Adevinta

Q2 2021 Interim Report

August 30, 2021

Adevinta Highlights

Highlights of Q2 2021

Further recovery in revenues

- Total revenues[1] up 36% yoy at €213m
- Organic growth[2] of 36% yoy (+15% vs Q2 2019)
- Online classifieds revenues[1] up 39% yoy (of which 6% from transactional services)
- Display advertising revenues[1] up 35% yoy

EBITDA[1] up 24% yoy to €52m

- Top line growth
- Benefit from divestments
- Partially offset by strong marketing investment which more than doubled vs Q2 2020
- Increase in personnel costs (one-off benefits in Q2 2020 related to Covid-19 temporary redundancy support and expected ramp-up in hirings)
- Increase in transactional costs due to the ramp-up of the service
- One-off impact of ESOP in Brazil

Acquisition of eBay Classifieds Group completed on 25 June 2021

- Creation of a globally scaled, pure-play online classifieds leader with a diversified and complementary portfolio of assets and brands
- New Executive team to drive forward Adevinta's long term strategy and ambitions

Disposal of Shpock completed and sale process for remaining UK assets ongoing

- Sale of Shpock completed on 2 June 2021
- Active engagement on the Gumtree UK and Motors.co.uk sales process

Rolv Erik Ryssdal, CEO

"Our strong sales performance in Q2, with 36% organic revenue growth, confirms the recovery momentum observed over the past quarters, as we also benefited from the gradual lifting of restrictions in all of our key markets. In the quarter, we have increased our EBITDA margin, excluding one-off in Brazil, despite the significant acceleration in marketing and talent acquisition investments. We will continue to ramp up these investments in the second half of the year to reinforce our positions and seize market opportunities.

On 25 June, we completed the acquisition of eBay Classifieds Group, a game-changing transaction for Adevinta, making us the world's leading online classifieds group with a diversified and complementary portfolio of assets and brands. We are now starting an incredibly exciting new chapter for our business, supported by our talented people, a new Executive team and a committed Board of Directors.

We have already initiated our strategic review and, following the positive conversations we have had thus far, we are confident about the opportunities that we see in combining the strengths and expertise of both groups. We will unveil the strategy and the financial objectives for the New Adevinta during our next Capital Markets Day, to be held on 30 November 2021."

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[1]Proportionate basis incl JVs - for definition of EBITDA please see section "Definitions and Reconciliations" at the end of the report
[2]Growth at constant foreign exchange rate, excluding M&A and disposals

Key financial numbers

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

	Second quarter		(€ million)	YTD		
yoy%	**2020**	**2021**		**2021**	**2020**	**yoy%**
36%	**156**	**213**	**Operating revenues incl. JVs**	**413**	**344**	**20%**
24%	**42**	**52**	**EBITDA incl. JVs**	**109**	**85**	**28%**
	27.3%	24.7%	EBITDA margin incl. JVs	26.5%	24.7%	
			Operating revenues - segments			
36%	86	117	France	228	184	24%
45%	33	48	Spain	92	79	15%
>100 %	13	30	Brazil	57	33	73%
19%	32	38	Global Markets	74	69	7%
			EBITDA - segments			
31%	41	54	France	109	88	24%
46%	11	16	Spain	29	25	17%
-175%	5	(3)	Brazil	1	7	-84%
40%	2	2	Global Markets	5	3	57%
			Cash flow			
-85%	13	2	Net cash flow from operating activities	41	56	-27%

Key consolidated financial figures

	Second quarter		(€ million)	YTD		
yoy%	**2020**	**2021**	**Consolidated financial figures**	**2021**	**2020**	**yoy%**
33%	**145**	**193**	**Operating revenues - segments**	**375**	**320**	**17%**
36%	86	117	France	228	184	24%
45%	33	48	Spain	92	79	15%
>100 %	13	30	Brazil	57	33	73%
19%	32	38	Global Markets	74	69	7%
18%	2	3	Other and Headquarters	5	4	15%
-95%	(22)	(43)	Eliminations	(81)	(50)	-63%
37%	**39**	**53**	**Gross operating profit (EBITDA) - segments**	**106**	**79**	**34%**
31%	41	54	France	109	88	24%
46%	11	16	Spain	29	25	17%
-175%	5	(3)	Brazil	1	7	-84%
40%	2	2	Global Markets	5	3	57%
-39%	(12)	(16)	Other and Headquarters	(32)	(32)	0%
>100 %	(8)	1	Eliminations	(7)	(13)	45%

Operational Development

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

Adevinta Overview

	Second quarter		(€ million)	YTD		
yoy%	2020	2021	ADEVINTA	2021	2020	yoy%
33%	**145**	**193**	**Operating revenues**	**375**	**320**	**17%**
86%	11	20	Proportional revenues from JVs	38	24	56%
36%	**156**	**213**	**Operating revenues incl. JVs**	**413**	**344**	**20%**
37%	**39**	**53**	**EBITDA**	**106**	**79**	**34%**
	26.6%	27.4%	EBITDA margin	28.2%	24.6%	
-109%	4	(0)	Proportional EBITDA from JVs	3	6	-45%
24%	**42**	**52**	**EBITDA incl. JVs**	**109**	**85**	**28%**
	27.3%	24.7%	EBITDA margin incl. JVs	26.5%	24.7%	

Operating revenues incl. JVs by category

	Second quarter		YTD	
€ million	**2021**	**2020**	**2021**	**2020**
Advertising revenues	35	26	67	57
Classifieds revenues*	177	127	344	282
Other operating revenues	1	3	2	5
Operating revenues incl. JVs	**213**	**156**	**413**	**344**

*Classifieds revenues include transactional revenues for €11 million in Q2 2021 and €4 million in Q2 2020.

Revenues, including JVs, were up 36% in Q2 compared to the same period last year. Organic revenue growth (Growth at constant foreign exchange rate and excluding M&A and disposals) stood at 36% year-on-year, and at 15% compared to Q2 2019, demonstrating further recovery across the board. Online classifieds revenues improved by 39% (of which 6% is attributable to transactional services) compared to Q2 2020, which was strongly impacted by the Covid-19 crisis. Display advertising revenues increased 35% year-on-year.

Disposals in Global Markets and the Grupo Zap acquisition had a 0.6 point positive impact on revenue growth, whilst changes in exchange rate contributed negatively with 0.4 points.

Gross operating profit (EBITDA) including JVs increased 24% compared to Q2 2020 (+5% compared to Q2 2019). Revenue growth and benefit from divestments were partially offset by the negative one-off of ESOP costs in Brazil, as well as by strong marketing investment in France, increase in personnel costs in the absence of government subsidies, and ramp-up of transactional services.

France

	Second quarter		(€ million)	YTD		
yoy%	2020	2021	France	2021	2020	yoy%
36%	86	117	Operating revenues	228	184	24%
40%	45	63	Operating expenses	119	96	25%
31%	41	54	EBITDA	109	88	24%
	47.5%	46.0%	EBITDA margin	47.7%	47.8%	

Revenues in France grew by 36% in the second quarter and 32% compared to the second quarter of 2019 (including contribution from L'Argus) demonstrating rapid recovery as Covid-19 restrictions eased progressively in the quarter. Total classifieds revenues grew 35% compared to last year (of which 9% attributable to transactional services) and 41% compared to Q2 2019 (including contribution from l'Argus). We continued to see solid growth throughout the second quarter especially in the motor and real estate verticals, primarily driven by positive ARPA development. Holidays rental vertical improved significantly as a consequence of the relaxation of mobility restrictions. Advertising revenue grew 46% year-on-year and is now nearly in line with 2019 figures.

EBITDA margin softened to 46.0% despite revenue growth mainly due to strong marketing investment done in the second quarter, which doubled compared to low levels in Q2 2020, as a result of extensive campaigns to celebrate the 15th anniversary of Leboncoin and to promote transactional services. The increasing share of transactional services (contributing to gross profits, albeit at lower relative margin) as well as the expected increase in personnel costs due to the ramp-up in hiring and the non-recurring benefit from Covid-19 temporary redundancy support measures in 2020, also impacted negatively the margin performance.

Traffic continued to show good growth (+16% year-on-year) especially during the first half of the quarter while a slight deceleration was noticed in June mainly driven by external factors such as the end of third lockdown. New ads and leads experienced a similar trend.

In Q2 we continued to accelerate the P2P transactional solution with pricing strategy on shipping and a new scoring ranking test on listing. Our payment solution for cars continued to scale with an automated payment for used cars sellers. We reinforced security and trust introducing authentication (sms) and we continued to improve the user experience. We remained focused on our market verticalization strategy in Real Estate (new listing, land surface indication, local information on maps...), Motors (new listings for cars, criterias...) and Holiday Rentals (sms booking approval for hosts, improved calendar...).

Spain

	Second quarter		(€ million)	YTD		
yoy%	2020	2021	Spain	2021	2020	yoy%
45%	33	48	Operating revenues	92	79	15%
45%	22	32	Operating expenses	63	55	15%
46%	11	16	EBITDA	29	25	17%
	32.8%	33.0%	EBITDA margin	31.3%	30.9%	

Revenues in Spain grew by 45% compared to Q2 2020 and by 4% compared to Q2 2019, now above pre-covid levels and hitting an all time high quarterly level. Classifieds revenues were up 45% compared to Q2 2020 and 5% compared to Q2 2019 demonstrating a strong recovery in the verticals. We observed significant growth in cars revenue, also growing at double digit compared to Q2 2019, fueled by the combination of higher dealer penetration in both large clients and through Milanuncios, and higher ARPD. The real estate market continued to recover in terms of the number of house transactions, very close to 2019 levels at the end of May. We saw significant recovery in jobs revenue despite the still weak underlying market, benefiting from the digitalisation of Small Medium Businesses in Spain.

Display advertising grew 45% year-on-year led by the increase in direct sales and was broadly in line with Q2 2019.

The EBITDA margin in Q2 was slightly above Q2 2020 at 33.0%, as the revenues increase was partly offset by the reactivation of marketing spending and the increase in personnel costs, no longer benefiting from the temporary redundancy in the context of Covid-19, in order to support and boost our market positions. We expect investment to further increase in the second half as a result of the increasingly competitive environment

We saw traffic down by 3% year-on-year in Q2, negatively impacted by the new way of measuring following the implementation of the new cookie policies and by strong competition in our generalist brand. This was partially offset by traffic growth in our motor and real estate marketplaces. On the other hand, leads were up 15% and private content grew by 2% in Q2 with all sites showing positive growth.

In Q2, in Fotocasa we launched the express visit feature that enables users to have a 3D video call with the agencies, the Google one tap log-in and the Geo advisor, which will bring traffic growth. In Jobs we developed a multi publishing product between InfoJobs and Milanuncios, we launched the salary calculator and enabled the curriculum vitae multi format upload. In Motor, we launched the price drop notification, unified categories in app and web and started the migration of our professional clients to the new responsive site. We improved content sharing between Milanuncios and Coches.net and developed a car photo autocomplete using machine learning in Milanuncios. Besides, we continued improving our Payment & Delivery solution by the buy button in the price list and by opening transactional to big items.

Brazil

	Second quarter		(€ million)	YTD		
yoy%	2020	2021	Brazil	2021	2020	yoy%
>100%	13	30	Operating revenues	57	33	73%
>100%	9	33	Operating expenses	56	26	>100%
-175%	5	(3)	EBITDA	1	7	-84%
	34.1%	-11.4%	EBITDA margin	1.9%	21.4%	

OLX Brazil revenues and EBITDA are included on a 100% basis for both periods.

We continued to observe depreciation of Brazilian real against euro compared to Q2 2020 impacting revenue growth, but to a lesser extent than in previous quarters. Operational revenue in the Brazil segment increased by 141% in local currency driven by the acquisition of Grupo ZAP in Q4 2020.

OLX.com.br in Brazil, which is a 50% owned joint venture, increased revenue by 148% year-on-year in local currency, including the contribution from Grupo Zap. On a comparable basis, revenues grew 47% year-on-year and by 32% compared to Q2 2019. Classified revenues were up 44% compared to Q2 2020 led by core motor and real estate verticals, as well as by high conversion in Consumer Goods. We saw strong performance in cars revenues driven by price optimizations in the professional sales offering and significant growth in paying listers in the private segment. We continued to observe strong growth in real estate due to the cross-selling strategy with Grupo ZAP and the gradual roll-out of the triple bundle ZAP / Vivareal / OLX, strengthening our position in the brokers segment. Display advertising grew 41% compared to Q2 2020 on a comparable basis, driven by solid performance in indirect advertising. Transactional revenues continued to grow at double digit quarter-on-quarter.

Infojobs.com.br in Brazil increased its operational revenues by +50% in local currency and by 16% compared to Q2 2019 mainly led by classifieds revenue and to a lesser extent by advertising. We continued to see steady growth in the main operational KPIs during the second quarter of the year.

In Q2, cumulative EBITDA decreased by €8 million when compared to Q2 2020, negatively impacted by the €14 million increase of the management long-term incentive in OLX Brazil. On a comparable basis, excluding Grupo ZAP and this one-off impact, EBITDA margin would have seen an increase of 8 percentage points compared to Q2 2020, as a result of the classified revenues performance. We continued to invest in talent and reactivated the marketing spending.

We observed a soft performance in traffic and leads when compared to Q2 2020, impacted by the strong rise in both metrics after the full lockdown last year. On the other hand, we saw a significant boost in supply in all verticals, benefiting from new initiatives to increase paying listers.

In Q2 we gradually rolled-out the triple bundle ZAP / Vivareal / OLX for existing clients. In motor, we continued the digitalization of the car journey with the launch of the vehicle history feature and improved car financing and insurance services. We improved scalability, automation and fraud in our Payment & Delivery solution.

Global Markets

	Second quarter		(€ million)	YTD		
yoy%	2020	2021	Global Markets	2021	2020	yoy%
19%	32	38	Operating revenues	74	69	7%
18%	31	36	Operating expenses	68	66	4%
40%	2	2	EBITDA	5	3	57%
	4.8%	5.6%	EBITDA margin	7.4%	5.1%	

willhaben revenues and EBITDA are included on a 100% basis for both periods. Shpock operations included until divestment on June 2, 2021.

The Global Markets portfolio saw positive reported revenue growth of 19% compared to Q2 2020. Excluding disposals, revenue grew 34% with strong performance in the main markets throughout the quarter led by Ireland, Italy and willhaben. Classified revenues (including transactional revenues) were up 29% year-on-year excluding disposals. Revenues in advertising were also up 44% excluding disposals.

Q2 2021 EBITDA was up +0.9pp year-on-year landing at €2 million benefiting from the divestment of assets. Total revenue of disposed assets amounted to €0.9 million in Q2 2021 (€4.3 million in Q2 2020) and EBITDA totalled €(3.2) million (€(3.6) million in Q2 2020).

Q2 2021 EBITDA margin excluding disposals would be 14.5% showing a decrease of 4 percentage points year-on-year driven by Italy, due to the acceleration of marketing and P&T investments, and willhaben, due to higher personnel costs, no longer benefiting from the government grants received last year and by unfavourable phasing of marketing. This was partly offset by EBITDA increase in Ireland when compared to Q2 2020 fuelled by revenues outperformance.

In Italy, we saw a continuation of the operational KPIs good trends in the last quarters. Traffic and content have grown double digit compared to last year for the whole quarter, with a slight deceleration in the last part of the quarter in line with market trends as restrictions were lifted. In Motor we continue to gain market share in content and dealers. Jobs has experienced a nice recovery growing double digit compared to last year. Advertising performed well with a good uplift in programmatic driven by strong traffic development and improvements in our Tech stack. We have continued evolving the transactional experience adding the missing pieces: shipping, one-click buy, user ratings, etc.

willhaben continued its solid development in all operational metrics and the strong performance in all revenue streams. Paylivery, the peer-to-peer payment and delivery service, continued to gain traction and scale with optimizations in the funnel to improve conversion rates. Encouraging development in the Jobs vertical confirmed the positive signs already observed at the end of Q1.

In Ireland we saw good traction in our mortgage business together with a continuous strong growth in Multi Unit Rental in Daft. In motors, DoneDeal has significantly improved its average revenue per dealership driven by upselling and product improvements. We also experienced solid performance in Advertising partly as a result of traffic numbers increasing in all categories.

In Hungary, our product and tech improvements are starting to deliver results as we saw a significant increase in the penetration and the use of our apps. We also noted a strong recovery in the Jobs category which was heavily impacted by Covid last year. Private motor content and revenues, on the other hand, are still suffering from the effects of the pandemic while we continue to grow well on the professional side in Hasznaltauto.

During Q2 we finalised the divestment of Shpock, which was sold to Russ Media on June 2nd, 2021 to address the UK regulator’s competition requirements in the context of Adevinta’s acquisition of eBay Classifieds Group.

Other and Headquarters

Other and Headquarters costs comprise Adevinta’s shareholder and central functions including central product and technology development.

The Other and Headquarters segment’s EBITDA decreased by 4.5 million euros year-on-year, to (16.1) million euros in Q2 2021 but remained at similar levels than Q1 2021. The variation compared to Q2 2020 is mainly due to higher personnel-related costs as a consequence of the run rate impact due to the increasing number of employees as we continue to set-up corporate functions. The increase is also impacted by last year's one-off positive contribution through the recognition of government grants as R&D credits as well as some H1 2020 one-off costs reallocated into transition costs in Q2 2020.

Outlook

We see an acceleration of the trends that support the development of the digital economy and the emergence of new business models. Strong secular shifts in online behavior and changing consumption patterns are driving expectations for more convenient user digital journeys. Professionals are rethinking the way they operate and are in demand for more efficient and digital content advertising solutions. The new Adevinta enjoys unequalled positions in vertical and horizontal classifieds marketplaces, with highly complementary skills and expertise and unique global scale to accelerate innovation. We are in an ideal position to continue to lead in the sector, to facilitate and enhance our user and customer experience in their digitalization journey and to benefit from the ongoing industry transformation. Sustainable growth opportunities will stem from further monetization in our existing markets, driving inherent operational leverage. In addition, our expansion throughout the transactional value chain will continue to enlarge our addressable market and represents a substantial incremental growth opportunity.

We saw further recovery across the board in the second quarter and we expect positive momentum to continue through the rest of 2021 albeit that volumes remain soft and uncertain in some of our markets in the short term. Now that the eCG acquisition is completed, we have entered the execution phase. Our key priority will be to deliver on the synergy target that we announced in July 2020[3]. At the same time, we will keep a strong focus on our operations. As the vaccine roll-out progresses, we see restrictions reducing, therefore we expect work conditions to progressively normalise in the second half. We will continue to invest in the business to reinforce our positions and seize market opportunities in classifieds. We will even accelerate in markets where we face increasing competition. Our combined group strategic and financial objectives will be communicated in a Capital Markets Day which will be held on November 30, 2021.

[3] We expect revenue and cost synergies to have a run-rate EBITDA impact of 130 to 165 million euros in the third year based on the initial portfolio

Group Overview

Operating profit

Revenue increased by 33% in Q2 2021 to €193 million, compared to Q2 2020, demonstrating further recovery across the board.

Operating expenses increased by 32% in Q2 2021, compared to Q2 2020, due to strong marketing investment in France, an increase in personnel costs in the absence of government subsidies and an increase in transactional costs due to the ramp-up of the services.

As a result, gross operating profit (EBITDA) increased by 37% in Q2 2021, compared to Q2 2020. Gross operating profit (EBITDA) for the quarter amounted to €53 million compared to €39 million in Q2 2020.

Share of profit (loss) of joint ventures and associates decreased by €(9) million in Q2 2021 to €(7) million compared to Q2 2020, mainly driven by lower results and €(7) million expense related to the share-based incentive schemes in OLX Brazil and €(2) million expense, related to amortisation and deferred income tax expense, derived from the definitive purchase price allocation exercise of Grupo Zap compared to the preliminary purchase price allocation exercise.

An impairment loss of €(25) million related to classification of Shpock (Finderly GmbH and Shpock Services LKH Ltd) as held for sale was recognised in Q1 2021. The net assets of Shpock have been measured at their fair value less costs to sell since 31 March 2021 until their disposal date. Reversal of impairment loss of €5 million has been recognised in Q2 2021, due to the decrease in the carrying amount of Shpock derived from losses recognised by Shpock in Q2 2021.

Other income and expenses decreased to €(72) million in Q2 2021 (Q2 2020 €(3)m) mainly due to the loss on sale of Shpock of €(33) million, gain on dilution of Younited of €5 million and increase in acquisition-related and integration-related costs of €(43) million. Other income and expenses are disclosed in note 4 to the condensed consolidated financial statements.

Operating profit (loss) in Q2 2021 amounted to €(35) million (€22 million in Q2 2020). Please also refer to notes 3 and 4 to the condensed consolidated financial statements.

Net profit and earnings per share

Net financial items include a €21 million net foreign exchange gain in Q2 2021, mainly due to the appreciation of the BRL against the EUR (compared to a €(15) million net foreign exchange loss in Q2 2020) which includes change in fair value of derivatives related to Grupo Zap acquisition amounting to €(13) million). Net financial items also include €(7) million interest expense in Q2 2021 related to the bonds issued in November 2020 and €(1) million interest expenses related to the new term loans. Net financial items are disclosed in note 5 to the condensed consolidated financial statements.

The underlying tax rate has decreased from 31% in full year 2020 to 30% at 30 June 2021. In 2021 the underlying tax rate is positively impacted by the decrease in the tax rate applicable in France. The reported tax rate is (67)% in Q2 2021, compared to 157% in Q2 2020. The reported tax rate is higher than the underlying tax rate mainly due to the loss on sale of Shpock being tax exempted and other losses for which no deferred tax benefit is recognized including acquisition costs.

Basic earnings per share in Q2 2021 is €(0.06) compared to €(0.00) in Q2 2020. Adjusted earnings per share in Q2 2021 is €0.04 compared to €(0.00) in Q2 2020.

Financial position

The carrying amount of the Group's assets increased by €11,127 million to €14,450 million during 2021, mainly due to eCG acquisition (increase in assets amounting to €12,560 million, see details in note 2). This increase in assets has been partially compensated by the decrease in €(1,060) million due to the release of the funds from the Notes issued on November 5, 2020 that were previously locked in an escrow account and recognised in "Other current assets". Those funds have been utilized in order to fund the eCG acquisition. In addition the assets acquired in relation to Denmark amounting to €(301) million were immediately sold to Schibsted after initial recognition.

The carrying amount of the Group's liabilities increased by €2,023 million to €4,125 million during 2021, mainly due to eCG acquisition (increase in liabilities amounting to €1,309 million, see details in note 2). In addition, immediately prior to completion of the acquisition of eCG, the Term Loan B of USD 506 million (€422 million) and €900 million were funded and Adevinta entered into a multicurrency revolving facility that was drawn by €150 million. Those were registered netted of their origination fees, that amounted to €(73) million. Also origination fees in relation to the proceeds of the Notes that were released from escrow were registered amounting to €(32) million. The proceeds from the Term Loan B, the multicurrency credit facility and the Notes were used to, among other things, repay existing debt, mainly settling the existing term loan of NOK 2,150 million (€(210) million) and the existing revolving credit facility (€286 million). In addition, prior to the acquisition of eCG, the Group's liabilities decreased in 2021 by fair value gain of the foreign exchange forward contracts related to the acquisition amounting to €53 million. As part of the transaction, those forward contracts were fully settled, decreasing the Group's liabilities further by €(95) million.

The Group's equity ratio is 71% as at 30 June 2021 compared to 37% as at 31 December 2020. The increase is mainly due to the issuance of new shares in relation to eCG acquisition.

Cash flow

Net cash flow from operating activities was €41million as at 30 June 2021, compared to €56 million as at 30 June 2020. The decrease is mainly due to the increase in the loss before taxes, offset by the increase in depreciation, amortisation, impairment losses and sales losses on non-current assets, and increase in taxes paid.

Net cash flow used in investing activities was €(1,905) million as at 30 June 2021, compared to €(34) million as at 30 June 2020. The increase is mainly due to €2,228 million of cash consideration paid for eCG acquisition, including €88 million for settlement of deal contingent forward contracts, reduced by cash acquired of €66 million and €282 million proceeds (net of cash sold) received from disposal of subsidiaries.

Net cash flow from financing activities was €1,903 million as at 30 June 2021, compared to €215 million as at 30 June 2020. The increase is primarily related to the cash received from the bridge loan in 2020 of €223 million in comparison to new interest-bearing borrowings of €2,432 million, offset by repayments of borrowings of €490 million. This was further offset by the acquisition in 2021 by Adevinta ASA of 1,700,000 treasury shares amounting to €(22) million to meet the long term share incentive obligations for 2021.

Digital services tax (DST)

The French DST was enacted during 2019. Due to the complexity of the law including the scope of the taxable services, the assessment of whether DST is applicable to Adevinta is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognized for DST as at 30 June 2021. Please see note 6 to the condensed consolidated financial statements for further information.

During 2020 Spain approved DST legislation applicable as from January 2021. The DST levy a 3% tax over certain digital services for groups with worldwide revenues above €750 million and Spanish revenues applicable to DST above €3 million, with payment expected to take place in 2021. Management has assessed that Spanish DST, which mainly differs in definition of group threshold from the French DST but resembles Italian DST, is applicable to Adevinta and hence a provision is recognized as at 30 June 2021. Please see note 6 to the interim condensed consolidated financial statements for further information.

During 2019 Italy approved DST legislation applicable as from January 2020. The DST levy a 3% tax over certain digital services for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with first payment already made in May 2021. Management has assessed that Italian DST, which mainly differs in definition of group threshold from the French DST, is applicable to Adevinta and hence a provision is recognized as at 30 June 2021.

Completion of the acquisition of eBay Classifieds Group

On 25 June 2021, Adevinta acquired 100% of eBay Classifieds Group, a leading digital classifieds brand across 13 countries, including Germany, Denmark (subsequently sold immediately after closing), Canada, the Netherlands, Belgium, the United Kingdom and Australia. Headquartered in Amsterdam, the Netherlands, eBay Classifieds consists of multiple platforms offering online classifieds listings across motors, real estate and general classifieds. Germany, the Netherlands and Canada are eBay Classifieds' largest markets. eBay Classifieds' platforms operate under a number of brands, most significantly Mobile.de, eBayK, Marktplaats, Kijiji and Gumtree.

Following the closing of the transaction, Adevinta is the world's largest online classifieds company (excluding China) based on revenues generated from online classifieds listings and advertisements. The Group connects buyers seeking goods or services with a large base of sellers.

Adevinta operates generalist (which cover consumer goods, often alongside motor, real estate and jobs) as well as vertical (which focus on one of the key monetizable categories: motors, real estate and jobs and typically rely heavily on professional sellers paying listing fees as an important revenue stream) online classifieds sites with leading market positions in 16 countries around the world, based on number of visits, that are accessible via desktop, mobile and dedicated apps. Adevinta and eBay Classifieds are highly complementary businesses and the Company expects to benefit from synergies, including across vertical and generalist online classifieds sites.

The press release published on 25 June 2021 is available at www.adevinta.com.

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

In connection with closing of the transaction, Adevinta published on 23 December 2020 a listing prospectus for the listing of the new shares that were issued to eBay and admitted to trading and listed on the Oslo Stock Exchange following the completion of the transaction. The prospectus is available at www.adevinta.com.

Effective from the time the share capital increase for the consideration shares issued to eBay were registered in the Norwegian Registry of Business Enterprises, the Adevinta's Articles of Association were amended in accordance with the amendments approved at the Adevnta's extraordinary general meeting on 29 October 2020. The amended Articles of Association are available at www.adevinta.com

The gross proceeds from Notes (€1,060 million) issued in November 2020 were released from escrow and Term Loan B (€1,350 million) was funded, immediately prior to completion of the acquisition. The Term Loan B and the Notes are 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.

UK CMA and Austrian regulator approvals

As a part of remedies proposed in response to the competition concerns raised by the UK Competition and Markets Authority on 16 February 2021, Adevinta committed to dispose of Shpock (subsidiary of Adevinta), Gumtree UK and Motors.co.uk (both acquired from eBay Classified Group). On 2 June 2021 Shpock was sold to Russmedia Equity Partners. On 25 June 2021, upon the closing of eCG acquisition, Gumtree (UK) and Motors.co.uk were classified as held for sale. Further information can be found in "Note 2. Changes in the composition of the Group" of the Condensed Financial Statements.

On 18 June 2021, the FCA approved the remedies proposed by Adevinta and eBay to resolve the competition concerns raised in relation to Adevinta's acquisition of eBay Classifieds Group. The commitments include a reduction by eBay of its financial interest in Adevinta to at least 33% within 18 months following closing of the transaction, so as to reduce its indirect economic interest in willhaben. Additionally, Adevinta has agreed to prevent the flow of information about willhaben to eBay, as well as to restrict eBay's potential influence over the strategic operations of willhaben.

Repurchase of shares by Adevinta ASA

On 3 March 2021 a buy-back programme to settle the 2021 long term incentive obligation was announced. Adevinta ASA acquired 1,700,000 treasury shares in March 2021 amounting to €22 million. Further information with respect to this programme is published on our website.

In April and May of 2021 213,193 own shares were transferred to employees in connection with share based Incentive Plans and 168,991 own shares were sold through a broker in the open market to cover the participant's tax liabilities in relation to the Incentive Programme. Total value of shares was €5 million.

Covid pandemic

The duration and extent of the pandemic and related financial, social and public health impacts of the Covid pandemic remain uncertain. 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 of CGUs should this be required.

The Group had at 30 June 2021 net interest-bearing debt of €2,372 million and €470 million total liquidity available (see specification in Definitions and Reconciliations below).

Condensed Consolidated Financial Statements

Condensed consolidated income statement

	Second quarter		YTD	
€ million	**2021**	**2020**	**2021**	**2020**
Operating revenues	**193**	**145**	**375**	**320**
Personnel expenses	(68)	(59)	(138)	(129)
Other operating expenses	(72)	(47)	(131)	(112)
Gross operating profit (loss)	**53**	**39**	**106**	**79**
Depreciation and amortisation	(14)	(15)	(29)	(29)
Share of profit (loss) of joint ventures and associates	(7)	2	(7)	2
Impairment loss	5	-	(20)	-
Other income and expenses	(72)	(3)	(97)	(5)
Operating profit (loss)	**(35)**	**22**	**(48)**	**48**
Net financial items	11	(17)	(7)	(67)
Profit (loss) before taxes	**(24)**	**6**	**(54)**	**(19)**
Taxes	(16)	(9)	(23)	(21)
Profit (loss)	**(40)**	**(3)**	**(77)**	**(40)**
Profit (loss) attributable to:				
Non-controlling interests	2	0	3	(1)
Owners of the parent	(43)	(3)	(81)	(39)
Earnings per share in €:				
Basic	(0.06)	(0.00)	(0.12)	(0.06)
Diluted	(0.06)	(0.00)	(0.12)	(0.06)

Condensed consolidated statement of comprehensive income

	Second quarter		YTD	
€ million	**2021**	**2020**	**2021**	**2020**
Profit (loss)	**(40)**	**(3)**	**(77)**	**(40)**
Net gain/(loss) on cash flow hedges	(28)	-	56	-
Change in fair value of financial instruments	(0)	-	(0)	-
Items not to be reclassified subsequently to profit or loss	**(28)**	**-**	**56**	**-**
Exchange differences on translating foreign operations	41	(17)	35	(100)
Net gain/(loss) on cash flow hedges	8	(1)	7	(2)
Items to be reclassified subsequently to profit or loss	**49**	**(18)**	**42**	**(102)**
Other comprehensive income	**21**	**(18)**	**98**	**(102)**
Comprehensive income	**(19)**	**(21)**	**21**	**(142)**
Comprehensive income attributable to:				
Non-controlling interests	2	2	3	1
Owners of the parent	(21)	(23)	18	(143)

Condensed consolidated statement of financial position

	30 June	31 December
€ million	**2021**	**2020**
Intangible assets	13,216	1,322
Property, plant and equipment and right-of-use assets	133	108
Investments in joint ventures and associates	390	369
Other non-current assets	211	185
Non-current assets	**13,949**	**1,984**
Trade receivables and other current assets	244	1,208
Cash and cash equivalents	170	131
Assets held for sale	87	-
Current assets	**501**	**1,339**
Total assets	**14,450**	**3,323**
Equity attributable to owners of the parent	10,311	1,203
Non-controlling interests	15	19
Equity	**10,326**	**1,222**
Non-current interest-bearing borrowings	2,287	1,266
Other non-current liabilities	1,283	153
Non-current liabilities	**3,570**	**1,420**
Current interest-bearing borrowings	151	295
Other current liabilities	385	387
Liabilities directly associated with the assets held for sale	19	-
Current liabilities	**555**	**682**
Total equity and liabilities	**14,450**	**3,323**

Condensed consolidated statement of cash flows

	Second quarter		First half	
€ million	**2021**	**2020**	**2021**	**2020**
Profit (loss) before taxes	(24)	6	(54)	(19)
Depreciation, amortisation and impairment losses	9	15	49	29
Share of loss (profit) of joint ventures and associates	7	(2)	7	(2)
Dividends received from joint ventures and associates	2	-	3	-
Taxes paid	(14)	(13)	(23)	(14)
Sales losses (gains) non-current assets and other non-cash losses (gains)	28	(1)	39	(1)
Net loss on derivative instruments at fair value through profit or loss	4	13	3	55
Other non-cash items and changes in working capital and provisions	(9)	(4)	17	9
Net cash flow from operating activities	**2**	**13**	**41**	**56**
Development and purchase of intangible assets and property, plant & equipment	(12)	(11)	(22)	(23)
Acquisition of subsidiaries, net of cash acquired	(2,162)	(0)	(2,164)	(8)
Proceeds from sale of intangible assets and property, plant & equipment	0	-	0	-
Proceeds from sale of subsidiaries, net of cash sold	267	0	282	0
Net sale of (investment in) other shares	(0)	(3)	(1)	(3)
Net change in other investments	0	(0)	0	(1)
Net cash flow from investing activities	**(1,907)**	**(14)**	**(1,905)**	**(34)**
Net cash flow before financing activities	**(1,905)**	**(1)**	**(1,864)**	**22**
New interest-bearing loans and borrowings	2,432	224	2,432	223
Repayment of interest-bearing loans and borrowings	(490)	(0)	(490)	(0)
Net sale (purchase) of treasury shares	-	(2)	(22)	(2)
IFRS 16 lease payments	(4)	(3)	(9)	(6)
Dividends paid to non-controlling interests	(8)	-	(8)	-
Net cash flow from financing activities	**1,930**	**219**	**1,903**	**215**
Effects of exchange rate changes on cash and cash equivalents	(0)	1	(0)	(0)
Net increase (decrease) in cash and cash equivalents	**25**	**219**	**39**	**236**
Cash and cash equivalents at start of period	145	89	131	72
Cash and cash equivalents at end of period	**170**	**308**	**170**	**308**

Condensed consolidated statement of changes in equity

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 1 January 2020	**1,524**	**14**	**1,539**
Comprehensive income	(325)	4	(321)
Transactions with the owners	3	1	3
Capital increase	*-*	*0*	*0*
Share-based payment	*3*	*-*	*3*
Change in treasury shares	*(0)*	*-*	*(0)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0)*	*0*	*-*
Equity as at 31 December 2020	**1,203**	**19**	**1,222**
Comprehensive income	18	3	21
Costs of hedging transferred to the carrying amount of goodwill acquired in a business combination	88	-	88
Transactions with the owners	9,003	(7)	8,995
Share-based payment	*9,023*	*-*	*9,023*
Change in treasury shares	*(2)*	*-*	*(2)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(17)*	*-*	*(17)*
Dividends paid to non-controlling interests	*-*	*(8)*	*(8)*
Equity as at 30 June 2021	**10,311**	**15**	**10,326**

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 1 January 2020	**1,524**	**14**	**1,539**
Comprehensive income	(143)	1	(142)
Transactions with the owners	(0)	0	0
Share-based payment	*1*	*-*	*1*
Change in treasury shares	*(1)*	*-*	*(1)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0)*	*0*	*-*
Equity as at 30 June 2020	**1,381**	**16**	**1,397**

Notes

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

The Adevinta Group was established on 9 April 2019 following the demergers of Schibsted Multimedia AS and Schibsted ASA and the consequential transfer of Schibsted's online classifieds operations outside the Nordics to Adevinta ASA. The company was listed on the Oslo Stock Exchange on 10 April 2019. Schibsted has retained a majority interest of 59.28% in Adevinta ASA until 25 June 2021. Pursuant to the acquisition of eCG, economic interest held by Schibsted decreased to 33% and eBay Inc obtained an economic interest of 44% and neither party has control over the Adevinta Group. In July 2021, an agreement between eBay Inc. and Permira was signed, which committed eBay to sell approximately 125 million shares in Adevinta (10.2% stake) to funds advised by Permira.

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

The accounting policies adopted are consistent with those followed in preparing the Group's annual consolidated financial statements for 2020.

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

Operating segments

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

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

Note 2. Changes in the composition of the Group

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 was in line with Adevinta's portfolio optimization strategy. The sale was recognised on 24 February 2021.

The disposal of Yapo resulted in a loss of €11 million, of which €10 million is reclassification of foreign currency translation reserve, with no impact on income tax. The carrying amount of total assets and net assets as at the date of sale were €20 million and €17 million respectively, of which €18 million was intangible assets and €1 million cash.

Disposal of Shpock

From March 2021, the carrying amount of Shpock was expected to be recovered principally through a sales transaction. Shpock was available for immediate sale in its present condition and its sale was highly probable. Therefore, the disposal group has been classified as held for sale until its disposal date. On 2 June 2021 Shpock was sold to Russmedia Equity Partners. The Shpock operations were part of the Group's Global Markets operating segment.

On initial classification as held for sale, in Q1 2021, the disposal group was measured at the lower of its carrying amount and fair value less costs to sell. In relation to this, an impairment loss was recognised amounting to €(25) million, which was allocated to goodwill (€2 million) and other intangible assets (€23 million). Related deferred tax liabilities were derecognised amounting to €(6) million.

Due to operating losses recognised by Shpock in Q2 2021, there was a decrease in the carrying amount of Shpock in Q2 2021 and a reversal of impairment loss on other intangible assets of €5 million was recognised, with its related impact in deferred tax liabilities of €1 million. After these adjustments, impairment loss amounted to €(20) million, allocated to goodwill (€2 million) and other intangible assets (€18 million) and related deferred tax liabilities derecognised amounted to €(5) million in 2021.

The disposal of Shpock resulted in a loss of €33 million, with no impact on income tax, due to the restructuring required in Q2 2021 to execute the terms of the sales agreement. The carrying amount of total assets and net assets as at the date of sale were €38 million and €33 million respectively, of which €9 million was intangible assets and €27 million cash.

eBay Classifieds Group acquisition

On 25 June 2021, the Group acquired 100% of eBay Classifieds Group, a leading digital classifieds brand across 13 countries, including Germany, Denmark (subsequently sold immediately after closing, see below), Canada, the Netherlands, Belgium, the United Kingdom and Australia. Headquartered in Amsterdam, the Netherlands, eBay Classifieds consists of multiple platforms offering online classifieds listings across motors, real estate and general classifieds. Germany, the Netherlands and Canada are eBay Classifieds' largest markets. eBay Classifieds' platforms operate under a number of brands, most significantly Mobile.de, eBayK, Marktplaats, Kijiji and Gumtree.

Following the closing of the Transaction, the Group expects to be the world's largest online classifieds company (excluding China) based on revenues generated from online classifieds listings and advertisements. The Group will connect buyers seeking goods or services with a large base of sellers.

The Group will own and operate generalist (which cover consumer goods, often alongside motor, real estate and jobs) as well as vertical (which focus on one of the key monetizable categories: motors, real estate and jobs and typically rely heavily on professional sellers paying listing fees as an important revenue stream) online classifieds sites with leading market positions in 16 countries around the world, based on number of visits, that are accessible via desktop, mobile and dedicated apps. Adevinta and eBay Classifieds are highly complementary businesses and the Company expects to benefit from synergies, including across vertical and generalist online classifieds sites.

Detail of the purchase consideration, the net assets acquired and goodwill are as follows:

	€ million
Purchase consideration	
Cash	2,140
Adevinta' s shares issued	9,023
Cash flow hedge reserve released	88
Total purchase consideration	**11,251**

The purchase consideration includes cash consideration of USD 2,500 million, 539,994,479 Adevinta shares, and a closing contribution adjustment of USD 54 million.

The fair value of the 539,994,479 shares issued as part of the consideration paid for eBay Classified Group (€ 9,023 million) was based on Adevinta's Norwegian Krone closing share price on 24 June 2021 of NOK 170 per share translated into Euro at 24 June 2021 closing rate of NOK/ EUR 10.174. Issue costs of € 0.3 million which were directly attributable to the issue of the shares have been netted against the deemed proceeds.

The total cash consideration is equal to the amount of USD 2,554 million translated on 24 June 2021 closing rate of USD/EUR 1.1936.

On 24 June 2021 the valuation of the deal contingent forwards with an aggregate notional amount of USD 2,500 million was negative €95 million of which €88 million was recognised in equity as a hedge reserve including a gain of €56 million recognised in 2021. When the hedging instruments were settled immediately prior to the acquisition, the hedge reserve accumulated in equity was included as part of the consideration.

The provisionally determined fair values of the assets and liabilities of eCG as at the date of acquisition are as follows:

	€ million
Cash	66
Trade and other receivables	111
Corporate Income tax receivable	7
PPE and right of use assets	35
Intangible assets; trademarks	3,544
Intangible assets: customer contracts	450
Intangible assets: technology	272
Intangible assets: others	4
Long-term investments	15
Deferred tax asset	1
Assets classified as held for sale	388
Current liabilities	(145)
Deferred tax liability	(1,128)
Other non-current liabilities	(11)
Liabilities of a disposal group classified as held for sale	(25)
Net identifiable assets acquired	**3,584**
Add: goodwill	7,667
Total purchase consideration	**11,251**

The goodwill is attributable to the workforce, future customer growth and synergies, including across vertical and generalist online classifieds sites.

Acquisition-related costs of €28 million and €35million were included in other income and expenses in the statement of profit or loss in the reporting period ending 31 December 2020 and 30 June 2021, respectively.

At the time the consolidated financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of eCG. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue for the six months ended 30 June 2021 would have been €790 million.

The transaction was completed on 25 June 2021 with consolidation in practice commencing at the end of June 2021.

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired:

	€ million
Cash consideration	2,140
Settlement of deal contingent forward contracts	88
Less balances acquired:	
Cash	66
Bank overdraft	-
Net outflow of cash - investing activities	**2.162**

Per Adevinta instructions, part of the consideration for eCG was paid to the seller by the banks providing new financing. The banks were acting as agents of Adevinta and the payments are assessed to be cash payments made by Adevinta.

Acquisition-related costs

Acquisition-related costs that were not directly attributable to the issue of shares are included in operating cash flows in the statement of cash flows for the year ending 31 December 2020 and for six months ended 30 June 2021, respectively.

Disposal of eBay Denmark

The assets and liabilities of Danish businesses of eCG ('eBay Denmark') were at closing of the eCG transaction classified as held for sale and presented as such within the net identifiable assets of eCG acquired. Immediately after closing, eCG Denmark was sold to a subsidiary of Schibsted for a consideration of €295 million corresponding to the carrying amount of the net assets sold and hence no gain or loss or income tax were recognized related to the sale.

At the date of sale the fair value less costs of disposal of eBay Denmark was €295 million, the fair value of total identifiable liabilities and the ascertained value of total assets were €6 million and €301 million, respectively.

Gumtree and Motors.co.uk classified as held for sale

As a part of remedies proposed in response to the competition concerns raised by the UK Competition and Markets Authority on 16 February 2021, Adevinta committed to dispose of Gumtree UK and Motors.co.uk. Gumtree UK and Motors.co.uk were classified as subsidiaries acquired with a view to resale upon acquisition on 25 June 2021. These businesses' net assets are measured at estimated fair value less sales cost and the carrying amount was €68 million as at 30 June 2021.

Issue of new shares by Adevinta ASA

On 24 June 2021 the company issued 539,994,479 ordinary shares (of them 342,474,251 Class A shares and 197,520,228 Class B shares). The issue of Class A shares was registered with Oslo Bors on 28 June 2021.

New financing

Immediately prior to completion of the acquisition of eCG the proceeds of the Notes of €1,060 million were released from escrow, and the Term Loan B of USD 506 million and €900 million was funded.

Adevinta entered into a multicurrency revolving facility of €450 million. On 24 June 2021 the facility was drawn by €150 million.

The proceeds from the Term Loan B, the multicurrency credit facility, and the Notes were used to, among other things, fund a portion of the cash consideration for the acquisition of eCG and repay existing debt. On 24 June 2021 Adevinta settled the existing term loan of NOK 2,150 million and the revolving credit facility of €290 million with Nordic and international banks.

Note 3. Operating segment disclosures

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.

- France comprises primarily leboncoin, MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo.
- Spain comprises primarily InfoJobs, Coches, Motos, Fotocasa, Habitaclia and Milanuncios.
- 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; Yapo in Chile (sold in Q1 2021); Segundamano in Mexico; Kufar in Belarus; Shpock in Austria, Germany and United Kingdom (sold in Q2 2021); and willhaben in Austria. In the Consolidated income statement and Consolidated statement of financial position of Adevinta, willhaben is accounted for using the equity method of accounting. The segment figures for willhaben in Global Markets are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated income statement and Consolidated statement of financial position.

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

Eliminations comprise reconciling items related to 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.

Operating revenues and profit (loss) by operating segments

Second quarter 2021 **€ million**	**France**	**Spain**	**Brazil**	**Global Markets**	**Other / Headquarters**	**Eliminations**	**Total**
Operating revenues from external customers	116	48	30	38	1	(40)	193
Operating revenues from other segments	1	0	-	0	2	(3)	-
Operating revenues	**117**	**48**	**30**	**38**	**3**	**(43)**	**193**
Gross operating profit (loss) excl. Investment phase	54	16	(3)	7	(16)	1	57
Gross operating profit (loss)	54	16	(3)	2	(16)	1	53
Operating profit (loss)	**51**	**13**	**(10)**	**4**	**(94)**	**1**	**(35)**

YTD 2021 **€ million**	**France**	**Spain**	**Brazil**	**Global Markets**	**Other / Headquarters**	**Eliminations**	**Total**
Operating revenues from external customers	227	91	57	74	1	(75)	375
Operating revenues from other segments	1	1	-	0	4	(6)	-
Operating revenues	**228**	**92**	**57**	**74**	**5**	**(81)**	**375**
Gross operating profit (loss) excl. Investment phase	109	29	1	12	(32)	(7)	112
Gross operating profit (loss)	109	29	1	5	(32)	(7)	106
Operating profit (loss)	**99**	**23**	**(8)**	**(31)**	**(128)**	**(3)**	**(48)**

Second quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	86	33	13	32	2	(21)	145
Operating revenues from other segments	0	-	-	0	0	(1)	-
Operating revenues	**86**	**33**	**13**	**32**	**2**	**(22)**	**145**
Gross operating profit (loss) excl. Investment phase	41	11	5	5	(12)	(8)	43
Gross operating profit (loss)	41	11	5	2	(12)	(8)	39
Operating profit (loss)	**34**	**8**	**4**	**5**	**(25)**	**(3)**	**22**

YTD 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	183	79	33	69	4	(48)	320
Operating revenues from other segments	0	-	-	0	1	(2)	-
Operating revenues	**184**	**79**	**33**	**69**	**5**	**(50)**	**320**
Gross operating profit (loss) excl. Investment phase	88	25	7	11	(32)	(13)	86
Gross operating profit (loss)	88	25	7	3	(32)	(13)	79
Operating profit (loss)	**75**	**19**	**4**	**4**	**(49)**	**(5)**	**48**

Operating revenues by category:

	Second quarter		YTD	
€ million	**2021**	**2020**	**2021**	**2020**
Advertising revenues	32	23	61	52
Classifieds revenues*	159	119	311	262
Other operating revenues	2	3	3	6
Operating revenues incl. JVs	**193**	**145**	**375**	**320**

*Classifieds revenues include transactional revenues for €11 million in Q2 2021 and €4 million in Q2 2020.

Disaggregation of revenues by category:

Second quarter 2021 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	18	6	0	7	-	32
Classified revenues	97	42	1	19	0	159
Other revenues	**0**	**(0)**	**-**	**0**	0	**1**
Revenues from contracts with customers	116	48	1	27	**0**	192
Revenues from lease contracts, government grants and others	-	-	(0)	0	0	0
Operating revenues from external customers	**116**	**48**	**1**	**27**	**1**	**193**

YTD 2021 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	35	12	0	14	-	61
Classified revenues	192	80	2	38	-	311
Other revenues	1	-	-	0	1	2
Revenues from contracts with customers	**227**	**91**	**3**	**52**	**1**	**374**
Revenues from lease contracts, government grants and others	-	-	0	0	0	1
Operating revenues from external customers	**227**	**91**	**3**	**52**	**1**	**375**

Second quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	13	4	0	6	-	23
Classified revenues	72	29	1	17	0	119
Other revenues	1	-	-	0	1	1
Revenues from contracts with customers	**86**	**33**	**1**	**23**	**1**	**143**
Revenues from lease contracts, government grants and others	0	-	-	0	2	2
Operating revenues from external customers	**86**	**33**	**1**	**23**	**2**	**145**

YTD 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	28	9	0	14	-	52
Classified revenues	153	70	2	37	0	262
Other revenues	2	-	-	0	2	3
Revenues from contracts with customers	**183**	**79**	**3**	**51**	**2**	**317**
Revenues from lease contracts, government grants and others	0	-	-	0	2	2
Operating revenues from external customers	**183**	**79**	**3**	**51**	**4**	**320**

Note 4. Other income and expenses and impairment loss

€ million	Second quarter 2021	Second quarter 2020	YTD 2021	YTD 2020
Restructuring costs	0	(0)	0	(1)
Gain (loss) on sale and remeasurement of subsidiaries, joint ventures and associates	(29)	1	(40)	1
Gain (loss) on sale of intangible assets and property, plant & equipment	0	(0)	0	(0)
Acquisition-related costs	(33)	(2)	(39)	(2)
Integration-related costs	(10)	-	(18)	-
IPO-related costs	(1)	(2)	(1)	(2)
Other	0	(0)	0	(0)
Total other income and expenses	**(72)**	**(3)**	**(97)**	**(5)**

Loss on sale and remeasurement of subsidiaries, joint ventures and associates of €(29) million relates to the loss on sale of Shpock of €(33) million and the gain on dilution of Younited of €5 million.

Acquisition-related costs of €(33) million and integration-related costs of €(10) million in Q2 2021 mainly relate to the acquisition of eBay Classifieds Group.

On initial classification as held for sale of Shpock in Q1 2021, an impairment loss was recognised amounting to €(25) million, which was allocated to goodwill and other intangible assets. Due to losses recognised by Shpock in Q2 2021, there was a decrease in the carrying amount of Shpock and a reversal of impairment loss on other intangible assets of €5 million was recognised. As at 30 June 2021, impairment loss amounted to €(20) million.

Note 5. Net financial items

€ million	Second quarter 2021	Second quarter 2020	YTD 2021	YTD 2020
Net interest income (expenses)	(8)	(1)	(16)	(2)
Net foreign exchange gain (loss)	21	(15)	12	(63)
Net other financial income (expenses)	(2)	(1)	(2)	(2)
Net financial items	**11**	**(17)**	**(7)**	**(67)**

Net interest expenses in Q2 2021 include €(7) million interest expenses related to the bonds issued in November 2020 and €(1) million interest expenses related to the new term loans.

Net foreign exchange gain in Q2 2021 is mainly due to the appreciation of the exchange rate of the BRL against the EUR, increasing the value in EUR of the loan in BRL granted by Adevinta Finance AS to Bom Negócio Atividades de Internet Ltda (OLX Brazil joint venture).

Note 6. Contingent liabilities

Digital Services Tax in France

The French digital services tax legislation (DST) was enacted in July 2019 and applicable retroactively from 1 January 2019.

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

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

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

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

• €750 million of worldwide revenue; and,

• €25 million of revenue generated in France.

The DST applies to digital services revenue for 2019, 2020 and 2021. If applicable to Adevinta, 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 less likely than not that French DST is applicable to Adevinta Group and hence no provision has been recognized for DST as at 30 June 2021.

The main uncertainties relate to whether the services which Schibsted Group (including Adevinta Group) provided 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 €23 million in total for 2019, 2020 and Q1 and Q2 2021. Management will continue to work with the French tax authorities to obtain further clarification on this matter.

Digital Services Tax in Spain

The DST in Spain levies a 3% tax over certain digital services and is effective from January 2021 for groups with worldwide revenue above €750 million and Spanish revenues applicable to DST above €3 million, with payment expected to take place in 2021.

The assessment of the extent that Spanish DST is applicable to Adevinta Group is surrounded by a high degree of uncertainty. The main uncertainties relate to whether the services which Adevinta Group provided to its users in Spain are to be considered within the scope of DST. The current interpretation points to the non-inclusion of some of the said services and hence the provision for DST in Spain recognized as at 30 June 2021 has been based on such interpretation. Should the interactions with the Spanish Tax Authorities and other actions conclude differently, the additional DST amounts applicable to Adevinta are not expected to exceed €2.5 million in total for Q1 and Q2 of 2021. Management will continue to work with the Spanish tax authorities to obtain further clarification on this matter.

Note 7. Other matters

Covid pandemic

The Covid outbreak is currently affecting the world economy negatively and has increased the uncertainty on estimating the recoverable amounts for certain CGUs. The recoverable amount of a CGU is the higher of an asset's fair value less costs of disposal and value in use. Value in use is assessed by discounting estimated future cash flows. Reference is made to the carrying amounts, principles and estimation uncertainty and sensitivity for impairment testing in note 15 in Adevinta's Annual Report for 2020.

The risk of changes in expected cash flows that affect the consolidated financial statements will naturally be higher in markets in an early phase, such as Mexico, 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.

Based on the current estimates, no impairments have been identified in Q2 2021 (apart from the reversal on impairment of assets held for sale which is not Covid related). 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.

The Group had at 30 June 2021 net interest-bearing debt of €2,372 million (see specification in Definitions and Reconciliations below) and €470 million total liquidity available. Management still considers Adevinta's liquidity and refinancing risk to be acceptable considering the cash generation projections as well as the cash conversion rate of the business.

Note 8. Events after the balance sheet date

Changes in ownership

On 14 July 2021, the agreement between eBay and Permira was announced, which will see eBay sell approximately 125 million shares of Adevinta to funds advised by Permira,representing a 10.2% stake in Adevinta. On 29 July 2021, Permira exercised the 30-day option granted by eBay to purchase an additional 10 million shares at the same price.

On closing of this transaction, eBay will own 405 million shares, representing a 33% stake in Adevinta. Dipan Patel, Permira Partner and Head of Consumer, will be appointed to Adevinta's Board of Directors.

The transaction is expected to close in the fourth quarter of 2021, once Foreign Direct Investment approvals are secured.

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 in Adevinta's Annual Report for 2020 and in the Group Overview section and note 7 to the condensed consolidated financial statements.

Other than the matters described above, no further matters have arisen since 30 June 2021 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.

Statement by the Board of Directors and CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half-year of 2021 has been prepared in accordance with IAS 34 Interim Financial Statements, as endorsed by the EU, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group taken as a whole.

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

Oslo, 27 August 2021

Adevinta ASA's Board of Directors

Orla Noonan, Board Chair	Fernando Abril-Martorell	Sophie Javary
Peter Brooks-Johnson	Michael Nilles	Julia Jäkel
Kristin Skogen Lund	Aleksander Rosinski	Marie Oh Huber
Mark Solomons	Rolv Erik Ryssdal, CEO	

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 (APMs). 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 or 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.

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

Underlying tax rate	Underlying tax rate is defined as tax cost excluding effects that do not result in current tax payables.	Management believes that adjusted tax rate represents a more understandable measure of what is tax payable by the Group.
Liquidity reserve	Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.	Management believes that liquidity reserve shows the total liquidity available for meeting current or future obligations.
Interest-bearing debt/Total debt	Interest-bearing debt is defined as interest bearing liabilities, including current and non-current lease liabilities. Total debt is defined as interest-bearing debt.	Management believes that it is a useful indicator of the Group'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 equivalent and cash pool holdings are available to settle all liabilities in this measure. Net interest-bearing debt includes proceeds of the Senior Secured Notes held in escrow until closing of transaction.
Earnings per share adjusted (EPS (adj.))	Earnings per share adjusted for other income and expenses, impairment loss, non-controlling interests related to other income and expenses and impairment loss and taxes.	The measure is used for comparing earnings to shareholders adjusted for income and expenses related transactions and events net of tax not considered by management to be part of operating activities. Management believes the measure enables an evaluation of value created to shareholders excluding effects of non-operating events and transactions.
Revenues adjusted for currency fluctuations	Growth rates on revenue adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation.
Organic revenue growth	Revenue growth adjusted for the effects of currency movements and changes in the scope of consolidation.	Enables comparability of development in revenues over time excluding the effect of currency fluctuation and changes in consolidation scope.

Developed Phase and Investment Phase

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

Investment Phase (Investment phase refers to operations in a growth phase with large investments in market positions, but with immature monetisation rate and where sustainable profitability has not yet been reached.)	
Consolidated Subsidiaries	**Joint ventures and associates**
• Shpock in markets: Austria, Germany and United Kingdom (sold in Q2 2021) • Chile: Yapo (sold in Q1 2021) • Mexico: Segundamano • Morocco: Avito (sold in Q4 2020) • Belarus: Kufar • Dominican Republic: Corotos (sold in Q2 2020) • Tunisia: Tayara (sold in Q4 2020)	• Indonesia: OLX (sold in Q4 2020) • Portugal: Custo Justo

	Second quarter		YTD	
Reconciliation of EBITDA (before other income and expenses, impairment, joint ventures and associates) (€ million)	**2021**	**2020**	**2021**	**2020**
Gross operating profit (loss)	**53**	**39**	**106**	**79**
= EBITDA (before other income and expenses, impairment, JVs and associates)	53	39	106	79

	Second quarter		YTD	
Reconciliation of Operating revenues and EBITDA excl. Investment phase and in accordance with consolidated financial statements (€ million)	**2021**	**2020**	**2021**	**2020**
Operating revenues	**193**	**145**	**375**	**320**
Operating revenues Investment phase	3	5	6	11
Operating revenues excl. Investment phase	190	140	368	309
Gross operating profit (loss)	**53**	**39**	**106**	**79**
EBITDA Investment phase	(4)	(4)	(6)	(7)
EBITDA excl. Investment phase	57	43	112	86

	Second quarter		YTD	
Underlying tax rate (€ million)	**2021**	**2020**	**2021**	**2020**
Profit (loss) before taxes	(24)	6	(54)	(19)
Share of profit (loss) of joint ventures and associates	7	(2)	7	(2)
Other losses for which no deferred tax benefit is recognised	38	28	82	92
(Gain) loss on sale and remeasurement of subsidiaries, joint ventures and associates	29	(7)	40	(7)
Impairment losses	-	-	2	-
Adjusted tax base	**50**	**25**	**76**	**64**
Taxes	16	9	23	21
Adjusted taxes	**16**	**9**	**23**	**21**
Underlying tax rate	**31.5%**	**35.3%**	**30.0%**	**32.6%**

	30 June	31 December
Liquidity reserve	**2021**	**2020**
Cash and cash equivalents	170	131
Unutilised drawing rights on credit facilities	300	335
Liquidity reserve	**470**	**466**

Net interest-bearing debt	30 June 2021	31 December 2020
Non-current interest-bearing borrowings	2,287	1,266
Lease liabilities, non-current	83	82
Total non-current liabilities	**2,370**	**1,348**
Current interest-bearing borrowings	151	295
Lease liabilities, current	21	18
Total current liabilities	173	**313**
Interest-bearing debt	**2,542**	**1,661**
Proceeds from the borrowings placed in the escrow account	-	(1,060)
Cash and cash equivalents	(170)	(131)
Net interest-bearing debt	**2,372**	**470.0**

	Second quarter		YTD	
Earnings per share - adjusted	**2021**	**2020**	**2021**	**2020**
Profit (loss) attributable to owners of the parent	(43)	(3)	(81)	(39)
Other income and expenses	72	3	97	5
Impairment loss	(5)	-	20	-
Taxes and non-controlling interests related to other income and expenses and impairment loss	0	(2)	(6)	(2)
Profit (loss) attributable to owners of the parent - adjusted	**25**	**(2)**	**31**	**(37)**
Earnings per share – adjusted (EUR)	0.04	(0.00)	0.04	(0.05)
Diluted earnings per share – adjusted (EUR)	0.04	(0.00)	0.04	(0.05)

	Second quarter		YTD	
Currency rates used when converting profit or loss	**2021**	**2020**	**2021**	**2020**
Pound sterling (GBP)	1.1595	1.1278	1.1518	1.1445
Brazilian Real (BRL)	0.1567	0.1691	0.1543	0.1868

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