneration as she holds the position of CEO in Schibsted.
(3) Mette Krogsrud is not entitled to remuneration as she holds the position of EVP/Chief People & Corporate Affairs Officer in Schibsted.

Note 9: Personnel expenses and remuneration continued

Remuneration[1] to the Board of Directors in 2019 (in € 1,000):

	Board remuneration	Remuneration Committee	Audit Committee	Total remuneration
Members of the Board and Committees:				
Orla Noonan, Chairman of the Board and the Remuneration Committee	118	13	–	131
Kristin Skogen Lund, Member of the Board and the Remuneration Committee[2]	–	–	–	–
Peter Brooks-Johnson, Member of the Board and the Audit Committee	61	–	11	72
Terje Seijeseth, Member of the Board and the Audit Committee	50	–	11	61
Sophie Javary, Member of the Board and the Remuneration Committee	61	8	–	69
Fernando Abril-Martorell Hernández, Member of the Board and Chairman of the Audit Committee	61	–	19	80
Total	**351**	**21**	**41**	**413**

[1] The 2019 remuneration refers to agreed remuneration for 2019 that was due to be paid in 2020. No remuneration was paid in 2019.
[2] Kristin Skogen Lund is not entitled to remuneration as she holds the position of CEO in Schibsted.

Note 10: Share-based payment

Principle

In equity-settled share-based payment transactions with employees, the employee services and the corresponding equity increase are measured by reference to the fair value of the equity instruments granted. The fair value of the equity instruments is measured at grant date and is recognised as personnel expenses and equity increase immediately or over the vesting period when performance vesting conditions require an employee to serve over a specified time period.

At each reporting date the entities remeasure the estimated number of equity instruments that are expected to vest taking into account the estimated forfeiture rate. The amount recognised as an expense is adjusted to reflect the number of equity instruments which are expected to be, or actually become, vested.

In cash-settled share-based payment transactions with employees, the employee services and the incurred liability are measured at the fair value of the liability. The employee services and the liability are recognised immediately or over the vesting period when performance vesting conditions require an employee to serve over a specified time period. Until the liability is settled, the fair value of the liability is revised at each reporting date and at settlement date, with changes in fair value recognised in profit or loss.

Long-term incentive plans

Some members of management and other key employees in Adevinta have historically been included in Schibsted's share-based payment scheme. The schemes in question are the Senior Executive Plan and the Key Contributor Plan, both established in 2015, and the Long-term Incentive Plan (LTI), which was established in 2018. These programmes were modified during 2019 (see below). The senior employees of Adevinta including the Adevinta executive management team were granted in June 2019 (with effect from 10 April 2019) a so-called Transition Award and the Adevinta Performance Share Plan (PSP). In addition, some members of the Adevinta executive management team have individual share-based programmes. In January 2020, the Adevinta PSP for 2020 was granted to senior employees of Adevinta.

Note 10: Share-based payment continued

All amounts presented below related to long-term incentives are in connection with these schemes and with local programmes in Distilled Sch Ltd.

	2020	2019
Share-based cost (included in personnel expenses) (note 9)	**7.5**	**6.0**
Of which is equity-settled	6.7	5.5
Of which is cash-settled	0.8	0.5

In 2020, the LTI and the Transition Award programmes affected the equity-settled share-based cost by €1.6 million (€1.3 million in 2019), the 2019 PSP programme affected the equity-settled share-based cost by €2.8 million (€2.2 million in 2019) and the 2020 PSP programme affected the equity-settled share-based cost by €1.3 million. In addition, in 2020, the Adevinta employee Share Savings Plan affected the equity-settled share-based cost by €0.8 million.

	2020	2019
Liabilities arising from share-based payment transactions	1.4	2.1

Settlement of rights under the Schibsted schemes (Key Contributor Plan (”KCP”), Senior Executive Plan (”SEP”), Long-term incentive plan 2018 (”LTI”) and Employee Share-Saving Program (“ESSP”) and grant of Adevinta Transition Award

During Q2 2019, there were certain modifications to the settlement of rights under the Schibsted schemes. In addition, Adevinta ASA’s Board decided that awards accruing to Adevinta employees from the Schibsted employee share-saving programme ("ESSP") will be settled in cash. Existing performance awards in the LTI programme were pro-rated and measured just prior to the demerger date and resulted in a maximum pay-out to employees amounting to €1.6 million. This was settled in the form of a fixed number of Adevinta ASA shares just after the first anniversary of the IPO subject to the relevant employee remaining in continuous employment with Adevinta up until this date. Existing awards in the KCP programme have been settled in cash during 2019 and 2020 with a pay-out of €0.2 million and €0.3 million respectively. Existing awards in the SEP programme have been partly settled in cash during 2020 with a pay-out of €0.2 million and an expected pay-out of €0.3 million in 2021.

In June 2019 (with effect from 10 April 2019), the Company granted to some senior employees a so-called Transition Award. The award will be paid out in Adevinta ASA shares just after the second anniversary of the IPO on the condition the relevant employee remains in continuous employment with Adevinta up until that date. This award contains two elements. The first element mainly comprises a fixed number of shares corresponding to the maximum pay-out related to the existing LTI awards that would have vested after the IPO date and the Adevinta ASA share price during the first 30 days after the IPO. The total grant value of this element is €3.1 million. The second element is an amount corresponding to three months of the Adevinta Performance Share Plan (or PSP) (see below for more information about PSP) at 62.5-percentile pay-out. The total grant value of this element is €0.5 million. The accounting effects of the modifications of the Schibsted Schemes and the grant of the Transition award are included in this annual report in accordance with IFRS 2 based on a total incremental value of €1.6 million and an estimated fair value of new grants of €1.4 million, both of which will be expensed over the remaining vesting period in addition to the original grant value of the Schibsted schemes.

Note 10: Share-based payment continued

The Adevinta Performance Share Plan ("PSP")

In June 2019 (with effect from 10 April 2019), and in May 2020 (with effect from 1 January 2020), the PSP was granted to senior employees of Adevinta including the Adevinta executive management team. Under the PSP, the employees will be granted awards of Adevinta ASA shares on an annual basis. These shares will be subject to a three-year vesting period (for the Adevinta executive management team the vesting is subject to an additional holding and employment period meaning that 50% of their awards vests after three years, 25% of their awards vests after four years and the remaining 25% of their awards vests after five years), at the end of which they will be transferred to the employee. Under the PSP, the employee will be granted an award over Adevinta ASA shares based on their prescribed maximum opportunity under the plan (for the Adevinta executive management team the maximum amount is in the range of 175% and 300% of his/her base salary). The number of shares the employee receives will depend on the Adevinta ASA share price performance against a peer group (relative Total Shareholder Return (TSR)) over a three-year performance period. The payout mechanism related to the PSP is as follows:

- For minimum payout, Adevinta ASA shares must perform better than 50% of Adevinta ASA's peers ("median" relative TSR). If this is achieved, 25% of the shares granted to the employees under the PSP award will be transferred to the employee after the performance period. Total payout will in this case be €3.1 million for shares granted in 2019 and €2.9 million for shares granted in 2020 based on the total initial grant.
- For maximum payout, Adevinta ASA shares must perform better than 75% of Adevinta ASA's peers ("upper quartile" relative TSR). If this is achieved, 100% of the shares granted to the employee under the PSP award will "vest" and be transferred to the employee. Total payout will in this case be €12.5 million for shares granted in 2019 and €11.6 million for shares granted in 2020 based on the total initial grant.
- The payout is linear between the minimum and maximum payout.

The fair value of shares granted has been estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options have been granted. The model simulates the TSR and compares it against a group of peers. It takes into account the projection period, the share price (Adevinta ASA share price) at grant date, the risk free interest rate, the dividend yield, the share price volatility of both Adevinta ASA and the peer group, future expected correlation of comparators' TSR and initial TSR performance. The fair value of the shares granted in 2019 measured at grant date was of 59.5 NOK and the fair value of the shares granted in 2020 measured at grant date was of 43.20 NOK.

The peer group regarding the PSP is the group of companies in the STOXX Europe 600 Index (Europe's 600 largest listed companies that are between half and twice the size of Adevinta ASA, as measured by market capitalisation at date of grant). The accounting effects of the PSP are included in this annual report in accordance with IFRS 2. The total fair value of the PSP granted in 2019 was estimated to be €8.8 million, which will be expensed over the vesting period. The total fair value of the PSP granted in 2020 is estimated to be €4.3 million, which will be expensed over the vesting period. In 2020, the effect of the PSP granted in 2019 is a personnel cost of €3.2 million (€2.5 million in 2019) and a corresponding increase in equity of €2.8 million (€2.2 million in 2019) and in current liabilities of €0.4 million (increase of €0.3 million in 2019) as per 31 December 2020. In 2020, the effect of the PSP granted in 2020 is a personnel cost of €1.5 million and a corresponding increase in equity of €1.3 million and in current liabilities of €0.2 million as per 31 December 2020.

Note 10: Share-based payment continued

Number of Adevinta shares in the LTI, Transition Award and PSP programmes:	2020	2019
Number of shares granted, not-vested at 1 January	2,145,656	–
Number of shares granted[1]	1,144,176	2,279,605
Number of shares forfeited	(191,746)	(133,949)
Number of shares vested during the period	(264,716)	–
Number of shares converted into cash	(17,744)	–
Number of shares not-vested at 31 December	**2,815,626**	**2,145,656**
Average share price at vesting date (NOK per share)	110.6	–
Weighted average fair value at grant date (NOK per share)	58.2	69.6

[1] Shares granted in 2019 included Schibsted legacy programmes converted into Adevinta programmes.

The table above includes the development in shares for the programmes that have been granted in Adevinta ASA shares during 2020 and 2019: the Long-term Incentive Plan 2018 ("LTI"), the Adevinta Transition Award, the PSP granted in 2019 and the PSP granted in 2020. It does not include the KCP and the SEP programmes as they will be settled in cash according to the value of the outstanding Schibsted shares held by the participants as of the date of modification of these schemes.

The Adevinta Share Purchase Plan ("ASPP")

As from 14 May 2019 Adevinta employees can participate in the Adevinta Share Purchase Plan (ASPP). As a participant of the ASPP, Adevinta employees have the opportunity to purchase Adevinta ASA shares through contributions from their salary ("Purchased Shares") and receive a Company matching award of free shares in proportion to their Purchased Shares ("Matching Share Award"), subject to the employee remaining an Adevinta employee and not selling the Purchased Shares for a period of two years. The maximum contribution an employee may make each year will be €7,500 or an amount equal to 5% of their gross salary (if lower). For the enrolment in the ASPP until mid-September 2019 the employees' Matching Share Award comprised two shares for every Purchased Share. Thereafter, the Matching Share Award will comprise one share for every Purchased Share. The accounting effects of the ASPP have been assessed in accordance with IFRS 2 and have been included in this annual report. In 2020, the effect of the ASPP is a personnel cost of €0.8 million (€0.1 million in 2019) and a corresponding increase in equity of €0.8 million (€0.1 million in 2019).

Note 11: Other income and expenses

Principle
Income and expenses of a special nature are presented on a separate line within operating profit (loss). Such items are characterised by being transactions and events not considered to be part of activities in the normal course of business 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 or operations and other expenses. Acquisition-related costs may include both costs related to acquisitions done and transactions that were not completed.

€ million	Full year 2020	Full year 2019
Gain (loss) on sale and remeasurement of subsidiaries, joint ventures and associates	6.6	0.4
Gain (loss) on amendment of pension plans	0.0	0.0
Other	0.5	0.6
Other income or gain	**7.1**	**1.0**
Restructuring costs	(2.4)	(6.8)
IPO-related costs	(3.1)	(5.6)
Acquisition-related costs (note 4)	(32.5)	(1.0)
Integration-related costs	(6.1)	–
Gain from remeasurement of previously held equity interests in business combinations achieved in stages	–	(0.0)
Gain (loss) on sale of intangible assets, property, plant & equipment and investment property	(0.7)	(0.0)
Other	(1.7)	(0.4)
Other expenses or loss	**(46.5)**	**(13.8)**
Total	**(39.4)**	**(12.8)**

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

Restructuring costs of €2.4 million in 2020 consist primarily of costs from restructuring processes in Other/Headquarters, Spain and Global Markets (€6.8 million in 2019). IPO-related costs of €3.1 million mainly relate to the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019. IPO-related costs of €5.6 million in 2019 consisted mainly of expenses related to Adevinta ASA's listing process.

Note 12: Financial items

Financial income and expenses consist of:

	2020	2019
Interest income	1.2	0.2
Net foreign exchange gain	–	1.4
Other financial income	3.5	0.1
Total financial income	**4.7**	**1.7**
Interest expenses	(10.4)	(6.2)
Net foreign exchange loss	(84.5)	–
Impairment loss financial assets available for sale	–	–
Loss on sale of financial assets available for sale	–	(0.1)
Other financial expenses	(4.5)	(1.5)
Total financial expenses	**(99.4)**	**(7.8)**
Net financial items	**(94.7)**	**(6.1)**

Interest expenses consist of:

	2020	2019
Interest on Senior Security Notes (note 23)	4.6	–
Interest on lease liabilities (note 31)	2.2	1.7
Interest on put options (note 20 and 24)	0.1	0.1
Interest expense on other borrowings measured at amortised cost	3.5	4.4
Total interest expenses	**(10.4)**	**(6.2)**

In 2020, net foreign exchange gain (loss) resulted mainly from a €78.9 million loss with respect to the derivatives entered into in relation to the Grupo Zap acquisition (€66.9 million) and the expected acquisition of the eBay Classifieds Group (€12.0 million), the loss of €9.4 million in relation to loan denominated in euro granted by Adevinta Netherlands NV to Infojobs Brasil Atividades de Internet Ltda and a gain of €5.6 million in relation to the loan denominated in Brazilian real granted by Adevinta Finance AS to Bom Negócio Atividades de Internet Ltda in 2020 (note 22). In 2019, net foreign exchange gain (loss) was predominantly due to the change of functional currency in some Norwegian entities from NOK to €.

Note 13: Income taxes

Principle

Current tax liabilities and assets are measured as the amount that is expected to be paid to or recovered from the tax authorities.

Deferred tax liabilities and assets are computed for all temporary differences between the tax base and the carrying amount of an asset or liability in the consolidated financial statements and the tax base of tax losses carried forward. For deferred tax assets and liabilities, the nominal tax rates expected to apply when the asset is realised or the liability is paid will be used.

Deferred tax assets relating to tax deficits and other tax-reducing temporary differences are recognised to the extent that it is probable that they can be applied against future taxable income.

Deferred tax liabilities for temporary differences associated with investments in subsidiaries, associates and joint ventures are recognised when it is probable that the temporary difference will reverse in the foreseeable future. Deferred tax liabilities are not recognised for the initial recognition of goodwill.

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

Estimation uncertainty

Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with tax planning strategies. For unrecognised deferred tax assets see table below.

Adevinta's income tax expense comprises the following:

	2020	2019
Current income taxes	53.8	50.2
Deferred income taxes	(22.8)	1.0
Taxes	**31.0**	**51.3**
Of which recognised in profit or loss	31.0	49.6
Of which recognised in other comprehensive income	0.0	0.1
Of which recognised in equity	–	1.5

Note 13: Income taxes continued

Adevinta's underlying tax rate differs from the nominal tax rates in countries where Adevinta has operations. The relationship between tax expense and accounting profit (loss) before taxes is as follows:

	2020	2019
Profit (loss) before taxes	**(38.8)**	**116.7**
Estimated tax expense based on nominal tax rate in Norway of 22%	(8.5)	25.7
Tax effect share of profit (loss) of joint ventures and associates	(3.6)	(1.3)
Tax effect impairment loss goodwill	9.3	5.0
Tax effect gain on sale remeasurement of subsidiaries, joint ventures and associates	(1.5)	(0.1)
Tax effect other permanent differences	5.1	1.8
Change in unrecognised deferred tax assets	21.2	2.7
Effect of tax rate differentials abroad	8.8	15.8
Effect of changes in tax rates	0.2	0.1
Taxes recognised in profit or loss	**31.0**	**49.6**

Permanent differences include, in addition to non-deductible operating expenses, tax-free dividends and gains (losses) on sale of subsidiaries, joint ventures and associated companies. Such gains (losses) are recognised in Other income and expenses.

Tax expense for 2020 is positively impacted by €22.0 million from the recognition of deferred tax assets. The recognition is based on obtaining assurance that future tax benefits can now be utilised against taxable profits of tax groups in Spain and France. Tax expense for 2019 was positively impacted by €7.8 million from the subsequent recognition of previously unrecognised deferred tax benefits acquired in business combinations. The recognition was based on obtaining assurance that the related pre-acquisition tax benefits can be utilised against taxable profits of the tax group including the acquiree.

Adevinta's net deferred tax liabilities (assets) are made up as follows:

	2020	2019
Current items	(5.7)	(1.6)
Intangible assets	79.1	93.4
Other non-current items	(9.4)	(6.5)
Unused tax losses	(137.2)	(136.6)
Calculated net deferred tax liabilities (assets)	**(73.2)**	**(51.3)**
Unrecognised deferred tax assets	130.1	132.6
Net deferred tax liabilities (assets) recognised	**56.9**	**81.2**
Of which deferred tax liabilities	58.5	82.9
Of which deferred tax assets	(1.6)	(1.6)

Note 13: Income taxes continued

Adevinta's unrecognised deferred tax assets relate mainly to foreign operations with tax losses where future taxable profits may not be available before unused tax losses expire, which mainly relate to operations in Mexico, Austria, Italy and Norway. The majority of these tax losses can be carried forward for an unlimited period. Approximately 23% of the unused tax losses expire during the first ten years.

The development in the recognised net deferred tax liabilities (assets):

	2020	2019
As at 1 January	**81.2**	**68.5**
Change in accounting policy	–	(0.2)
Change included in tax expense	(22.8)	1.0
Changes from transactions with owners (Schibsted)	–	(0.4)
Change from purchase and sale of subsidiaries	(1.5)	11.7
Reclassified to/from current income taxes	–	1.7
Reclassified to/from current liabilities	–	(1.1)
Translation differences	(0.0)	(0.1)
As at 31 December	**56.9**	**81.2**

Deferred tax liabilities and assets are offset for liabilities and assets in companies which are included in local tax groups.

Note 14: Earnings per share

Principle:
Earnings per share and diluted earnings per share are presented for ordinary shares. Earnings per share is calculated by dividing profit (loss) attributable to owners of the parent by the weighted average number of shares outstanding, excluding treasury shares. Diluted earnings per share is calculated by dividing profit (loss) attributable to owners of the parent by the weighted average number of shares outstanding, adjusted for all dilutive potential shares.

The weighted average number of shares outstanding is adjusted for the effects of any potential dilutive shares as at the reporting date as follows:

- For share-based payment programmes where Adevinta is committed to match shares purchased by employees without performance conditions, by including the expected number of matching shares that would be issuable.
- For other share-based payment programmes, by including the number of shares that would be issuable based on the number of shares granted less the number of shares forfeited.

Adjusted earnings per share is calculated as profit (loss) attributable to owners of the parent adjusted for items reported in the Consolidated income statement as Other income and expenses and Impairment loss, adjusted for taxes and non-controlling interests. The number of shares included in the calculation is the same as the number for earnings per share and diluted earnings per share, as described above.

Note 14: Earnings per share continued

As described in the demerger plan and information brochure of 24 January 2019, the separation of the Adevinta Business from Schibsted was effected through two demergers: 1) the demerger of Schibsted and transfer of 35% of the Adevinta Business to Adevinta ASA against transfer of consideration shares to the shareholders of Schibsted; and 2) the demerger of Schibsted Multimedia AS and transfer of 65% of the Adevinta Business to Adevinta ASA against transfer of consideration shares to Schibsted (the "SMM Demerger"). Consequently, after completion of the two demergers, Adevinta ASA's share capital consisted of 681,147,889 Shares, divided by 307,849,680 A-Shares and 373,298,209 B-Shares. On 24 October 2019, an Extraordinary General Meeting of Adevinta ASA was held and approved the Board's proposal to collapse the Company's A shares and B shares and combine them into one single, joint share class. Each holder of A shares in the Company as of 24 October 2019, as registered in the Norwegian Central Securities Depository on 28 October 2019 (the "Record Date"), were granted one subscription right for every A share held in the Company on the Record Date. After final allocation of the new shares in the rights issue that was completed on 14 November 2019, a total of 3,749,575 new shares were allocated to subscribers. The remaining 51,038 shares that were not allocated, were subscribed by the underwriter Skandinaviska Enksilda Banken AB (publ) Oslo branch, who sold the subscribed amount of new shares in the market and distributed the net proceeds from such sale to holders of subscription rights held upon expiry of the subscription period (subject to that the net proceeds for the respective holder of subscription rights exceeded 50 NOK). On 21 November 2019, Adevinta ASA registered a capital increase through the issuance of 3,800,613 new shares, amounting to €0.1 million. Following the registration of the share capital increase in the Norwegian Register of Business Enterprises, Adevinta ASA's share capital consists of 684,948,502 ordinary shares.

	Full year	
€ million	2020	2019
Weighted average number of shares outstanding	684,896,644	681,564,395
Effects of dilution	2,807,002	1,696,733
Weighted average number of shares outstanding – diluted	**687,703,646**	**683,261,127**
Profit (loss) attributable to owners of the parent	(71.6)	64.0
Earnings per share (€)	(0.10)	0.09
Diluted earnings per share (€)	(0.10)	0.09
Calculation of adjusted earnings per share		
Profit (loss) attributable to owners of the parent	(71.6)	64.0
Other income and expenses	39.4	12.8
Impairment loss	42.8	24.6
Taxes and non-controlling effect of Other income and expenses and Impairment loss	(0.6)	(1.0)
Profit (loss) attributable to owners of the parent – adjusted	**10.0**	**100.4**
Earnings per share – adjusted (€)	0.01	0.15
Diluted earnings per share – adjusted (€)	0.01	0.15

Note 15: Impairment assessments

Principle

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Property, plant & equipment and intangible assets that have a finite useful life and right-of-use assets are reviewed for impairment whenever there is an indication that the carrying amount may not be recoverable. Impairment indicators will typically be changes in market developments, competitive situations or technological developments.

An impairment loss is recognised in the Consolidated 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.

Value in use is assessed by discounting estimated future cash flows. Estimated cash flows are based on management's expectations and market knowledge for the given period, normally five years. For subsequent periods growth factors that do not exceed the long-term average rate of growth for the relevant market are used. Expected cash flows are discounted using a pre-tax discount rate that takes into account the current market assessment of the time value of money and the risks specific to the assets being tested.

For the purpose of impairment testing, assets, except goodwill, are grouped together into the smallest group of assets that generates independent cash flows (cash-generating units). Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Testing for impairment of goodwill is done by comparing the recoverable amount and carrying amount of the groups of cash-generating units to which goodwill is allocated.

Impairment losses recognised in respect of cash-generating units are first allocated to reduce the carrying amount of any goodwill. Any remaining amount is then allocated to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses are reversed for all property, plant & equipment and intangible assets if the loss no longer exists with the exception of goodwill where impairment losses are not reversed. The review for possible reversal of the impairment is performed at the end of each reporting period.

Estimation uncertainty

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.

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 and conditions, the competitive environment, technological development, the ability to realise synergies, interest rate levels and other relevant factors.

The risk of changes in expected cash flows that affect the consolidated financial statements will naturally be higher in markets in an early phase than in established markets. Furthermore, the risk of changes will be significantly higher in periods with an uncertain macroeconomic environment as is the case during Covid pandemic.

Note 15: Impairment assessments continued

Goodwill and trademarks with indefinite expected useful life specified on cash-generating units

		Goodwill		Trademarks, Indefinite	
	Operating segment	2020	2019	2020	2019
Online classifieds France	France	504.5	502.3	98.3	98.3
Online classifieds Italy, Austria, Germany and UK	Global Markets	6.9	6.9	22.9	22.9
Online classifieds Spain	Spain	345.4	345.4	18.9	18.9
Online classifieds Chile	Global Markets	11.8	58.2	5.8	6.1
Online classifieds Ireland	Global Markets	37.5	37.5	16.1	16.1
Online classifieds Hungary	Global Markets	23.6	26.0	1.6	1.9
Online classifieds Morocco	Global Markets	–	21.7	–	2.5
Online classifieds Spain, Italy and Mexico	Spain/Global Markets	–	–	128.9	128.9
Online classifieds Mexico	Global Markets	6.8	7.8	0.0	0.0
Total (note 16)		**936.5**	**1,005.8**	**292.5**	**295.6**

Impairment testing/Impairment assessments

Adevinta recognized impairment losses related to goodwill of €42.4 million in 2020 and €22.6 million in 2019.

The carrying amounts of goodwill and other intangible assets with indefinite useful lives are disclosed above. Recoverable amounts of cash generating units are estimated based on value in use. Discount rates applied take into consideration the risk-free interest rate and risk premium for the relevant country as well as any business specific risks not reflected in estimated cash flows. Expected sustained growth reflects expected growth for the relevant market.

In estimating cash flows used in calculating value in use, consideration is given to the competitive situation, current developments in revenues and margins, trends and macroeconomic expectations for the relevant operations or markets.

The Covid outbreak is currently affecting the world economy negatively. Adevinta's businesses have experienced reduced revenue due to the Covid pandemic, which is an impairment indicator and has increased the uncertainty on estimating the related recoverable amounts for certain CGUs.

Adevinta has goodwill related to cash-generating units in certain markets that presently recognise negative or low profitability due to large investments to improve market positions and immature monetisation rates. Such units are dependent on future growth in profitability to recover goodwill. This mainly applies to Mexico and Chile where there is an increased uncertainty about the future performance due to Covid and where the recoverable amounts are close to the carrying amounts. The recoverable amounts can be significantly affected by assumptions applied for the discount rates, sustained growth and future cash flows which are uncertain at this stage.

Management has based its current estimates of future cash flows on the expectation that the businesses will recover from Covid in line with expected recovery projections for 2021 and the discount rates are based on an expected stabilization of volatility, risk premiums and interest rates at levels indicative of the current environment. The expected economic recovery can be negatively impacted by the pace of the vaccine rollout and its effectiveness to deter further stringent lockdown restrictions and in certain instances continued government support policies. To this end management will continue to monitor the situation and its consequential impact on the businesses. Based on the current estimates, the only impairment loss recognised in 2020 was on the goodwill recognised when Yapo (Chile) was acquired amounting to €42.4 million. Following this impairment the carrying amount is equal to value in use.

For the marketplace operations in France and Spain, recoverable amounts are significantly higher than the carrying amount.

Note 15: Impairment assessments continued

Value in use of the marketplace operations in Chile is calculated using a pre-tax weighted average discount rate of 15.25 % and sustained growth of 2.2% after the budget period. Changes in significant assumptions would have increased (decreased) the recoverable amount (€ million) of those operations as at 31 December 2020 as follows:

Pre-tax discount rate	+1%	(1.8)
	-1%	1.2
Sustained growth	+1%	1.2
	-1%	(1.0)

The impairment losses of €22.6 million related to goodwill in 2019 was an impairment loss related to the cash-generating unit marketplace operations in Mexico. The carrying amount was equal to value in use post this impairment.

Value in use of the marketplace operations in Mexico is calculated using a pre-tax weighted average discount rate of 17.24% and sustained growth of 2.3% after the budget period. Changes in significant assumptions would have increased (decreased) the recoverable amount (€ million) of those operations as at 31 December 2020 as follows:

Pre-tax discount rate	+1%	(0.9)
	-1%	1.1
Sustained growth	+1%	0.6
	-1%	(0.5)

An increase in pre-tax discount rate of one percentage point or a decrease in sustained growth of one percentage point would have resulted in no impairment loss to be recognized in Mexico. The recoverable amount is also significantly affected by assumptions used for future cash flows which are uncertain.

Pre-tax discount rates are determined by country and are in the range between 9.0% and 17.24%. Sustained growth is determined by cash-generating units and are in the range between 1.5% and 3.4%.

Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts should this be required.

Note 16: Intangible assets

Principle

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired (note 15), and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of intangible assets with a finite useful life is allocated on a systematic basis over their useful life. Intangible assets with an indefinite useful life are not amortised.

Costs of developing software and other intangible assets are expensed until all recognition criteria are met, including the following:

- it can be demonstrated that the asset will generate probable future economic benefits; and
- the cost of the asset can be measured reliably.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the time all requirements for recognition as an asset are met and until the time the asset is capable of operating in the manner intended by management.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Subsequent expenditure incurred in the operating stage to enhance an intangible asset are expensed as incurred unless the asset recognition criteria, including the ability to demonstrate increased probable economic benefits, are met. Assets maintenance costs are expensed as incurred.

Intangible assets with a finite expected useful life are amortised on a straight-line basis from the point at which the asset is ready for use over the expected useful life. The amortisation period of software and licenses is normally 3 years, and for other intangible assets it is between 1.5 and 10 years.

Estimation uncertainty

The amortisation method, expected useful lives and any residual value used in the calculation of amortisation are based on estimates and are reassessed annually.

Adevinta has significant activities related to developing new technology to deliver digital classified and advertising products for our customers and users. Judgment is required to determine whether the asset recognition criteria are met.

Note 16: Intangible assets continued

Development in net carrying amount in 2020	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	1,005.8	295.6	2.2	79.5	11.7	1,394.8
Additions	1.2	–	0.1	37.5	–	38.8
Acquired through business combinations	0.9	–	–	0.5	–	1.4
Disposals	–	–	–	(1.2)	–	(1.2)
Disposal through sales of businesses	(21.7)	(2.6)	–	(1.2)	–	(25.5)
Amortisation	–	–	(0.4)	(31.4)	(4.0)	(35.8)
Impairment losses	(42.4)[(1)]	–	–	(0.1)	-	(42.5)
Translation differences	(7.3)	(0.5)	–	(0.1)	(0.3)	(8.2)
As at 31 December	**936.5**	**292.5**	**1.9**	**83.5**	**7.4**	**1,321.8**
Of which accumulated cost	1,220.1	292.5	11.3	249.0	38.0	1,810.9
Of which accumulated amortisation and impairment loss	(283.6)	–	(9.4)	(165.5)	(30.6)	(489.1)

(1) See note 15.

Development in net carrying amount in 2019	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	963.3	290.9	1.0	34.1	11.8	1,301.0
Additions	0.6	–	–	35.4	–	36.0
Acquired through business combinations	69.9	4.1	1.7	26.4	4.3	106.4
Disposals	(1.3)	–	–	(0.2)	–	(1.5)
Reclassification	(3.0)	0.8	(0.3)	4.2	(0.2)	1.5
Amortisation	–	–	(0.2)	(18.4)	(4.2)	(22.8)
Impairment losses	(22.6)[(1)]	–	–	(2.0)	–	(24.6)
Translation differences	(1.1)	(0.2)	–	0.0	–	(1.2)
As at 31 December	**1,005.8**	**295.6**	**2.2**	**79.5**	**11.7**	**1,394.8**
Of which accumulated cost	1,251.3	295.6	11.3	216.8	38.6	1,813.6
Of which accumulated amortisation and impairment loss	(245.5)	–	(9.1)	(137.3)	(26.9)	(418.8)

(1) See note 15.

Additions in software and licenses mainly consist of internally developed intangible assets.

Research and development expenditure that do not meet the criteria for recognition as intangible assets is recognised as an expense when incurred.

Impairment losses of €2.0 million in 2019 from software and licences corresponded to the discontinuation of certain projects.

Note 17: Property, plant & equipment

Principle

Property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount (cost less residual value) of property, plant & equipment is allocated on a systematic basis over its useful life.

Costs of repairs and maintenance are expensed as incurred. Costs of replacements and improvements are recognised as assets if they meet the recognition criteria.

The carrying amount of an item of property, plant & equipment is derecognised on disposal or when no economic benefits are expected from its use or sale. Gain or loss arising from derecognition is included in profit or loss when the item is derecognised.

Property, plant & equipment are depreciated on a straight-line basis over their estimated useful life. Depreciation schedules reflect the assets' residual value. Buildings (25-50 years), Plant and machinery (5-20 years), Equipment, furniture and similar assets (3-10 years).

Estimation uncertainty

The depreciation method, expected useful life and residual values included in the calculation of depreciation are based on estimates and are reassessed annually.

Development in net carrying amount in 2020	Buildings and land	Equipment, furniture and similar assets	Total
As at 1 January	–	25.3	25.3
Additions	–	4.7	4.7
Disposals	–	(0.2)	(0.2)
Depreciation	–	(7.5)	(7.5)
Impairment loss	–	(1.4)	(1.4)
Translation differences	–	(0.3)	(0.3)
Disposals through sales of businesses	–	(0.7)	(0.7)
As at 31 December	**–**	**19.9**	**19.9**
Of which accumulated cost	–	60.6	60.6
Of which accumulated depreciation and impairment loss	–	(40.7)	(40.7)

Development in net carrying amount in 2019	Buildings and land	Equipment, furniture and similar assets	Total
As at 1 January	2.1	17.6	19.7
Additions	–	14.4	14.4
Acquisitions through business combinations	–	0.6	0.6
Disposals	–	(0.3)	(0.3)
Reclassification	(2.0)	2.0	–
Depreciation	(0.1)	(9.2)	(9.3)
Translation differences	0.0	0.1	0.1
As at 31 December	**–**	**25.3**	**25.3**
Of which accumulated cost	0.1	62.3	62.4
Of which accumulated depreciation and impairment loss	(0.1)	(37.0)	(37.1)

Additions of €4.7 million in 2020 and €14.4 million in 2019 mainly comprise improvements and new equipment for the new offices in France, Spain and Italy.

Note 18: Other non-current and current assets

	Non-Current		Current	
	2020	2019	2020	2019
Investments in equity instruments	15.5	8.1	–	–
Trade receivables, net (note 19)	–	–	84.8	94.6
Prepaid expenses	4.7	1.6	36.3	27.0
Loan issued	149.9	–	–	–
Funds locked in escrow	–	–	1,060.0	–
Other receivables	13.1	5.1	19.3	29.9
Total	**183.2**	**14.8**	**1,200.4**	**151.6**

The funds of €1,060 million locked in an escrow account relate to the Senior Secured Notes issued in 2020 by Adevinta ASA (note 22 and 23).

In October 2020, Adevinta Finance AS issued a loan to OLX Brazil joint venture amounting to BRL949.4 million (€149.9 million at 31 December 2020) to finance the acquisition of Grupo Zap (note 4 and 29). The loan bears an interest of SELIC + 2% subject to 18 months grace period and has a tenor of 15 years.

Note 19: Trade receivables

	2020	2019
Trade receivables	97.4	105.9
Less provision for impairment of trade receivables	(12.6)	(11.3)
Trade receivables, net (note 18)	**84.8**	**94.6**

The breakdown of trade receivables by due date is as follows:

	2020	2019
Not due	67.8	66.4
Past due 0-45 days	16.1	18.9
Past due 46-90 days	4.0	5.6
Past due more than 90 days	9.5	15.0
Total	**97.4**	**105.9**

Note 20: Financial liabilities related to business combinations and increases in ownership interests

Principle

Contingent consideration classified as financial liability and deferred considerations in business combinations and the put options related to non-controlling interests over shares in subsidiaries are measured at the present value of future consideration to be paid. If the agreement with non-controlling interests implies that Adevinta may be required to acquire the shares and settle the liability within a period of twelve months from the reporting date, the liability is classified as current. Other liabilities related to put options are classified as non-current. The requirement to settle the liability is contingent on the non-controlling interests actually exercising their put options. For agreements where the option can be exercised over a defined period, the actual settlement may therefore occur in later periods than presented in the maturity profile below. See note 24 for principles related to financial instruments.

Estimation uncertainty

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. Further the estimates take into account, when relevant, management's expectations regarding future economic development similar to that used in determining recoverable amount in impairment tests.

	Non-controlling interests' put options		Contingent considerations		Deferred considerations	
	2020	2019	2020	2019	2020	2019
Development in net carrying amount						
As at 1 January	2.4	101.5	4.4	–	6.7	–
Additions	–	0.8	0.5	4.4	0.1	6.7
Settlement (note 4)	–	(100.0)	–	–	(6.7)	–
Change in fair value recognised in equity	–	–	–	–	–	–
Interest expenses	0.0	0.1	0.0	–	–	–
Change in fair value recognised in profit or loss	–	–	(3.4)	–	–	–
As at 31 December	**2.4**	**2.4**	**1.5**	**4.4**	**0.1**	**6.7**
Of which non-current (note 21)	2.4	2.4	–	2.0	–	–
Of which current (note 21)	–	–	1.5	2.4	0.1	6.7
Maturity profile of the financial liabilities						
Maturity within 1 year	–	–	1.5	2.4	0.1	6.7
Maturity between 1 and 2 years	2.4	2.4	–	2.0	–	–

The contingent consideration recognised as at 31 December 2020 amounting to €1.5 million is related to the acquisition of Locasun SARL in 2019 amounting to €1.0 million (€4.4 million as at 31 December 2019) and the acquisition of Pilgo SAS in 2020 amounting to €0.5 million.

As at 31 December 2020 and 2019, the non-controlling interest's put options amount to €2.4 million and are related to Infobras Spain S.L. and Paycar SAS. In 2019, the settlement amounting to €100 million was related to Adevinta Spain S.L.

The deferred consideration amounting €6.7 million as at 31 December 2019 was related to the Argus Group acquisition.

Note 21: Other non-current and current liabilities

Principle
Provisions are recognised when Adevinta has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The provision is calculated based on the best estimate of future cash outflows. If the effect is material, future cash outflows will be discounted using a current pre-tax interest rate that reflects the risks specific to the provision. The increase in the provision due to the passage of time is recognised as an interest expense.

A provision for restructuring costs is recognised when a constructive obligation arises. Such an obligation is assumed to have arisen when the restructuring plan is approved and the implementation of the plan has begun or its main features are announced to those affected by it.

Contingent liabilities are possible obligations arising from past events whose existence depends on the occurrence of uncertain future events or a present obligation arising from past events for which it is not probable that an economic outflow will be required to settle the obligation or where the amount of the obligation cannot be measured reliably. Adevinta classifies contingent liabilities as those events where it is less likely than not that an outflow of resources will be required from the Group. Contingent liabilities are not recognised in the consolidated financial statements, except for those arising from business combinations. Contingent liabilities are disclosed, unless the probability that an economic outflow will be required to settle the obligation is remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence of uncertain future events. Contingent assets are not recognised in the consolidated financial statements. They are disclosed only where an inflow of economic benefits is probable.

Liabilities due to be settled within twelve months after the reporting period are classified as current liabilities. Other liabilities are classified as non-current.

Estimation uncertainty
The nature of a provision leads to some degree of uncertainty. A provision is made and calculated based on assumptions at the time the provision is made and will be routinely updated when new information is available. Provisions are constantly monitored and adjusted to reflect the current best estimate.

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.

Defined benefit plans obligations 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.

Note 21: Other non-current and current liabilities continued

The table below shows other non-current and current liabilities as of year-end:

	Non-current		Current	
	2020	2019	2020	2019
Financial liabilities related to non-controlling interests' put options (note 20)	2.4	2.4	–	–
Contingent considerations related to business combinations (note 20)	0.0	2.0	1.5	2.4
Trade payables	–	–	20.5	34.2
Public duties payable	–	–	32.5	29.6
Accrued salaries and other employment benefits	0.4	2.0	30.0	30.9
Accrued expenses	–	–	49.7	25.9
Provision for restructuring costs	–	–	0.0	2.9
Pension liabilities (note 21.1.2)	7.5	4.0	–	–
Financial derivatives (note 25)	–	–	156.2	–
Other liabilities	3.0	1.4	14.6	30.8
Total	**13.3**	**11.8**	**305.0**	**156.6**

21.1 Pension plans

Adevinta has both defined contribution plans and defined benefit plans.

21.1.1 Defined contribution pension plans

In the defined contribution plans, the company pays an agreed annual contribution to the employee's pension plan, but any risk related to the future pension is borne by the employee. For these plans, the pension cost will be equal to the contribution paid to the employees' pension plan. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension, hence no liability is recognised in the Consolidated statement of financial position.

Line item "Personnel expenses" in the Consolidated income statement includes an expense of €0.5 million in 2020 (€1.0 million in 2019) related to defined contribution pension plans or multi-employer pension plans accounted for as defined contribution plans.

21.1.2 Defined benefit pension plans and other defined obligations

In a defined benefit plan the company is responsible for paying an agreed pension to the employee based on his or her final pay, and the risk related to the future pension is hence borne by Adevinta.

In a defined benefit plan, the net liability recognised is the present value of the benefit obligation at the reporting date, less fair value of plan assets. The present value of defined benefit obligations, current service cost and past service cost is determined using the projected unit credit method and actuarial assumptions regarding demographic variables and financial variables. Net pension expense includes service cost and net interest on the net defined benefit liability recognised in profit or loss and remeasurements of the net defined benefit liability recognised in other comprehensive income.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service cost is recognised at the earlier date of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

Note 21: Other non-current and current liabilities continued

Pension liabilities are defined benefit obligations from companies in France and Norway. In addition, there are other defined benefit obligations from companies in Italy. The net pension expense related to defined benefit pension plans and other defined benefit obligations is as follows:

	2020	2019
Net expense defined benefit obligations	**1.7**	**0.8**
Of which recognised in Profit or loss – Personnel expenses	1.7	1.0
Of which recognised in Profit or loss – Financial expenses	0.0	0.0
Of which recognised in Other Comprehensive Income – remeasurements of defined benefit pension liabilities	0.0	(0.3)

Changes in defined benefit obligations:

	2020	2019
Liability as of 1 January	**4.0**	**1.7**
Reclassified from accrued salaries and other employment benefits and other liabilities	2.1	0.5
Acquired through business combinations	–	0.9
Current and past service cost	1.7	1.0
Settlements	(0.3)	–
Interest expenses	0.0	0.0
Remeasurements	0.0	(0.3)
Liability as of 31 December	**7.5**	**4.0**

21.2 Contingent liabilities: Digital services tax in France

The French digital services tax legislation (DST) was signed by the French President on 24 July 2019 and published in the French official gazette on 25 July 2019 and hence the DST legislation is enacted.

The main features of the DST bill are a single rate of 3% to be levied on gross revenue derived from two types of activities if deemed to be made or supplied in France:

- The supply, by electronic means, of a digital interface that allows users to contact and interact with other users, in particular in view of delivering of goods or services directly between those users.
- Services provided to advertisers or their agents enabling them to purchase advertising space located on a digital interface accessible by electronic means in order to display targeted advertisements to users located in France, based on data provided by such users.

Note 21: Other non-current and current liabilities continued

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

- €750 million of worldwide revenue; and,
- €25 million of revenue generated in France.

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

Due to the complexity of the law, the assessment of whether DST is applicable to Adevinta Group is surrounded by a high degree of uncertainty. However, management currently assesses that it is unlikely that French DST is applicable to Adevinta Group and hence no provision has been recognised for DST as at 31 December 2020.

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

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

Note 22: Financial risk management

Capital management and funding

Adevinta's financial risk management is predominantly controlled by a central treasury department (Group treasury) under policies approved by the Board of Directors. Adevinta's approach to risk management includes identifying, evaluating and managing risk in all activities using a top-down approach.

Adevinta's strategy and vision imply a high rate of change and development of Adevinta's operations. Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans and at a fixed foreign currency rate for the hedged foreign currency loans, and purchase consideration at the fixed foreign currency rate for the hedged forecasted business combinations (note 25).

Adevinta's capital structure must be sufficiently robust in order to maintain the desired investment level and to pursue growth opportunities based on strict capital allocation criteria. The financial policy in this respect shall be to keep a minimum amount of liquidity of 10% of LTM (last 12 months) revenues.

Adevinta's revolving credit facility contains financial covenants regarding the ratio of net interest-bearing debt (NIBD) to gross operating profit (EBITDA). The ratio shall normally not exceed 3.0x, but can be reported at higher levels up to three quarters during the loan period, as long as the ratio stays below 4.0x. The facility was refinanced in early 2020 and now allows the leverage to exceed 3.0x for four quarters from three previously.

Note 22: Financial risk management continued

	31 December 2020	31 December 2019
Non-current interest-bearing borrowings	1,266.2	201.7
Non-current lease liabilities	81.6	53.2
Current interest-bearing borrowings	294.8	0.3
Current lease liabilities	18.4	13.3
Proceeds from the borrowings placed in the escrow account	(1,060.0)	–
Cash and cash equivalents	(131.0)	(71.8)
Net interest-bearing debt	470.0	196.7
Equity	1,221.7	1,538.8
Net gearing (net interest-bearing debt/equity)	0.38	0.13

In 2019 Adevinta entered into a non-current Revolving Credit facility of €300 million. This facility was drawn by €150 million as of 12 April 2019 and by €50 million during Q4 2019.

In February 2020, Adevinta refinanced its existing €300 million bank facility with €600 million multi-currency term loan and revolving credit facilities. The lenders consist of Nordic and international banks. The facility is multi-currency based on IBOR rates floor at 0% with the addition of a margin of between 0.80% and 2.10%. The facilities include an accordion increase option, which provides flexibility for the parties to agree an additional €120 million during the term of the facilities. The revolving credit facility has a tenor of five years with two one-year extension options, whilst the term loan component has a tenor of three years. Adevinta pays a commitment fee to maintain the facility's availability. During Q4 the revolving facility was drawn down in order to finance the acquisition of Grupo Zap, amounting to €65.0 million at 31 December 2020. The term loan was drawn in NOK and converted into €200 million through a cross-currency swap and variable interest rate was swapped to fixed interest rate. These proceeds were used to cancel the old facility. As a result of the depreciation of the NOK/EUR since the loan was obtained, the non-current interest-bearing debt has increased by €5.3 million. This effect has been partially offset by an increase in other non-current assets of €4.9 million related to the fair value change of the interest and currency swap derivative entered into in relation to the loan.

In April 2020, Adevinta entered into a €150 million short-term bridge loan facility with BNP Paribas Fortis SA/NV and a €75 million short-term bridge term loan facility with J.P. Morgan Securities plc, to finance part of the purchase price for the acquisition of Grupo Zap (note 4) and for general corporate purposes. The bridge term loan facilities mature in January 2021, with two three-month extension options. The first of these extension options was exercised in December 2020. Borrowings under these facilities bear interest at a rate equal to the aggregate of EURIBOR plus an applicable margin, which ranges from 0.8% to 2.4% depending on the time period that has elapsed since the date of this facility agreement. On 31 December 2020, these facilities were drawn in full.

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

Note 22: Financial risk management continued

Concurrently with the consummation of the offering of the notes, Adevinta entered into a new senior secured Term Loan B facility consisting of a €900 million EUR-denominated tranche (the "EUR TLB") and a $506 million US-dollar-denominated tranche (the "USD TLB" and, together with the EUR TLB, the "Term Loan B"). The EUR TLB will bear interest at a rate per annum equal to EURIBOR (subject to a floor of zero) plus 3.250%, subject to a leveraged based margin ratchet. The USD TLB will bear interest at a rate per annum equal to LIBOR (subject to a 0.75% floor) plus 3.000%, subject to a leveraged-based margin ratchet. Adevinta has entered into a cross-currency interest rate swap, effectively converting the $506 million USD TLB into €427 million with an all-in fixed rate of 3.169%. Additionally, Adevinta also secured a €450 million Multicurrency Revolving Credit Facility which will replace the previous facility on closing.

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

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

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

Financial risks

Adevinta is exposed to financial risks, such as currency risk, interest-rate risk, credit risk and liquidity risk. Adevinta's exposure to financial risks is managed in accordance with the financial policy.

Currency risk

Adevinta has € as its presentation currency, but through its operations in other currencies is also exposed to fluctuations in exchange rates. Adevinta has currency risks linked to both balance sheet monetary items and net investments in foreign operations. The biggest exposures for Adevinta are fluctuations in Brazilian real (BRL), Norwegian Krone (NOK) and US dollar (US$).

The main exposures from financial instruments at the end of 2020 reporting period, expressed in € million were as follows:

	31 December 2020		
	BRL	NOK	USD
Term loan (NOK)		(205.3)	
Loans issued (BRL) (note 18 and 29)	149.9		
Cross-currency swap EUR/NOK (cash flow hedge)		205.3	
Cross-currency swap EUR/USD (cash flow derivative)			(412.3)
Foreign currency forwards (cash flow hedges)			2,037.3

No material exposure from financial instruments existed at the end of 2019 reporting period.

At 31 December 2020, Term Loan B facilities were not drawn down yet, hence the US-dollar-denominated tranche is not included in the analysis above.

Note 22: Financial risk management continued

The $2.5bn cash consideration for the expected eBay Classifieds Group acquisition is not included in this table either. As a result, in respect of US dollar exposure the above table presents derivative instruments only and does not include the hedged items.

In 2020, the aggregate net foreign exchange loss recognised in profit or loss amounted to €84.5 million (gain of €1.4 million in 2019).

Instruments used by the Group

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through a forecast of highly probable US dollar, Brazilian real or Norwegian krone expenditures. The risk is hedged with the objective of minimising the volatility of cost in € of highly probable forecasted business combinations.

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

	2020
Foreign currency forwards:	
Carrying amount (current liability)	151.1
Notional amount	2,037.3
Maturity date	2021
Hedge ratio*	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	144.2
Change in value of hedged item used to determine hedge ineffectiveness	144.2
Weighted average hedged rate for outstanding hedging instruments	1.14 USD: 1 EUR

* The foreign currency forwards and options are denominated in the same currency as the highly probable future business combination (US$), therefore the hedge ratio is 1:1.

As at 31 December 2019, the Group had not entered into any foreign currency derivative transactions.

Sensitivity

	Impact on post-tax profit		Impact on other components of equity	
	2020 € million	2019 € million	2020 € million	2019 € million
USD/EUR exchange rate – increase 10%	–	–	162.5	–
USD/EUR exchange rate – decrease 10%	–	–	(162.5)	–
BRL/EUR exchange rate – increase 10%	15.0	2.5	–	–
BRL/EUR exchange rate – decrease 10%	(15.0)	(2.5)		–
NOK/EUR exchange rate – increase 10%	–	–	–	–
NOK/EUR exchange rate – decrease 10%	–	–	–	–

Note 22: Financial risk management continued

The sensitivity of profit or loss to changes in the exchange rates arises mainly from the Brazilian real denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

The above US dollar sensitivity is not representative as the exposure does not include the hedged or underlying items as future cash flows are not included in the Consolidated statement of financial position.

Other comprehensive income became sensitive to movements in euro/US dollar exchange rates in 2020 because of the US dollar forwards entered to hedge the USD 2.5bn cash consideration for the forecasted acquisition of eBay Classifieds Group.

The Group's exposure to other foreign exchange movements is not material.

Interest rate risk

Adevinta's main interest rate risk arises from long-term interest-bearing liabilities and assets with variable rates, which expose the Group to cash flow interest rate risk. Generally, the Group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. During 2020 and 2019, the Group's borrowings at variable rates were mainly denominated in euros and Norwegian kroner.

The Group's borrowings and receivables are carried at amortised cost.

The exposure of the Group's borrowings to interest rate changes of the borrowings at the end of each reporting period are as follows:

	2020	2019
Variable rate borrowings	492.6	202.0
Total borrowings	1,561.0	202.0
Variable borrowings as % of total borrowings	31.6%	100%

An analysis by maturities is provided further in this note. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

At 31 December 2020, Term Loan B facilities that will bear a variable interest rate were not drawn down and hence are not included in the analysis above. To manage the interest rate exposure arising from the US dollar tranche, Adevinta entered into a deal-contingent cross-currency and interest swap. In 2020, hedge accounting was not applied to this swap.

Instruments used by the Group

Swaps currently in place cover approximately 41% of the variable loan principal outstanding. The fixed interest rates of the swaps range between 0.42% and 0.46% and the variable rates of the loans are between 0.8% and 1.9% above the 90 day IBOR rates.

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Note 22: Financial risk management continued

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2020
Interest rate swaps:	
Carrying amount (non-current asset)	4.9
Notional amount	205.3
Maturity date	2023
Hedge ratio	1:1
Change in fair value of outstanding hedging instruments since 1 January	4.9
Weighted average hedged rate for the year	0.4533%

As at 31 December 2019, the Group had not entered into any interest rate derivative transactions.

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates for loans with floating rates where cash flows are not hedged.

	Impact on post-tax profit	
	2020	2019
Interest rate – increase by 100 basis points	(1.3)	(1.2)
Interest rate – decrease by 100 basis points(*)	–	–

* Floor at 0% Euribor facilities.

An increase of 1 percentage point in the floating interest rate would mean a change in Adevinta's net interest expenses of approximately €1.3 million as of 31 December 2020.

Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

Trade receivables are distributed over new and regular customers. Trade receivables consist of receivables from advertisements and other sales. Credit risk will vary among countries in which Adevinta operates. In total the credit risk is considered as low. Net carrying amount of Adevinta's financial assets, except for equity instruments, represents maximum credit exposure. The exposure as at 31 December 2020 and 2019 is disclosed in note 24. Exposure related to Adevinta's trade receivables is disclosed in note 19.

Note 22: Financial risk management continued

Liquidity risk

Liquidity risk is the risk that Adevinta is not able to meet its payment obligations. Adevinta has strong cash flow from operating activities and the liquidity risk is considered limited as liquidity is kept well above 10% of LTM (last 12 months) revenues. As of 31 December 2020, Adevinta had a liquidity reserve of €466.0 million and net interest-bearing debt was €470.0 million. The liquidity reserve corresponds to 69% of Adevinta's revenues. As of 31 December 2019, Adevinta had a liquidity reserve of €171.8 million and net interest-bearing debt was €196.7 million. The liquidity reserve corresponded to 25% of Adevinta's revenues.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Financing arrangements

At 31 December 2020, Adevinta had €335 million undrawn of the floating rate revolving credit facility (€100 million at 31 December 2019). Subject to the continuance of financial conditions, this facility may be drawn at any time in multiple currencies and has an average maturity of 4.2 years.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the tables are the contractual undiscounted cash flows. For interest rate swaps, the cash flows have been estimated using the last interest rate applicable at the end of the reporting period.

Note 22: Financial risk management continued

Contractual maturities of financial liabilities At 31 December 2020	Less than 3 months	3-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Non-derivatives							
Trade payables	20.5	–	–	–	–	20.5	20.5
Borrowings	66.4	259.4	32.2	1,019.3	424.1	1,801.4	1,561.0
Lease liabilities	5.5	16.1	18.1	45.6	30.5	115.8	100.0
Derivatives							
Gross settled (foreign currency forwards and interest rate swaps – cash flow hedge)	(0.4)	152.5	(1.7)	(5.8)	0.0	144.6	145.7
(inflow)	(0.6)	(2,039.3)	(2.6)	(206.0)	0.0	(2,248.5)	(5.4)
outflow	0.2	2,191.8	0.9	200.2	0.0	2,393.1	151.1

At 31 December 2020, Term Loan B facilities were not drawn down yet, hence not included in the maturity analysis above. The cross-currency interest rate swap in respect of the TLB USD tranche is not included in the maturity analysis either. This instrument is deal-contingent and will be cancelled if the TLB facilities are not drawn down.

Contractual maturities of financial liabilities At 31 December 2019	Less than 3 months	3-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Non-derivatives							
Trade payables	34.5	–	–	–	–	34.5	34.5
Borrowings	0.5	1.6	3.7	201.8	0.0	207.6	202.0
Lease liabilities	3.8	10.8	13.2	33.2	11.0	72.0	66.5

Note 23: Interest-bearing borrowings

	Carrying amount		Fair value	
	2020	2019	2020	2019
Non-current interest-bearing borrowings				
Bank loans	206.2	201.7	206.2	201.7
Senior Secured Notes	1,060.0	–	1,060.0	–
Total non-current interest-bearing borrowings	**1,266.2**	**201.7**	**1,266.2**	**201.7**
Current interest-bearing borrowings				
Bank loans	289.9	–	289.9	–
Interest accrued on Senior Secured Notes	4.6	–	4.6	–
Bank loans, overdrafts	0.3	0.3	0.3	0.3
Total current interest-bearing borrowings	**294.8**	**0.3**	**294.8**	**0.3**
Total interest-bearing borrowings	**1,561.0**	**201.9**	**1,561.0**	**201.9**

The Bank Loans are denominated in € and NOK currency.

The Senior Secured Notes will be guaranteed by certain subsidiaries of Adevinta and eBay Classifieds Group and secured by shares of certain of the guarantors as well as certain material bank accounts and the intercompany receivables of Adevinta.

Bridge term loan facilities of €225 million are guaranteed by Adevinta but are not secured.

Adevinta has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods, see note 22 for details.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 22.

Note 24: Financial instruments by category

Principle

Adevinta initially recognises loans, receivables and deposits on the date that they originate. All other financial assets and financial liabilities (including financial assets designated at fair value through profit or loss or other comprehensive income) are recognised initially on the trade date at which Adevinta becomes a party to the contractual provisions of the instrument. All financial instruments are initially measured at fair value plus or minus transaction costs with the exception of financial assets or financial liabilities measured at fair value through profit or loss.

Adevinta on initial recognition classifies its financial instruments in one of the following categories:

- Financial assets or financial liabilities at fair value through profit or loss
- Financial assets at amortised cost
- Equity instruments designated at fair value through Other Comprehensive Income (OCI)
- Financial liabilities at amortised cost

Note 24: Financial instruments by category continued

The classification of financial assets depends on both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial assets or financial liabilities measured at fair value through profit or loss include financial assets or liabilities held for trading and acquired or incurred primarily with a view of selling or repurchasing in the near term, and derivatives that are not held for trading but not designated for hedge accounting. These financial assets and liabilities are measured at fair value when recognised initially, and transaction costs are charged to expense as incurred. Subsequently, the instruments are measured at fair value, with changes in fair value, including interest income, and recognised in profit or loss as financial income or financial expenses.

Financial assets at amortised cost are assets giving rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The category is included in the Consolidated statement of financial position items "Other non-current assets", "Trade receivables and other current assets" and "Cash and cash equivalents". Financial assets at amortised cost are recognised initially at fair value plus directly attributable transaction costs. After initial measurement, these financial assets are measured at amortised cost using the effective interest method, reduced by any impairment loss. Effective interest related to financial assets at amortised cost is recognised in profit or loss as "Financial income".

The carrying amounts of trade and other current payables are assumed to be the same as their fair values, due to their short-term nature. Short-term loans and receivables, for practical reasons, are measured at nominal values.

Adevinta classifies its investments in equity instruments as Financial assets at fair value through profit or loss unless an irrevocable election is made at initial recognition to classify the investments as equity instruments designated at fair value through OCI (FVOCI). Currently all equity instruments are classified as FVOCI. When designated at FVOCI, gains and losses are never recycled through profit or loss. Dividends are recognised as financial income in the Consolidated income statement. The carrying amount of investments in equity instruments is included in the Consolidated statement of financial position item "Other non-current assets". Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial liabilities not included in any of the above categories are classified as financial liabilities at amortised cost. Financial liabilities at amortised cost are included in the Consolidated statement of financial position items "Non-current interest-bearing borrowings", "Lease liabilities, non-current ", "Other non-current liabilities", "Current interest-bearing borrowings", "Lease liabilities, current", and "Other current liabilities". After initial measurement, these liabilities are measured at amortised cost using the effective interest method. Effective interest is recognised in profit or loss as financial expenses. Short-term financial liabilities, for practical reasons, are measured at nominal values.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire and Adevinta has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or it expires. Any rights and obligations created or retained in such a transfer are recognised separately as assets or liabilities.

Financial assets and liabilities are offset, and the net amount presented in the Consolidated statement of financial position, when Adevinta has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Adevinta assesses, at each reporting date, the general pattern of deterioration or improvement in the credit quality of debt instruments carried at amortised costs or FVOCI. The amount of Expected Credit Loss (ECL) recognised as a loss allowance or provision depends on whether there has been a significant increase in credit risk.

Note 24: Financial instruments by category continued

For trade receivables, Adevinta applies the practical expedient to the carrying amount through the use of an allowance account reflecting the lifetime expected credit losses. The loss is recognised as other operating expenses in the Consolidated income statement. Impairment of all other financial assets is recognised as financial expenses.

Fair value of financial instruments is based on quoted prices at the reporting date in an active market if such markets exist. If an active market does not exist, fair value is established by using valuation techniques that are expected to provide a reliable estimate of the fair value. The fair value of listed securities is based on current bid prices. The fair value of unlisted securities is based on cash flows discounted using an applicable risk-free market interest rate and a risk premium specific to the unlisted securities. Fair value of forward contracts is estimated based on the difference between the spot forward price of the contracts and the closing rate at the reporting date. The forward rate addition and deduction is recognised as interest income or interest expense. Fair value of interest and currency swaps is estimated based on discounted cash flows, where future interest rates are derived from market-based future rates.

Financial assets and liabilities measured at fair value are classified according to the reliability of the inputs used in determining fair value:

Level 1: Valuation based on quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Changes in fair value recognised in other comprehensive income are presented in “Changes in fair value of financial instruments” line item. Changes in fair value recognised in profit or loss are presented in “Financial income”, “Financial expenses” and “Other income and expenses” line items.

Estimation uncertainty

Certain financial instruments are measured at fair value. When no quoted market price is available, fair value is estimated using different valuation techniques.

Note 24: Financial instruments by category continued

Carrying amount of assets and liabilities divided into categories:

31 December 2020	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial assets at fair value through OCI	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through OCI	Total
Other non-current assets	18,25	153.1	15.3	5.4	–	–	–	173.8
Trade and other receivables		90.9	–	–	–	–	–	90.9
Other current financial assets	18	1,060.0	–	–	–	–	–	1,060.0
Cash and cash equivalents		131.0	–	–	–	–	–	131.0
Total assets		**1,435.0**	**15.3**	**5.4**	**–**	**–**	**–**	**1,455.7**
Non-current interest-bearing borrowings	23	–	–	–	1,266.2	–	–	1,266.2
Other non-current liabilities	21,31	–	–	–	81.6	–	2.4	84.0
Current interest-bearing borrowings	23	–	–	–	294.8	–	–	294.8
Other current liabilities	21,25,31	–	–	–	96.2	6.6	151.1	253.9
Total liabilities		**–**	**–**	**–**	**1,738.8**	**6.6**	**153.5**	**1,898.9**

31 December 2019	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial assets at fair value through OCI	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through OCI	Total
Other non-current assets	18	0.9	7.9	0.5	–	–	–	9.3
Trade and other receivables	18	112.7	–	–	–	–	–	112.7
Cash and cash equivalents		71.8	–	–	–	–	–	71.8
Total assets		**185.4**	**7.9**	**0.5**	**–**	**–**		**193.8**
Non-current interest-bearing borrowings	23	–	–	–	201.7	–	–	201.7
Other non-current liabilities	21,31	–	–	–	53.4	2.0	2.4	57.8
Current interest-bearing borrowings	23	–	–	–	0.3	–	–	0.3
Other current liabilities	21,31	–	–	–	99.7	2.4	–	102.1
Total liabilities		**–**	**–**	**–**	**355.1**	**4.4**	**2.4**	**361.9**

Note 24: Financial instruments by category continued

Adevinta's financial assets and liabilities measured at fair value, analysed by valuation method:

31 December 2020	Level 1	Level 2	Level 3	Total
Hedging derivatives – deal-contingent forwards (note 25)	–	(151.1)	–	(151.1)
Cross-currency interest rate swap (note 25)	–	(5.1)	–	(5.1)
Hedging derivatives – cross-currency loan swap (note 25)	–	4.9	–	4.9
Equity instruments at fair value through OCI	–	–	15.3	15.3
Contingent consideration related to business combinations and non-controlling interests' put options (note 20)	–	–	(3.9)	(3.9)
Other derivatives	–	–	0.5	0.5

31 December 2019	Level 1	Level 2	Level 3	Total
Equity instruments at fair value through OCI	–	–	7.9	7.9
Financial liabilities related to business combinations and increases in ownership interests that are measured at FV	–	–	(6.8)	(6.8)
Other derivatives	–	–	0.5	0.5

Specific valuation techniques used to value financial instruments include:

- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves
- for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the reporting date.

Changes in level 3 instruments:

	2020	2019
Net carrying amount 1 January	1.6	(99.2)
Additions	6.9	0.9
Disposals	–	(0.0)
Settlements	–	100.0
Changes in fair value recognised in other comprehensive income	–	0.0
Changes in fair value recognised in profit or loss	3.4	(0.1)
Net carrying amount 31 December	**11.9**	**1.6**

Significant unobservable inputs used in level 3 fair value measurements for unlisted equity securities were based on the results of the new financing rounds offered to third parties.

Note 25: Derivatives and hedging activities

Principles

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, and on an ongoing basis, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives designated as hedging instruments in cash flow hedges is recognised in other comprehensive income and is accumulated in the hedging reserve. In the case of purchase of non-financial assets, the hedging reserve will be reclassified to the carrying amount of these assets when such assets are recognised in the Consolidated statement of financial position. In other cash flow hedges the hedging reserve will be reclassified to profit or loss when the hedged expected future cash flows affect profit or loss.

Changes is the fair value of derivatives not designated as hedging instruments are recognised in financial income or expenses.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Derivatives not designated as hedging instruments are classified as current or non-current assets or liabilities depending on their remaining maturity.

Critical judgment

The Group believes the forecasted acquisition of eCG is highly probable and hedge accounting is applicable to the related deal-contingent foreign exchange forwards.

Derivatives not designated as hedging instruments

The Group used foreign currency-denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures in 2020. In 2019, the Group did not enter in any material derivatives. The foreign exchange forward contracts are not designated as cash flow hedges.

Currently, the deal-contingent cross-currency swap USD/EUR linked to the TLB in US dollars has not yet been designated under hedge accounting as the Term loan B remains undrawn (note 22). Changes in fair value of this swap are recognised in profit or loss. Changes in fair value of the deal-contingent forward in respect of a portion of consideration for the forecasted acquisition of eBay Classifieds Group were recognised in profit or loss until this instrument was designated for hedge accounting. The deal-contingent forward in respect of consideration for the forecasted acquisition of Grupo Zap was not designated for hedge accounting and the related changes in fair value were recognised in profit or loss (see note 4 and note 12).

The impact of the derivatives not designated as hedging instruments in the Consolidated statement of financial position is as follows:

	2020 € million
Current assets	
Other derivatives	0.5
Current liabilities	
Cross-currency interest rate swap	(5.1)

Note 25: Derivatives and hedging activities continued

The effect of the derivatives not designated as hedging instruments in the Consolidated income statement is as follows:

	2020 € million
Net (loss) on foreign currency forwards not designated as hedging instruments included in financial (expenses)	(73.8)
Net (loss) on cross-currency interest rate swaps not designated as hedging instruments included in financial (expenses)	(5.1)

Derivatives designated as hedging instruments

Cash flow hedges

Foreign currency risk

Certain derivatives entered in 2020 by Adevinta to hedge exposures in business combinations and financing activities qualify for hedge accounting. The hedged forecasted business combination was highly probable at the reporting date. In 2019, the Group did not designate any derivatives as hedging instruments.

The Group is holding the following foreign exchange contracts which have been designated as hedging instruments:

	Maturity						
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	>1 year	Total
As at 31 December 2020							
Deal-contingent foreign exchange forward contracts (highly probable forecast business combination)							
Notional amount (in EUR)				(2,037.3)			(2,037.3)
Average forward rate (EUR/USD)				1.14			
Cross-currency swap contracts NOK/EUR (borrowings)							
Notional amount (in EUR)						205.3	205.3
Average forward rate (NOK/EUR)						10.75	

The impact of the hedging instruments in the Consolidated statement of financial position is as follows:

	Notional amount € million	Carrying amount € million	Line item in the Consolidated statement of financial position
As at 31 December 2020			
Deal-contingent foreign exchange forward contracts	2,037.3	(151.1)	Other current financial liabilities
Cross-currency swap contracts	205.3	4.9	Other non-current assets

The impact of hedged items in the Consolidated statement of financial position is as follows:

	31 December 2020 Hedging reserve € million
Highly probable forecasted business combination (*)	(144.3)*
Borrowings – Cross-currency swap term loan	(4.4)

(*) Changes in fair value of the deal-contingent forward in respect of a portion of consideration for the forecasted acquisition of eBay Classifieds Group were recognised in profit or loss (€6.9 million) until this instrument was designated for hedge accounting.

Note 25: Derivatives and hedging activities continued

The effect of the cash flow hedge in the Consolidated statement of other comprehensive income is as follows:

	Total hedging gain/loss recognised in OCI (Hedging reserve) € million
As at 31 December 2020	
Highly probable forecasted business combination	(144.3)
Borrowings	(4.4)

Note 26: Equity

Principle

Own equity instruments which are acquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Consideration paid or received is recognised directly in equity.

The transaction costs of issuing or acquiring own equity instruments are accounted for as a deduction from equity, net of any related income tax benefit. The transaction costs incurred across reporting periods (that is, transactions costs incurred in the current reporting period but the equity instruments are not yet issued and will be issued in the future) are deferred until the issued equity instrument is recognised.

The development in share capital and other paid-in equity is set out in the Consolidated statement of changes in equity.

	Total number of shares		
	Shares outstanding	Treasury shares	Issued
As at 31 December 2018	**1,000,000**	**–**	**–**
Capital increase	684,948,502	–	684,948,502
Capital decrease	(1,000,000)	–	–
As at 31 December 2019	**684,948,502**	**–**	**684,948,502**
Increase in treasury shares	(320,000)	320,000	–
Decrease in treasury shares	267,773	(267,773)	–
As at 31 December 2020	**684,896,275**	**52,227**	**684,948,502**

The share capital of Adevinta ASA is NOK136,989,700.40 divided into 684,948,502 ordinary shares, each with a nominal value of NOK0.20.

Note 26: Equity continued

As described in the demerger plan and information brochure of 24 January 2019, the separation of the Adevinta business from Schibsted was effected through two demergers: 1) the demerger of Schibsted and transfer of the remaining 35% of the Adevinta business to Adevinta ASA against transfer of consideration shares to the shareholders of Schibsted; and 2) the demerger of Schibsted Multimedia AS and transfer of 65% of the Adevinta business to Adevinta ASA against transfer of consideration shares to Schibsted (the "SMM Demerger"). Consequently, after completion of the two demergers, Adevinta ASA's share capital was divided into 681,147,889 Shares, divided by 307,849,680 A-Shares and 373,298,209 B-Shares. The total number of shares was split between A-shares and B-shares between April and November 2019. The B-shares carried equal rights as A-shares in all respects except that the A-shares had 10 votes per share while the B-shares had one vote per share.

On 24 October 2019, an Extraordinary General Meeting of Adevinta ASA was held and approved the Board's proposal to collapse the Company's A-shares and B-shares and combine them into one single, joint share class. Holders of A-shares received preferential rights to subscribe for new ADE shares based on a normalized spread between A- and B-share classes of 1.22%. This was based on the historical spread observed in the six-month period prior to the share collapse. Each holder of A-shares in the Company as of 24 October 2019, as registered in the Norwegian Central Securities Depository on 28 October 2019 (the "Record Date"), was granted one subscription right for every A-share held in the Company on the Record Date, with 81 subscription rights being required to subscribe for one new ordinary ADE share.

After final allocation of the new shares in the rights issue was completed on 14 November 2019, a total of 3,749,575 new shares were allocated to subscribers. The remaining 51,038 shares that were not allocated, were subscribed by the underwriter Skandinaviska Enksilda Banken AB (publ) Oslo branch, who sold the subscribed amount of new shares in the market and distributed the net proceeds from such sale to holders of subscription rights held upon expiry of the subscription period. On 21 November 2019, Adevinta ASA registered a capital increase through the issuance of 3,800,613 new shares, amounting to €0.1 million.

The Extraordinary General Shareholder's Meeting of 25 February 2019 of Schibsted ASA, acting as the general meeting of Adevinta ASA, granted authorization to the Board to buy-back own shares up to NOK13,622,957 (total nominal value of the shares) with a minimum amount of NOK20 and a maximum amount of NOK750 paid per share. The Board was free to decide on the acquisition method and possible subsequent sale of the shares. The shares may serve as settlement in the company's share-based incentive schemes, as well as employee share saving plans, and may be used as settlement in acquisitions, and to improve the company's capital structure. This authorisation was valid until the next Annual General Meeting of the Company in 2020, but in no event later than 30 June 2020.

The Extraordinary General Shareholder's Meeting of 24 October 2019 gave the Board authorisation to increase the Company's share capital by up to NOK7,465,964. Subject to this amount limitation, the authorisation may be used on more than one occasion. The authority covers capital increases against contributions in cash and contributions other than cash. This authorisation was valid until the next Annual General Meeting of the Company in 2020, but in no event later than 30 June 2020.

The Annual General Meeting of 5 May 2020 of Adevinta ASA granted authorisation to the Board to buy-back own shares up to NOK13,698,970 (total nominal value of the shares) with a minimum amount of NOK20 and a maximum amount of NOK750 paid per share. The Board is free to decide on the acquisition method and possible subsequent sale of the shares. The shares may serve as settlement in the company's share-based incentive schemes, as well as employee share saving plans, and may be used as settlement in acquisitions, and to improve the company's capital structure. This authorisation is valid until the next Annual General Meeting of the Company in 2021, but in no event later than 30 June 2021.

Note 26: Equity continued

At the Annual General Meeting of 5 May 2020, it was also resolved to authorise the Board to increase the share capital of Adevinta ASA, cf. the Public Limited Liability Companies Act Section 10-14 (1). The Board's authorisation may be carried out on multiple occasions, but not to exceed an aggregate of NOK13,698,970. The Board was further authorised to issue convertible loans to a total amount of NOK7,500,000,000 (or equal in other currencies) whereby the share capital may be increased by a total of NOK13,698,970 as a result of such conversions taking place. Both the Board's authorisation to increase the share capital and the issuance of convertible loans is restricted so that the aggregate amount cannot exceed 10% of the Adevinta ASA's share capital at the time of the resolution to issue shares or convertible loans (on the assumption that 100% of the convertible loans would be converted into equity). The authorisation will lapse at the time of the next Annual General Meeting of the company, but no later than 30 June 2021.

In May 2020, Adevinta ASA decided to acquire 320,000 of its own shares at a total purchase price of NOK31.4 million (equivalent to €2.9 million). The purpose of the buybacks was to have treasury shares available for use in connection with settlement in share-based long-term incentive schemes. Adevinta ASA has in 2020 transferred a total of 267,773 treasury shares in connection with long-term incentive schemes (NOK26.2 million, equivalent to €2.4 million).

Adevinta ASA holds 52,227 treasury shares as of 31 December 2020.

Adevinta ASA did not acquire treasury shares in 2019 and did not hold any treasury shares as of 31 December 2019.

Note 27: Non-controlling interests

		2020					2019				
	Location	Non-controlling interest (%)	Profit (loss) attributable to NCI	Dividends paid to NCI	Other	Accumulated NCI	Non-controlling interest (%)	Profit (loss) attributable to NCI	Dividends paid to NCI	Other	Accumulated NCI
Distilled SCH group	Dublin, Ireland	50.00%	4.8	–	–	19.0	50.00%	3.7	(3.6)	–	14.2
Infojobs Brasil Atividades de Internet Ltda	São Paulo, Brazil	23.77%	(2.6)	–	2.6	(0.0)	23.77%	(0.3)	–	0.3	(0.0)
Other			(0.4)	–	0.5	0.2		(0.3)	–	0.7	0.1
Total			**1.8**	**–**	**3.1**	**19.2**		**3.1**	**(3.6)**	**1.0**	**14.4**

"Other" movements mainly correspond to currency translation adjustments.

When put options are granted to holders of non-controlling interests, the related accumulated non-controlling interest is derecognised.

There are no material subsidiaries with non-controlling interest and hence no financial information is disclosed.

Note 28: Supplemental information to the consolidated statement of cash flows

The following amounts of interest paid, and interest and dividends received, are classified as cash flows from operating activities:

	2020	2019
Interest paid	(5.3)	(6.8)
Interest received	0.3	0.2
Dividends received	2.2	1.1

Aggregate cash flows arising from obtaining control of subsidiaries and businesses:

	2020	2019
Cash in acquired companies (note 4)	(0.1)	(11.5)
Acquisition cost other current assets	(0.4)	(12.0)
Acquisition cost non-current assets	(1.9)	(109.6)
Aggregate acquisition cost assets	**(2.4)**	**(133.1)**
Equity and liabilities assumed	1.0	31.7
Contingent consideration (note 4)	0.5	4.4
Deferred consideration (note 4)	0.1	6.7
Gross purchase price	**(0.8)**	**(90.4)**
Fair value of previously held equity interest (note 4)	0.0	0.1
Cash in acquired companies (note 4)	0.1	11.5
Settlement of deferred consideration originated in prior periods	(6.7)	–
Acquisition of subsidiaries, net of cash acquired	**(7.4)**	**(78.8)**

Changes in liabilities arising from financing activities:

	Interest-bearing borrowings	Put obligations	Lease Liabilities
Debt as at 1 January 2020	**(201.9)**	**(2.4)**	**(66.5)**
Cash flows from financing activities			
New interest-bearing loans and borrowings (note 22)	(491.3)	–	–
Repayment of interest-bearing loans and borrowings (note 22)	205.1	–	–
Payment of lease liabilities (note 31)	–	–	12.5
Additions (note 23 and 31)	(1,064.6)	–	(47.8)
Foreign exchange adjustments (note 22 and 31)	(5.3)	–	0.4
Other	(3.0)	–	1.4
Debt at 31 December 2020	**(1,561.0)**	**(2.4)**	**(100.0)**

Note 28: Supplemental information to the consolidated statement of cash flows continued

	Interest-bearing borrowings	Put obligations	Lease liabilities
Debt as at 1 January 2019	**(448.5)**	**(101.5)**	**0.0**
Changes in accounting policy (note 31)	–	–	(61.8)
Cash flows from financing activities			
New interest-bearing loans and borrowings	(199.2)	–	–
Repayment of interest-bearing loans and borrowings	0.4	–	–
Payment of lease liabilities (note 31)	–	–	12.8
Change in ownership interests in subsidiaries	–	100.2	–
Change in bilateral loans with Schibsted	317.9	–	–
Change in cash pool (liabilities) with Schibsted	128.9	–	–
Additions	–	(0.8)	(14.9)
Business combinations	(1.1)	–	(2.4)
Foreign exchange adjustments	0.0	0.0	(0.4)
Changes in fair value	0.0	0.0	–
Other	(0.2)	(0.3)	0.1
Debt at 31 December 2019	**(201.9)**	**(2.4)**	**(66.5)**

Proceeds from sale of subsidiaries, net of cash sold:

	2020	2019
Proceeds from sale of subsidiaries	33.3	–
Cash sold	(2.4)	–
Proceeds from sale of subsidiaries, net of cash sold	**30.9**	**–**

Change in ownership interests in subsidiaries consists of:

	2020	2019
Decrease in ownership interest	–	0.0
Increase in ownership interest – from settlement of put options	–	100.0
Increase in ownership interest – from other transactions	–	0.2
Change in ownership interests in subsidiaries	**–**	**100.2**

Within “Cash and cash equivalents” Adevinta holds as at 31 December 2020 €6.2 million of restricted cash related to amounts held in escrow that are in turn related to transactions between buyers and sellers. The restricted cash as at 31 December 2019 was €5.9 million.

Note 29: Transactions with related parties

Principles

The largest shareholder of Adevinta ASA is Schibsted ASA which has a majority ownership interest of 59.28%. Related parties relationships are defined to be the ultimate parent Schibsted ASA, entities outside the Adevinta Group that are under control (either directly or indirectly), joint control or significant influence by Schibsted ASA or Adevinta's ownership interests in joint ventures and associates.

Related parties are in a position to enter into transactions with the company that would potentially not be undertaken between unrelated parties.

All transactions by Adevinta with related parties have been conducted in accordance with current internal pricing agreements within the Schibsted Group and Adevinta Group.

Adevinta has ownership interests in joint ventures and associates. Transactions with joint ventures and associates are not material for the period covering the consolidated financial statements, except for the loan issued by Adevinta Finance AS, in October 2020, to OLX Brazil joint venture amounting to BRL949.4 million (€149.9 million at 31 December 2020) to finance the acquisition of Grupo Zap (note 4 and 18). The loan bears an interest of SELIC + 2% subject to 18 months grace period and has a tenor of 15 years.

Transactions with related parties by Adevinta are largely related to central activities with the Schibsted Group entities such as IT, external staff costs and professional services.

In relation to the expected acquisition of the eBay Classifieds Group, Adevinta has also signed an agreement to sell eBay Classifieds Scandinavia ApS (Denmark) to a subsidiary of Schibsted ASA immediately after its acquisition and will enter into related cost-sharing arrangements, in Adevinta's view each based on arm's length market terms and in line with Adevinta's business strategy.

For remuneration to management, see note 9.

For information on dividend payments and contributions to and from related parties see Consolidated statement of changes in equity.

Note 29: Transactions with related parties continued

Transactions with related parties affect the consolidated financial statements as summarised below:

Summary of transactions and balances with other related parties:

	2020	2019
Consolidated income statement		
Operating revenues	2.7	10.3
Other operating expenses	(3.8)	(15.9)
Gross operating profit (loss)	**(1.1)**	**(5.6)**
Operating profit (loss)	**(1.1)**	**(5.6)**
Financial expenses	–	(0.7)
Profit (loss) before taxes	**(1.1)**	**(6.3)**
Consolidated statement of financial position		
Trade receivables and other current assets	1.6	11.5
Current assets	**1.6**	**11.5**
Other current liabilities	1.1	6.9
Current liabilities	**1.1**	**6.9**

Summary of transactions and balances with Bom Negócio Atividades de Internet Ltda (joint venture):

	2020	2019
Consolidated income statement		
Financial income	0.9	–
Profit (loss) before taxes	**(0.9)**	**–**
Consolidated statement of financial position		
Other non-current assets	149.9	–
Non-current assets	**149.9**	**–**

Note 30: Auditors' remuneration

Details on the fees to the Group's auditors for the fiscal year 2020:

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
Adevinta Group					
EY	0.8	0.4	0.4	0.3	1.9
Other auditors	0.1	0.0	0.1	0.2	0.4
Total	**0.9**	**0.4**	**0.5**	**0.5**	**2.3**
Adevinta ASA					
EY	0.2	0.3	0.1	0.0	0.6

Note 30: Auditors' remuneration continued

Details on the fees to the Group's auditors for the fiscal year 2019:

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
Adevinta Group					
EY	0.8	0.6	0.2	0.3	1.8
Other auditors	0.2	0.0	0.1	0.1	0.3
Total	**0.9**	**0.6**	**0.3**	**0.4**	**2.2**
Adevinta ASA					
EY	0.1	0.5	0.0	0.0	0.6

Non-audit fees for 2019 includes non-recurring demerger and listing services provided by EY.

Note 31: Lease agreements

Principle

Adevinta assesses at contract inception whether a contract is, or contains, a lease. For short-term leases and leases of low-value assets, lease payments are recognised on a straight-line basis or other systematic basis over the lease term. All other leases are accounted for under a single on-balance sheet model implying recognition of lease liabilities and right-of-use assets as further described below. The Group separates non-lease components from lease components and accounts for each component separately.

At the commencement date of a lease, a lease liability is recognised for the net present value of remaining lease payments to be made over the lease term. The present value is calculated using the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. The lease term is the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. Lease payments include penalties for terminating leases if the lease term reflects the exercise of such an option.

At the commencement date of a lease, a right-of-use asset, representing the right to use the underlying asset during the lease term, is recognised at cost. The cost of the right-of-use asset includes the amount of the lease liability recognised, any initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received.

In relation to leases acquired in a business combination, Adevinta measures the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets are measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavorable terms of the lease when compared with market terms.

Lease liabilities are subsequently increased by interest expenses, reduced by lease payments made and remeasured to reflect any reassessment or lease modification or to reflect revised in-substance fixed lease payments. A lease modification is a change in the lease term, a change in the assessment of an option to purchase the underlying asset in the context of a purchase option or a change in the future lease payments.

Note 31: Lease agreements continued

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the underlying asset.

Adevinta mainly has lease contracts for office buildings and vehicles used in its operations. For most leases of office equipment, such as personal computers, photocopiers and coffee machines, Adevinta has applied the recognition exemption for leases of low-value assets (below €5,000).

Leases of office buildings generally have lease terms between three and 15 years, while motor vehicles generally have lease terms between one and three years.

Estimation uncertainty

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.

Effects of leases on the consolidated financial statements

The Group's leases are primarily related to office buildings. Leases of cars are also recognised, while leases of office equipment, such as personal computers, photocopiers and coffee machines, to a large degree are considered of low value and not included. There are no significant variable lease payments.

The most significant leases are:

User of the office building	Address	End of lease term
Adevinta Spain and HQ Functions	Ciudad de Granada 150, Barcelona	2028
Adevinta France	85 Rue de Faubourg Saint Martin, Paris	2026
Adevinta France	UFO – 26 Rue des Jeuneurs	2029
Subito Italy	via Benigno Crespi, nr 19 Milano and first floor in via Benigno Crespi, nr 17 Milano	2025
Distilled Ireland	Latin Hall 8, Dublin	2025
Adevinta Product and Tech UK	164-182 Oxford Street, 2nd floor, London	2022

Note 31: Lease agreements continued

Consolidated income statement

	2020	2019
Expense related to short-term leases and low value assets	(0.6)	(1.0)
Gross operating profit (loss)	**(0.6)**	**(1.0)**
Depreciation of right-of-use asset	(17.2)	(13.2)
Share of profit (loss) of joint ventures and associates	(0.7)	(0.8)
Operating profit (loss)	**(18.5)**	**(15.0)**
Sublease financial income	0.0	–
Interest expense on lease liabilities (note 12)	(2.2)	(1.7)
Agio (disagio)	(0.0)	0.0
Profit (loss) before taxes	**(20.7)**	**(16.7)**

Consolidated statement of financial position

Carrying amount of right-of-use asset recognised and the movements during the period	Buildings and land	Equipment, furniture and similar assets	Total
As at 1 January 2020	59.7	0.8	60.6
Additions	46.9	0.9	47.8
Disposed through sales of businesses	(0.2)	–	(0.2)
Partial or full termination	(2.0)	(0.0)	(2.0)
Depreciation	(16.1)	(1.1)	(17.2)
Translation differences	(0.3)	–	(0.3)
As at 31 December 2020	**88.0**	**0.6**	**88.6**

Carrying amount of right-of-use asset recognised and the movements during the period	Buildings and land	Equipment, furniture and similar assets	Total
As at 1 January 2019	55.8	1.7	57.3
Additions	13.6	0.2	13.8
Acquired through business combinations	2.2	0.1	2.4
Partial or full termination	(0.1)	0.0	(0.1)
Depreciation	(12.0)	(1.2)	(13.2)
Translation differences	0.3	–	0.3
As at 31 December 2019	**59.7**	**0.8**	**60.6**

Note 31: Lease agreements continued

Carrying amount of lease liabilities recognised and the movements during the period

As at 1 January 2020	66.5
Additions	47.8
Disposed through sales of businesses	(0.2)
Partial or full termination	(0.6)
Lease payments	(15.3)
Accretion of interest	2.2
Currency translation	(0.4)
As at 31 December 2020	**100.0**
Of which current	18.4
Of which non-current	81.6

The addition in 2020 is mainly related to the new office lease in Rue des Jeuneurs "UFO" for Adevinta France.

Carrying amount of lease liabilities recognised and the movements during the period

As at 1 January 2019	61.8
Additions	14.9
Acquired through business combinations	2.4
Partial or full termination	(0.1)
Lease payments	(14.5)
Accretion of interest	1.7
Currency translation	0.4
As at 31 December 2019	**66.5**
Of which current	13.3
Of which non-current	53.2

The addition in 2019 was mainly related to the office lease in Milan for Subito and the addition of floors for the Ciudad de Granada office in Barcelona.

Maturity analysis of lease liability

<3 months	5.5
3 months to 1 year	16.1
1 to 2 years	18.1
2 to 5 years	45.6
>5 years	30.5
Total	**115.8**

This table presents undiscounted amounts.

Note 31: Lease agreements continued

Consolidated statement of cash flows

The following amounts related to leases and net investment in sublease are recognised in the Consolidated statement of cash flows:

	2020	2019
Net cash flow from operating activities	(2.8)	(2.7)
Net cash flow from financing activities (note 28)	(12.5)	(12.8)
Total	**(15.3)**	**(15.5)**

The principal portion of lease payments are classified as cash flow from financing activities together with the net investment in sublease payments received. The interest portion of lease payments are classified as cash flow from operating activities together with lease payments related to short-term and low-value leases.

Future cash outflows to which Adevinta is potentially exposed that are not reflected in the lease liability

The Group has no significant leases that have not yet commenced as at 31 December 2020.

Set out below are the potential future lease payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Between one and five years	More than five years	Total
Extension options expected not to be exercised	1.5	70.4	71.9
Termination options expected to be exercised	13.0	5.2	18.2
Total	**14.5**	**75.6**	**90.1**

Expenses related to short-term leases are expected to remain insignificant in 2021.

Net investment in sublease

The net investment in sublease relates to part of the London office.

	Net investment in sublease
As at 1 January 2020	–
Additions	3.1
Lease payments received	(0.6)
Accretion of interest	(0.0)
Translation differences	0.0
As at 31 December 2020	**2.5**
Of which current	1.9
Of which non-current	0.6

Note 32: Events after the balance sheet date

Disposal of Yapo

On 24 February 2021, Adevinta signed an agreement to sell its subsidiary Yapo (Chile) to Frontier Digital Ventures (FDV), a company specializing in online marketplaces in emerging markets. Yapo was part of the Group's Global Markets operating segment. The disposal is in line with Adevinta's portfolio optimisation strategy. The sale was recognised on 24 February 2021.

Details of the sale of the subsidiary:

	€ million
Consideration received or receivable	16.1
Carrying amount of net assets sold	17.0
Loss on sale before income tax and reclassification of foreign currency reserve	**(0.9)**
Reclassification of foreign currency translation reserve	(10.4)
Loss on sale before income tax	**(11.3)**
Income tax	–
Loss on sale after income tax	**(11.3)**

The carrying amount of total assets and net assets as at the date of sale were €20.4 million and €17.0 million respectively, of which €17.6 million were intangible assets and €1.2 million were cash.

UK CMA update

On 2 March 2021, Adevinta confirmed that the UK Competition and Markets Authority (CMA) has announced that it considers there are reasonable grounds to believe that the remedies presented by Adevinta and eBay address their concerns in respect of Adevinta's proposed acquisition of eBay Classifieds Group. The remedies proposed by Adevinta and eBay are the divestment of each company's primary classifieds operations in the UK: Shpock, Gumtree (UK) and Motors.co.uk. These remedies have been proposed in response to the competition concerns raised by CMA on 16 February 2021.

In accordance with Adevinta's intention to sell Shpock, the operations were at the time of announcement classified as held for sale. The Shpock operations are part of the Group's Global Markets operating segment. The sale is expected to be finalised by 30 June 2021.

Repurchase of shares by Adevinta ASA

On 3 March 2021 a buy-back programme was announced. The duration of this programme will be no longer than 2 April 2021 and the size of the programme is up to 1,700,000 shares. Further information of this programme is published on our website.

Covid pandemic

The duration and extent of the pandemic and related financial, social and public health impacts of the Covid pandemic remain uncertain. Disclosures on the potential impacts that this uncertainty may have on reported figures in future periods have been included in note 3.

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

Notes to the consolidated financial statements continued

Note 33: Ownership

Subsidiaries	Country of incorporation	% holding
Finderly GmbH	Austria	100.0%
Adevinta OOO	Belarus	100.0%
Editora Balcão Ltda	Brazil	100.0%
Infojobs Brasil Atividades de Internet Ltda	Brazil	76.2%
Yapo.cl SpA	Chile	100.0%
SAS ARGUS CI	Ivory Coast	100.0%
Adevinta France SASU	France	100.0%
SCM Local SASU	France	100.0%
LBC France SASU	France	100.0%
Locasun SARL	France	100.0%
Paycar SAS	France	68.8%
Pilgo SAS	France	100.0%
LBC Dévéloppement SASU	France	100.0%
Adevinta Product & Tech France SASU	France	100.0%
LBC Vertical	France	100.0%
MB Diffusion SAS	France	100.0%
SAS SNEEP	France	100.0%
SAS SFD	France	66.0%
VIDE Dressing GmbH	Germany	100.0%
MBDE GmbH	Germany	100.0%
Adevinta Classified Media Hungary Kft.	Hungary	100.0%
Adevinta Classified Media Ireland Ltd	Ireland	100.0%
Distilled SCH Ltd	Ireland	50.0%
Distilled SCH Shared services Ltd	Ireland	50.0%
Distilled SCH Nominees Ltd	Ireland	50.0%
Distilled Financial Services Ltd	Ireland	50.0%
Daft Media Ltd	Ireland	50.0%
Adverts Marketplace Ltd	Ireland	50.0%
Done Deal Ltd	Ireland	50.0%
Skupe Net Ltd	Ireland	50.0%
Subito.it S.r.l	Italy	100.0%

Note 33: Ownership continued

Subsidiaries	Country of incorporation	% holding
IM S.r.l.	Italy	100.0%
InfoJobs Italia S.r.l	Italy	100.0%
ASM Classificado de Mexico SA De CV	Mexico	100.0%
SARL AU ARGUSED	Morocco	100.0%
Adevinta Oak Holdings B.V.	Netherlands	100.0%
Adevinta Netherlands NV	Netherlands	100.0%
Hebdo Mag Brazil Holdings BV	Netherlands	100.0%
Le Rouge Holding B.V.	Netherlands	100.0%
SnT Netherlands BV	Netherlands	100.0%
Adevinta Finance AS (formerly Schibsted Classified Media AS)	Norway	100.0%
Adevinta Products and Technology AS (formerly Schibsted Marketplaces Products and Technology AS)	Norway	100.0%
Adevinta Ventures AS (formerly Schibsted Marketplaces Invest AS)	Norway	100.0%
SnT Classified ANS	Norway	100.0%
Marketplaces Austria Holding AS	Norway	100.0%
Adevinta Products & Technology SLU	Spain	100.0%
Adevinta Information Services S.L. (formerly SMG News and Publications SL)	Spain	100.0%
Adevinta Holdco Spain SLU	Spain	100.0%
Adevinta Ibérica SLU	Spain	100.0%
Locasun Spain SLU	Spain	100.0%
SnT Spain Clasificados Online S.L.	Spain	100.0%
Adevinta Spain SLU	Spain	100.0%
Infobras Spain SL	Spain	76.2%
Jobisjob SLU	Spain	100.0%
Schibsted Marketplaces Products and Technology AB	Sweden	100.0%
Adevinta Ventures AB	Sweden	100.0%
Adevinta Growth Partner AB	Sweden	100.0%
Adevinta Products & Technology UK Limited	United Kingdom	100.0%
Adevinta UK Ltd	United Kingdom	100.0%
Shpock Services LKH Ltd	United Kingdom	100.0%

Note 33: Ownership continued

Joint ventures	Country of incorporation	% holding
willhaben internet service GmbH & Co KG	Austria	50.0%
Car4You GmbH	Austria	50.0%
willhaben internet service GmbH	Austria	50.0%
Autopro24 Datenmanagement GmbH	Austria	50.0%
Bom Negócio Atividades de Internet Ltda	Brazil	50.0%
ZAP S.A. Internet	Brazil	50.0%
Vivareal Internet Ltda.	Brazil	50.0%
Geoimovel Tecnologia e informacao imobiliaria Ltda.	Brazil	50.0%
Suahouse.com Tecnologia e Gestao imobaliaria Ltda	Brazil	50.0%
DataZap S.A. Intellgencia imobiliaria	Brazil	50.0%
Infoprop Brasil Technologia Ltda	Brazil	50.0%
Facher Tecnologia Ltda	Brazil	50.0%
OLX Meios de Pagamento, Ltda	Brazil	50.0%
Silver Brazil JVCO BV	Netherlands	50.0%

Associate companies	Country of incorporation	% holding
SARL SNEEP ALGERIE	Algeria	49.0%
Younited SA	France	10.5%
703 Search BV	Netherlands	31.5%
CustoJusto Unipessoal Lda	Portugal	30.0%

Definitions and reconciliations

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

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

Definitions and reconciliations continued

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

Definitions and reconciliations continued

Measure	Description	Reason for including
EBITDA margin incl. JVs	Gross operating profit (loss) including the proportional ownership of willhaben (Austria) and OLX (Brazil)/Operating revenues including the proportional ownership of willhaben (Austria) and OLX (Brazil).	Shows the operations' performance including the proportional ownership of willhaben (Austria) and OLX (Brazil) as a ratio to operating revenue including the proportional ownership of willhaben (Austria) and OLX (Brazil). Management believes the measure reflects the real scale, growth and profitability of Adevinta.
Underlying tax rate	Underlying tax rate is defined as tax cost excluding effects that do not result in current tax payables.	Management believes that adjusted tax rate represents a more understandable measure of what is tax payable by the Group.
Liquidity reserve	Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.	Management believes that liquidity reserve shows the total liquidity available for meeting current or future obligations.
Interest-bearing debt/Total debt	Interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities. Total debt is defined as interest-bearing debt.	Management believes that it is a useful indicator of the company's debt profile and its ability to meet its debt obligations.
Net interest-bearing debt/ Total net debt	Net interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities less cash and cash equivalents, proceeds from borrowings placed in the escrow account and cash pool holdings. Total net debt is defined as net interest-bearing debt.	Management believes that net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the Consolidated statement of financial position. The use of net interest-bearing debt does not necessarily mean that the cash and cash equivalents and cash pool holdings are available to settle all liabilities in this measure. Net interest-bearing debt includes proceeds of the Senior Secured Notes held in escrow until closing of transaction.
Earnings per share adjusted (EPS (adj.))	Earnings per share adjusted for other income and expenses, impairment loss, non-controlling interests related to other income and expenses and impairment loss and taxes.	The measure is used for comparing earnings to shareholders adjusted for income and expenses related transactions and events net of tax not considered by management to be part of operating activities. Management believes the measure enables an evaluation of value created to shareholders excluding effects of non-operating events and transactions.
Revenues adjusted for currency fluctuations	Growth rates on revenue adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation.
Organic revenue growth	Revenue growth adjusted for the effects of currency movements and changes in the scope of consolidation.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation and changes in consolidation scope.

Definitions and reconciliations continued

Reconciliation of EBITDA (earnings before other income and expenses, impairment, joint ventures and associates)	Year 2020	Year 2019
Gross operating profit (loss)	**182.5**	**199.5**
= EBITDA (earnings before other income and expenses, impairment, joint ventures and associates)	182.5	199.5

Reconciliation of EBITDA (earnings before other income and expenses, impairment, joint ventures and associates) excl. Investment phase	Year 2020	Year 2019
Gross operating profit (loss)	**182.5**	**199.5**
– EBITDA Investment phase	(16.8)	(9.8)
= EBITDA excl. Investment phase	199.3	209.4

Developed Phase and Investment Phase

Developed Phase

Consolidated Subsidiaries

- France: leboncoin, MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo
- Spain: Coches.net, Motos.net, Fotocasa, Vibbo, Milanuncios, InfoJobs and Habitaclia
- Italy: Subito and InfoJobs
- Ireland: Daft, Done Deal and Adverts
- Hungary: Hasznaltauto and Jofogas
- Colombia: Fincaraiz (sold in Q4 2020)
- Brazil: Infojobs

Joint ventures and associates

- Austria: willhaben
- Brazil: OLX, Anapro and Grupo Zap
- France: Younited

Investment Phase

(Investment phase refers to operations in a growth phase with large investments in market positions, but with immature monetisation rates and where sustainable profitability has not yet been reached.)

Consolidated Subsidiaries

- Shpock in markets: Austria, Germany and United Kingdom
- Chile: Yapo
- Mexico: Segundamano
- Morocco: Avito (sold in Q4 2020)
- Belarus: Kufar
- Dominican Republic: Corotos (sold in Q2 2020)
- Tunisia: Tayara (sold in Q4 2020)

Joint ventures and associates

- Indonesia: OLX (sold in Q4 2020)
- Portugal: Custo Justo (associate from Q3 2018)

Definitions and reconciliations continued

Reconciliation of underlying tax rate

Underlying tax rate (€ million)	Year 2020	Year 2019
Profit (loss) before taxes	(38.8)	116.7
Share of profit (loss) of joint ventures and associates	(16.2)	(5.9)
Other losses for which no deferred tax benefit is recognised	177.9	42.9
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(6.6)	(0.4)
Other non-taxable gains	(3.4)	–
Impairment losses	42.4	22.6
Adjusted tax base	**155.3**	**175.8**
Taxes	31.0	49.6
Reassessment of previously unrecognised deferred tax assets (note 13)	17.7	–
Capital gain tax (note 4)	(5.5)	–
Other non-recurring tax items	4.3	–
Adjusted taxes	**47.5**	**49.6**
Underlying tax rate	**30.6%**	**28.2%**

Other non-taxable gains amounting to €3.4 million correspond to the remeasurement of the fair value of contingent consideration related to the acquisition of Locasun SARL.

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

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

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

Definitions and reconciliations continued

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

Currency rates used when converting profit or loss	2020	2019
Pound sterling (GBP)	1.1253	1.1406
Brazilian Real (BRL)	0.1721	0.2268

Income statement

for the year ended 31 December 2020

€ thousand	Note	2020	2019
Operating revenues	17	–	–
Personnel expenses	4	(2,358)	(2,315)
Other operating expenses	3,17	(9,822)	(7,627)
Depreciation and amortisation	–	(402)	(214)
Other income and expenses	5	(13,217)	(2,932)
Operating profit (loss)		**(25,799)**	**(13,087)**
Financial income	6	8,187	20,255
Financial expenses	6	(163,988)	(2,309)
Net financial items		**(155,801)**	**17,946**
Profit (loss) before taxes		**(181,600)**	**4,858**
Taxes	7	–	(342)
Profit (loss)		**(181,600)**	**4,516**

Statement of financial position

for the year ended 31 December

€ thousand	Note	2020	2019
ASSETS			
Deferred tax assets	7	–	–
Intangible assets		308	711
Investments in subsidiaries	8	1,345,571	1,345,561
Other non-current assets	9	314,362	443,808
Non-current assets		**1,660,241**	**1,790,080**
Current assets	9	1,097,972	3,817
Cash and cash equivalents	10	43,008	8,870
Current assets		**1,140,980**	**12,687**
Total assets		**2,801,221**	**1,802,767**
EQUITY AND LIABILITIES			
Share capital	11	13,769	13,769
Other paid-in capital	11	1,029,064	1,028,792
Treasury shares	11	(456)	–
Retained earnings	11	256,411	438,108
Equity		**1,298,788**	**1,480,669**
Pension liabilities	13	796	379
Other non-current liabilities	14,15	1,091,320	200,148
Non-current liabilities		**1,092,116**	**200,527**
Current liabilities	14,15	**410,317**	**121,571**
Total equity and liabilities		**2,801,221**	**1,802,767**

Statement of cash flows

for the year ended 31 December

€ thousand	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		(181,600)	4,858
Taxes paid	7	(342)	(11)
Depreciation and amortisation		402	214
Group contributions included in financial income	6	–	(406)
Dividends	6	–	(11,083)
Capitalised interest income		(4,948)	(8,062)
Net effect pension liability		345	403
Other non-cash items and change in working capital		140,731	7,467
Net cash flow from operating activities		**(45,412)**	**(6,620)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible assets and property, plant & equipment		–	(315)
Change in subsidiaries' receivables and liabilities in cash pool (net)	9,14	64,558	(73,470)
Group contributions and dividends (net)		–	11,083
Increase of non-current loans to subsidiaries		(1,135)	(165,016)
Repayment of non-current loans from subsidiaries	9	185,470	119,321
Acquisitions of and capital increase in subsidiaries		(10)	–
Net cash flow from investing activities		**248,883**	**(108,397)**
Net cash flow before financing activities		**203,471**	**(115,017)**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase	11	–	75
Capital decrease	11	–	(101)
Net sale (purchase) of treasury shares		(456)	–
Increase of non-current loans from group	14	31,123	–
New interest-bearing loans and borrowings	14	–	200,000
Repayment of interest-bearing loans and borrowings	14	(200,000)	–
Net cash flow from financing activities		**(169,333)**	**199,974**
Net increase (decrease) in cash and cash equivalents		**34,138**	**84,957**
Cash and cash equivalents as at 1 January		**8,870**	**101**
Change in cash		–	(76,190)
Cash and cash equivalents as at 31 December	**10**	**43,008**	**8,870**

Notes to the parent company financial statements

Note 1: Company information

Adevinta ASA is the parent company of the Adevinta Group. The activities of Adevinta ASA mainly include a portion of the Group's executive management, board of directors, financing and other activities as a consequence of being listed on the Oslo stock exchange.

Adevinta ASA is a subsidiary of Schibsted ASA. See note 12 (Shareholder structure) for further ownership details.

The financial statements for Adevinta ASA for the year 2020 were approved by the Board of Directors on 25 March 2021 and will be proposed to the General Meeting in May 2021.

Note 2: Significant accounting policies

The financial statements for Adevinta ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles (NGAAP).

All amounts are in euros (€) thousand, which is Adevinta ASA's functional and presentation currency, unless otherwise stated.

Cash and cash equivalents

Adevinta ASA is the ultimate owner of Adevinta's multi-currency corporate cash pool system. Adevinta ASA's funds in the cash pool are classified as cash and cash equivalents. The subsidiaries' positions in the cash pool are recognised as receivables and liabilities in Adevinta ASA's statement of financial position. Liabilities are classified in their entirety as current. The classification of receivables as current or non-current depends on agreement with each subsidiary.

Cash and cash equivalents consist of bank deposits and other monetary instruments with a maturity of three months or less.

Classification

An asset or liability is classified as current when it is part of a normal operating cycle, held primarily for trading purposes, falls due within 12 months or when it consists of cash or cash equivalents on the statement of financial position date. Other items are classified as non-current.

Shares

Subsidiaries are all entities controlled, either directly or indirectly, by Adevinta ASA. For further information concerning evaluation as to whether Adevinta ASA controls an entity, please see note 2 (Basis for preparing the consolidated financial statements) in the consolidated financial statements.

Shares are classified as investment in subsidiaries from the date Adevinta ASA effectively obtains control of the subsidiary (acquisition date) and until the date Adevinta ASA ceases to control the subsidiary.

Subsidiaries are recognised according to the cost method and are yearly tested for impairment.

Group contributions and dividends received are recognised as financial income, provided that they do not represent a repayment of capital invested. If dividends and/or group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the statement of financial position.

Property, plant & equipment and intangible assets

Property, plant & equipment and intangible assets are measured at cost less accumulated depreciation, amortisation and impairment. Property, plant & equipment and intangible assets with limited economic lives are depreciated over the expected economic life. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Impairment losses are reversed if the basis for the impairment is no longer present.

Leases

Leases are classified as either finance leases or operating leases. Leases that transfer substantially all the risks and rewards incidental to the asset are classified as finance leases. Other leases are classified as operating leases. All of the company's leases are considered to be operational. Lease payments related to operating leases are recognised as expenses over the lease term.

Foreign currency

Adevinta ASA's functional currency is euros (€). Foreign currency transactions are translated into the functional currency on initial recognition by using the spot exchange rate at the date of the transaction. Foreign currency monetary items are translated with the closing rate at the reporting date. Foreign currency gains and losses are reported in the income statement in the lines “Financial income” and “Financial expenses,” respectively.

Trade receivables

Trade receivables are recognised at nominal value less provision for expected loss.

Treasury shares

Acquisition and proceeds from sale of treasury shares are accounted for as equity transactions. See note 11 (Equity) for further details.

Pension plans

Adevinta ASA has chosen, in accordance with NRS 6, to use measurement and presentation principles according to IAS 19R Employee Benefits.

The accounting principles for pension are consistent with the Group principles, as described in note 21 (Other non-current and current liabilities) in the consolidated financial statements.

Share-based payment

Adevinta ASA accounts for share-based payment in accordance with NRS 15A Share-based Payment. NRS 15A requires share-based payments to be accounted for as required by IFRS 2 Share-based Payment. See note 10 (Share-based payment) in the consolidated financial statements for additional information.

Taxes

Tax expense (tax income) comprises current tax payable and changes to deferred tax assets and/or liabilities. Deferred tax liabilities and assets are computed for all temporary differences between the tax basis and the carrying amount of an asset or liability in the financial statements and the tax basis of tax losses carried forward. Deferred tax assets are recognised only when it is probable that the asset will be utilised against future taxable profit. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Adevinta ASA makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, whether the derivatives are expected to be highly effective in offsetting the changes in the fair value or cash flows for the respective hedged items during the period for which the derivatives are in place and designates the derivatives as a hedging instrument or not, accordingly.

The effective portion of changes in the fair value of derivatives designated as hedging instruments in cash flow hedges is recognised in equity and is accumulated in the hedging reserve. In the case of purchase of non-financial assets, the hedging reserve will be reclassified to the carrying amount of these assets when such assets are recognised in the statement of financial position. In other cash flow hedges the hedging reserve will be reclassified to profit or loss when the hedged expected future cash flows affect profit or loss.

Changes in the fair value of derivatives, not designated as hedging instruments, are recognised in financial income or expenses.

Provisions and contingent liabilities

Provisions are recognised in the financial statements when it is more probable than not that future uncertain events will result in outflow of economic resources based on the best estimate of the amount to be paid. Contingent liabilities are possible obligations arising from past events whose existence depends on the occurrence of uncertain future events or a present obligations arising from past events for which it is not probable that an economic outflow will be required to settle the obligation or where the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the financial statements. Contingent liabilities are disclosed in notes to the financial statements, unless the probability that an economic outflow will be required to settle the obligation is remote.

Statement of cash flows

The statement of cash flows is prepared under the indirect method. Cash and cash equivalents include cash, bank deposits and cash on hand.

Note 3: Other operating expenses

	2020	2019
Rent and maintenance	69	95
Office and administrative expenses	721	149
Professional fees	9,032	7,349
Travel and meetings	–	33
Total operating expenses	**9,822**	**7,627**

Note 4: Personnel expenses

	2020	2019
Salaries and wages	955	1,018
Social security costs	300	191
Net pension expense (note 13)	351	409
Other personnel expenses	14	3
Share-based payment	738	694
Total personnel expenses	**2,358**	**2,315**
Number of FTEs	2	1

Remuneration of the Board is included in personnel expenses. Board directors are not included in the number of FTEs.

Rolv Erik Ryssdal is the CEO of Adevinta ASA. For further information concerning remuneration to management and share-based payment, see note 9 (Personnel expenses and remuneration) and note 10 (Share-based payment) in the consolidated financial statements.

Note 5: Other income and expenses

Other income and expense consists of:

	2020	2019
IPO-related costs	2,320	2,932
Acquisition related costs	9,830	–
Integration related cost	1,067	–
Other income and expense	**13,217**	**2,932**

Acquisition-related costs and integration-related costs are mainly attributed to the upcoming acquisition of eBay Classifieds Group. IPO-related costs mainly relate to the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019. IPO-related costs in 2019 consisted mainly of expenses related to Adevinta ASA's listing process.

Note 6: Financial items

Financial income consists of:

	2020	2019
Interest income	4,951	8,114
Interest income cash pool	1,798	455
Group contributions received	–	406
Dividends from subsidiaries	–	11,083
Foreign exchange gain (agio)	1,430	183
Other financial income	8	14
Total	**8,187**	**20,255**

Financial expenses consist of:

	2020	2019
Interest expenses	5,469	1,543
Interest expenses cash pool	–	84
Interest expenses on pension plans (note 13)	7	1
Foreign exchange loss (disagio)	157,465	43
Other financial expenses	1,047	638
Total	**163,988**	**2,309**

Interest income relates to income on long-term loans to group companies as well as interest income from the cash pool.

Interest expenses consist predominantly of interest expenses on the Notes as described in note 14 (Non-current and current liabilities). Foreign exchange loss is mainly due to deal-contingent foreign exchange forward contracts entered in relation to the eBay Classifieds Group acquisition and a currency and interest swap entered into for the USD part of a senior secured Term Loan B facility established to partly finance the acquisition, see note 15 (Financial risk management and interest-bearing borrowings), which are not designated as hedging instruments. Other financial expenses relate mainly to the cancellation of the 300 million revolving credit facility.

Note 7: Income taxes

Set out below is a specification of the difference between the profit before taxes and taxable income of the year:

	2020	2019
Profit (loss) before taxes	(181,600)	4,858
Currency exchange difference[1]	8,669	(963)
Dividends received	–	(11,083)
Other permanent differences	10,897	500
Change in temporary differences	156,280	419
Effect of unrecognised actuarial gain (loss) in the pension liability	(72)	23
Effect of demerger cost, recognised in equity	–	(807)
Taxable income	**(5,826)**	**(7,052)**
Tax rate	22%	22%

[1] The currency exchange difference occurs as a result of the annual accounts and tax papers being filed in different currencies.

Taxes payable and taxes charged to expenses are calculated as:

	2020	2019
Calculated taxes payable	–	–
Change in net deferred tax asset received as part of the demerger with Schibsted ASA	–	159
Tax related to demerger cost, recognised in equity	–	178
Tax related to unrecognised actuarial gain (loss) in the pension liability	–	(5)
Withholding tax	–	11
Tax expense	**–**	**342**

Effective tax rate is a result of:

	2020	2019
Profit (loss) before taxes	(181,600)	4,858
Tax charged based on nominal rate	(39,952)	1,069
Tax effect permanent differences	2,381	(2,718)
Tax effect currency exchange differences	1,907	–
Change in temporary differences not booked	34,382	1,628
Net deferred tax assets acquired as a part of the demerger with Schibsted ASA	–	159
Tax related to demerger cost, recognised in equity	–	178
Withholding tax	–	26
Tax losses carried forward for which no deferred tax assets is recognised	1,282	–
Taxes	**–**	**342**

Note 7: Income taxes continued

The net deferred tax liability (asset) consists of the following:

	2020	2019
Temporary differences related to:		
Pension liabilities	(796)	(379)
Other current liabilities	(156,558)	(694)
Temporary differences	**(157,354)**	**(1,074)**
Taxable deficit to carry forward	(12,878)	(7,052)
Total basis for deferred tax liability (assets)	**(170,232)**	**(8,126)**
Tax rate	22%	22%
Net deferred tax liability (asset) with applicable year's tax rate	(37,451)	(1,787)
Deferred tax assets not booked	37,451	1,787
Net deferred tax liability (asset)	**–**	**–**

The company does not register any deferred tax asset as it is currently not probable that these deferred tax assets can be recovered.

Note 8: Subsidiaries and associates

Adevinta ASA is the ultimate parent company in the Adevinta Group with operations worldwide. For more information about these operations, see note 6 (Operating segments) to the consolidated financial statements.

Shares in subsidiaries directly owned by Adevinta ASA:

			Carrying amount	
	Ownership and voting share	Location	2020	2019
Adevinta Finance AS	100%	Oslo, Norway	1,345,561	1,345,561
Adevinta Oak Holdings BV	100%	Amsterdam, Netherlands	10	–
Total			**1,345,571**	**1,345,561**

Note 9: Other non-current and current assets

	Non-current		Current	
	2020	2019	2020	2019
Group companies' liabilities in cash pool	121,618	71,677	–	–
Other receivables from Group companies	192,744	372,131	1,299	1,729
Prepaid expenses	–	–	67	–
Other receivables	–	–	1,096,606	2,088
Total	**314,362**	**443,808**	**1,097,972**	**3,817**

Non-current receivables from Group companies in 2020 consist of a loan to Adevinta France SAS of €127,955 thousand, a loan to LBC France SASU of €20,889 thousand and a loan to Adevinta Holdco Spain SL of €43,900 thousand.

Current other receivables include mainly funds of €1,060,000 thousand locked in an escrow account related to Senior Secured Notes issued in 2020 by Adevinta ASA, see note note 22 (Financial risk management) and 23 (Interest-bearing borrowings) in the consolidated financial statements.

Note 10: Cash and cash equivalents

	2020	2019
Net assets in cash pool	43,008	8,870
Net assets outside the cash pool	–	–
Total Cash and cash equivalents	**43,008**	**8,870**

Adevinta ASA has a multi-currency cash pool with Danske Bank and a EUR cash pool with BNP Paribas. These cash pools have been established to optimise liquidity management for Adevinta.

The cash pool with BNP Paribas was moved to Adevinta ASA as a part of the demerger from Schibsted ASA in April 2019.

The Group has an uncommitted overdraft facility of €10 million linked to the cash pool with BNP Paribas. At year end 2020, this facility was not drawn.

Excess liquidity is placed in our relationship banks, in the cash pool or in the short-term money market.

Note 11: Equity

	Share capital	Treasury shares	Other paid-in capital	Retained earnings	Total
Equity as at 31 December 2019	**13,769**	**–**	**1,028,792**	**438,108**	**1,480,669**
Change in treasury shares	–	(456)	–	–	(456)
Share-based payment	–	–	272	–	272
Unrecognised actuarial gain (loss) in pension plans, net of tax	–	–	–	(72)	(72)
Other	–	–	–	(25)	(25)
Profit (loss)	–	–	–	(181,600)	(181,600)
Equity as at 31 December 2020	**13,769**	**(456)**	**1,029,064**	**256,411**	**1,298,788**

The share capital of Adevinta ASA is NOK136,989,700.40 divided into 684,948,502 ordinary shares, each with a nominal value of NOK0.20. For more information on number of shares, see note 26 (Equity) in the consolidated financial statements.

The Annual General Meeting of 5 May 2020 of Adevinta ASA, granted authorization to the Board to buy-back own shares up to NOK13,698,970 with a minimum amount of NOK20 and a maximum amount of NOK750 paid per share. The Board is free to decide on the acquisition method and possible subsequent sale of the shares. The shares may serve as settlement in the company's share-based incentive schemes, as well as employee share saving plans, and may be used as settlement in acquisitions, and to improve the company's capital structure. This authorisation is valid until the next Annual General Meeting of the Company in 2021, but in no event later than 30 June 2021.

At the Annual General Meeting of 5 May 2020 it was also resolved to authorise the Board to increase the share capital of Adevinta ASA, cf. the Public Limited Liability Companies Act Section 10-14 (1). The Board's authorisation may be carried out on multiple occasions, but not to exceed an aggregate of NOK13,698,970. The Board was further authorised to issue convertible loans to a total amount of NOK7,500,000,000 (or equal in other currencies) whereby the share capital may be increased by a total of NOK13,698,970 as a result of such conversions taking place. Both the Board's authorisation to increase the share capital and the issuance of convertible loans is restricted so that the aggregate amount cannot exceed 10% of the Adevinta ASA's share capital at the time of the resolution to issue shares or convertible loans (on the assumption that 100% of the convertible loans would be converted into equity). The authorisation will lapse at the time of the next Annual General Meeting in the company, but no later than 30 June 2021.

In May 2020 Adevinta ASA decided to acquire 320,000 of its own shares at a total purchase price of NOK31.4 million (equivalent to €2.9 million). The purpose of the buy-backs was to have treasury shares available for use in connection with settlement in share-based long-term incentive schemes. Adevinta ASA has in 2020 transferred a total of 267,773 treasury shares in connection with long-term incentive schemes (NOK26.2 million, equivalent to €2.4 million).

Adevinta ASA holds 52,227 treasury shares as of 31 December 2020.

Note 12: Shareholder structure

The 20 largest shareholders as at 31 December 2020

	Total number of shares	% of shares
Schibsted ASA	406,050,523	59.3%
Folketrygdfondet	25,057,775	3.7%
Blommenholm Industrier AS	23,992,516	3.5%
State Street Bank and Trust Comp*	20,972,985	3.1%
JPMorgan Chase Bank, N.A., London*	10,139,267	1.5%
The Bank of New York Mellon*	9,588,343	1.4%
Alecta Pensionsforsakring, oms.	6,985,326	1.0%
The Bank of New York Mellon SA/NV*	4,795,904	0.7%
The Northern Trust Comp, London Br*	4,577,876	0.7%
Morgan Stanley & Co. Int. Plc.*	4,403,331	0.6%
Goldman Sachs International*	4,293,475	0.6%
State Street Bank and Trust Comp*	4,030,567	0.6%
JPMorgan Chase Bank, N.A., London*	3,908,958	0.6%
JPMorgan Chase Bank, N.A., London*	3,492,595	0.5%
The Bank of New York Mellon SA/NV*	3,386,731	0.5%
The Bank of New York Mellon*	3,330,779	0.5%
State Street Bank and Trust Comp*	3,277,811	0.5%
BNP Paribas Securities Services*	3,044,490	0.4%
State Street Bank and Trust Comp*	2,794,907	0.4%
Skandinaviska Enskilda Banken AB*	2,760,900	0.4%
Total 20 largest shareholders		**80.4%**

* Nominee accounts.

The list of shareholders is based on the public VPS list. For further information regarding the underlying ownership, see section “Share Information” in this annual report.

Note 12: Shareholder structure continued

Number of shares owned by the Board and the Group management:

	Number of shares
Orla Noonan (Chairman of the Board)	5,030
Kristin Skogen Lund (Member of the Board)	–
Peter Brooks-Johnson (Member of the Board)	–
Sophie Javary (Member of the Board)	–
Terje Seljeseth (Member of the Board)	–
Fernando Abril-Martorell (Member of the Board)	–
Rolv Erik Ryssdal (CEO)	150,177
Uvashni Raman (CFO)	18,855
Antoine Jouteau (France)	31,891
Gianpa Santorsola (Spain & Brazil)	42,197
Ovidiu Solomonov (Global Markets)	9,114
Renaud Bruyeron (Product & Technology)	15,783
Nicola Dexter (People & Communications)	7,045
Total Board and Group management	**280,092**

Adevinta has a single-class share structure, after collapsing the former dual-share class structure into one class effective as of 25 October 2019. The total number of issued shares in Adevinta ASA is 684,948,502 ordinary shares at 31 December 2020 and as per 2019. The number of shareholders as at 31 December 2020 is 5,629 compared to 4,391 in 2019. Foreign ownership is 29.6% as at 31 December 2020 versus 27.7% in 2019. See note 26 (Equity) in the consolidated financial statements for more information regarding number of shares.

Note 13: Pension plans

The company is obliged to have an occupational pension scheme in accordance with the Act on Mandatory Company Pensions ("Lov om obligatorisk tjeneste-pensjon"). The company's pension scheme meets the requirements of the Act.

As at 31 December 2020, as well as 2019, the pension plans covered one working member. Note 21 (Other non-current and current liabilities) in the consolidated financial statements contains further description of the pension plans.

Amounts recognised in profit or loss:

	2020	2019
Current service cost	338	401
Net interest on the net defined benefit liability	7	1
Net pension expense – defined benefit plans	**345**	**402**
Pension expense defined contribution plans	13	8
Net pension expense	**358**	**410**
Of which included in Profit or loss – Personnel expenses	351	409
Of which included in Profit or loss – Financial expenses	7	1

Amounts recognised in the statement of financial position:

	2020	2019
Present value of funded defined benefit liabilities	–	–
Fair value of plan assets	–	–
Present value (net of plan assets) of funded defined benefit liabilities	**–**	**–**
Present value of unfunded defined benefit liabilities	796	379
Net pension liabilities	**796**	**379**
Social security tax included in present value of defined benefit liabilities	96	47

Changes in pension liabilities:

	2020	2019
As at 1 January	379	–
Net pension expense	345	402
Contributions/benefits paid	–	–
Unrecognised actuarial (gain) loss recognised in equity (incl. tax)	72	(23)
As at 31 December	**796**	**379**

Note 13: Pension plans continued

New measurement of defined benefit obligation includes:

	2020	2019
Actuarial gains and losses arising from changes in financial assumptions	–	–
Other effects of remeasurement (experience deviation)	(72)	23
Remeasurement of defined benefit liabilities	**72**	**23**

Note 14: Non-current and current liabilities

	Non-current		Current	
	2020	2019	2020	2019
External interest-bearing borrowings (note 15)	1,060,000	200,000	–	–
Financial derivatives	–	–	156,215	–
Group companies' receivables in cash pool	–	–	224,888	110,389
Other liabilities to Group companies	31,123	–	2,802	4,799
Other liabilities	197	527	26,412	6,383
Total	**1,091,320**	**200,527**	**410,317**	**121,571**

In November 2020, Adevinta ASA issued Senior Secured Notes (the "Notes") amounting to €1,060 million. The notes consist of two tranches: €660 million aggregate principal amount of notes due in 2025, bearing interest at a rate of 2.625% per annum and €400 million aggregate principal amount of notes due in 2027, bearing interest at a rate of 3.000% per annum. The notes were issued pursuant to an indenture between, among others, Adevinta and Citibank N.A., London Branch, as trustee and security agent, see note 22 (Financial risk management) and 23 (Interest-bearing borrowings) in the consolidated financial statements.

Financial derivatives relate to deal-contingent foreign exchange forward contracts entered in relation to the eBay Classifieds Group acquisition and a currency and interest swap entered into in relation to a USD part of a senior secured Term Loan B loan facility established to partly finance the acquisition, see note 15 (Financial risk management and interest-bearing borrowings) below and note 22 (Financial risk management) and 25 (Derivatives and hedging activities) in the consolidated financial statements.

Non-current liabilities to credit institutions from 2019 were repaid during 2020.

The non-current liabilities to group companies consist of a loan from Adevinta Finance AS.

Note 15: Financial risk management and interest-bearing borrowings

Financial risk management

Funding and control of refinancing risk is handled by Adevinta's Group Treasury. To fund the eBay Classifieds Group acquisition, in Q4 2020 Adevinta ASA completed the placement of Senior Secured Notes (the "Notes"), see note 14 (Non-current and current liabilities). Concurrently with the consummation of the offering of the Notes, Adevinta ASA entered into a new senior secured Term Loan B facility consisting of a €900 million EUR-denominated tranche (the "EUR TLB") and a $506 million U.S. dollar-denominated tranche (the "USD TLB" and, together with the EUR TLB, the "Term Loan B"), but this facility remained undrawn as at 31 December 2020. Adevinta intends to use the proceeds from the Notes and Term Loan B to, among other things, fund a portion of the cash consideration for the acquisition of the eBay Classifieds Group ("eCG") and refinance existing debt.

Note 15: Financial risk management and interest-bearing borrowings continued

Adevinta ASA's main funding source as at 31 December 2019 was a €300 million revolving credit facility which was repaid during 2020. Group funding has during 2020 been managed via the subsidiary Adevinta Finance AS.

As per note 14 (Non-current and current liabilities) Adevinta ASA has entered into certain derivatives to hedge currency and interest risks. For management of interest rate risk and currency risk, see note 22 (Financial risk management) and 25 (Derivatives and hedging activities) in the consolidated financial statements. For the financial statements of Adevinta ASA hedge accounting has not been applied.

Interest-bearing borrowings, composition and maturity profile:

	Non-current		Current	
	2020	2019	2020	2019
Bonds issued	1,060,000	–	–	–
Bank loans	–	200,000	–	–
Loan from Group companies	31,123	–	–	–
Total carrying amounts	**1,091,123**	**200,000**	**–**	**–**
of which maturity beyond five years	400,000	–	–	–

For more details on bank loans and credit facilities, see note 23 (Interest-bearing borrowings) in the consolidated financial statements.

Note 16: Guarantees

Adevinta ASA has issued parent company guarantees as security for payment of office rent in selected subsidiaries for €370 thousand.

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

Note 17: Transactions with related parties

Adevinta ASA has business agreements with companies in the Group. The pricing of all transactions with Group companies are based on the arm's length principle.

	2020	2019
Purchase of goods and services from Schibsted ASA	1,444	670
Purchase of goods and services from other Group companies	14,739	4,027

Remuneration to management

See note 9 and note 10 to the consolidated financial statements for information concerning remuneration to management and share-based payment.

Note 18: Events after the reporting period

Please see note 32 (Events after the balance sheet date) in the consolidated financial statements for information about events after the reporting period.

Declaration by the Board of Directors and CEO

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2020 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole, and that the Board of Directors' report includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

25 March 2021
Adevinta ASA's Board of Directors

Orla Noonan
Board Chair

Fernando Abril-Martorell Hernández
Board member

Kristin Skogen Lund
Board member

Sophie Javary
Board member

Peter Brooks-Johnson
Board member

Terje Seljeseth
Board member

Rolv Erik Ryssdal
CEO

Independent Auditor's report

To the Annual Shareholders' Meeting of Adevinta ASA

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Adevinta ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Adevinta ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2020, the income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment assessment of goodwill

Investments that currently recognize low or negative profitability are dependent on future growth in profitability to recover goodwill. Estimates related to future profitability and cash flows and the determination of discount rates to calculate present values are based on management`s expectations, relying on external evidence to the extent available, on market developments, the competitive situation, technological development, the ability to realize synergies, interest rate levels and other relevant factors. The use of different assumptions could produce significantly different value in use estimates. Since goodwill related to cash generating units with low or negative profitability is material and subject to estimation uncertainty, impairment assessment of goodwill was a key audit matter.

We assessed the design effectiveness of internal controls related to the impairment assessment process. Our procedures included assessing the identification of cash generating units and testing of assumptions used in the value in use model, including estimates related to forecasted future cash flows and the estimated WACC. As part of our procedures we discussed the forecasted sales, the current market situation and expectations about future growth with management. We also tested supporting documentation related to budgets and sales forecasts and the mathematical accuracy of the value in use calculation and assessed sensitivity analysis of the critical assumptions prepared by management. We used a valuation specialist to assist us in evaluating the discount rate applied.

We refer to note 3 Significant accounting judgments and major sources of estimation uncertainty and note 15 Impairment assessments in the financial statements for additional information.

Revenue recognition and cut-off

Revenue is recognized when the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. A good or service is considered transferred when the customer obtains control. Adevinta has products and services with various contractual terms and different pricing elements in contracts with customers throughout the Group. Some revenue is recognized over a period whilst others at a certain point in time. Several IT-systems provide input to the revenue recognition processes and there have been significant changes to these processes in recent years. Due to the complexity of the revenue models and the supporting IT-systems, there is a risk of revenue not being recognized in the correct period. Hence, cut-off of revenue was a key audit matter.

We assessed the design and tested the operating effectiveness of internal controls related to revenue recognition. Further, we considered the Group's accounting policies for revenue recognition. We have on a sample basis compared sales transactions, recognized before and after the balance sheet date to customer contracts and performance obligations and assessed whether the implied revenue recognition criteria are in compliance with the group accounting policies.

We refer to note 7 Revenue recognition in the financial statements for additional information.

Hedging of cash flows

The Group is exposed to currency risk as there are significant business combinations and investments that are agreed in foreign currencies. A portion of future forecasted cash outflows from business combinations and investments are hedged using financial instruments. Adevinta applies hedge accounting for some of these cash flow hedges. The use of hedge accounting requires effective hedging relationships and supporting documentation. Accounting for cash flow hedging related to business combinations and investments has significant impact on the financial statements of Adevinta and was a key audit matter.

We assessed the Group's policy for use of hedge accounting. We tested, on a sample basis, whether the documentation of cash flow hedging meets the requirements and that the hedging instruments therefore are eligible for hedge accounting. We examined the assessments of cash outflows from the business combinations and investments and the relationship between hedging instruments and hedging objects. We obtained external confirmations for unrealized financial instruments at year-end and assessed the changes in fair value of forward instruments and changes in foreign exchange for hedging objects. Further, we assessed the impact on the statement of financial position, the income statement, statements of comprehensive income and the information provided in notes to the financial statement.

We refer to note 22 Financial risk management and note 25 Derivatives and hedging activities in the financial statements for additional information.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors’ report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors’ report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 6. April 2021
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

Share information

Shareholders	31 December 2020
Number of registered shareholders	5,648
Share of non-Norwegian shareholders	33.3%
Average daily trading volume FY2020	752,265
Average daily trading value FY2020	NOK 97.7 million

Source: VPS/Oslo Stock Exchange

Largest country of ownership (VPS)	31 December 2020
Norway	66.7%
UK	11.8%
USA	10.9%
Sweden	4.4%
Belgium	2.1%
France	1.7%
Luxembourg	1.0%
Other	2.4%

Source: VPS

The trading data in the table above are based on data from the Oslo Stock Exchange.

Adevinta conducts a quarterly analysis of shareholders registered at nominee accounts. A list of Adevinta's shareholders including those registered at nominee accounts is presented below. The list is updated as of 31 December 2020.

Rank	Name	% of shares outstanding	Number of shares
1	Schibsted ASA	59.3%	406,050,523
2	Baillie Gifford & Co	4.0%	27,323,460
3	Folketrygdfondet	3.7%	25,057,775
4	Blommenholm Industrier AS	3.5%	23,992,516
5	Capital World Investors	1.6%	11,239,972
6	Fidelity Management & Research Company LLC	1.2%	8,451,418
7	The Vanguard Group, Inc.	1.1%	7,605,714
8	Alecta pensionsförsäkring, ömsesidigt	1.0%	6,985,326
9	BlackRock Institutional Trust Company, N.A.	1.0%	6,819,669
10	Capital Guardian Trust Company	0.9%	6,213,151
11	State Street Bank and Trust Company	0.8%	5,258,395
12	UBS AG London	0.7%	4,851,377
13	Invesco Advisers, Inc.	0.7%	4,662,349
14	Premier Miton Investors	0.7%	4,577,876
15	DNB Asset Management AS	0.7%	4,455,610
16	Alfred Berg Kapitalforvaltning AS	0.6%	4,376,074
17	Pelham Capital Ltd	0.6%	4,352,534
18	Mitsubishi UFJ Trust and Banking Corporation	0.6%	4,249,056
19	Vor Capital LLP.	0.6%	4,148,702
20	Handelsbanken Asset Management	0.6%	4,139,775

The shareholder identification data are provided by Nasdaq OMX. The data are obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Adevinta share register. Whilst every reasonable effort is made to verify all data, neither Nasdaq OMX or Adevinta can guarantee the accuracy of the analysis.

Dividend and buyback of shares

Distribution of dividend and opportunity to buyback shares are regarded as suitable ways to adapt the capital structure. The Board of Directors has adopted a dividend policy that allows fo development of Adevinta's business and further growth. Thus, the company's ambition is to pay a stable and growing dividend going forward while maintaining flexibility to invest in growth. While the dividend and buyback policy will be discussed by the new Board of Directors following the eBay Classifieds Group transaction, the focus in the medium term remains on deleveraging. The Company does not expect to pay any dividend in 2021.

The General Meeting has provided Adevinta with an authorization to buy back up to 10% of the Company's shares for a period until the Annual General Meeting of the Company in 2021

Share information continued

Shareholder structure
Schibsted ASA is Adevinta's largest shareholder, as Adevinta was demerged from Schibsted in 2019. Schibsted has stated that they have an active but financial approach to Adevinta ownership. Their holding is expected to decrease to 33% upon completion of the eBay Classifieds Group transaction. They see material value creation potential in Adevinta and have the capabilities and knowledge to support Adevinta in realiazing this potential.

Following the eBay Classifieds Group transaction, eBay will own a 44% stake in pro forma Adevinta, of which 33% will be voting shares and the remainder non-voting shares.

Adevinta has one share class, and the shares are freely marketable. There are no voting- or ownership restrictions in Adevinta.

Return
The Adevinta share is listed on the Oslo Stock Exchange with the ticker code ADE. The share is among the most traded in Norway and is a constituent of the Oslo Bors Index (OBX).

Adevinta is covered by sell-side analysts in Scandinavia and London. At year-end 2020, twenty sell-side institutions, twelve of them based outside Scandinavia, officially covered the Adevinta share.

The Adevinta share produced a total return for shareholders of 38.5% in 2020. By comparison, the Oslo Stock Exchange Benchmark Index (OSEBX) produced a return of 5.9% in the period.

Share price development for Adevinta compared to various indices and peers can be accessed at Adevinta.com/ir.

Collapse of share classes
Adevinta was listed on the Oslo Stock Exchange with two share classes on 10 April 2019. The A shares carried 10 votes per share whereas the B shares carried one vote. During the fall of 2019 the company collapsed the share classes into one, with equal rights for all shareholders.

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