OFFERING MEMORANDUM

€660,000,000 2⅝% Senior Secured Notes due 2025
€400,000,000 3% Senior Secured Notes due 2027

issued by

Adevinta ASA

Adevinta ASA (the "Issuer"), a public company with limited liability organized under the laws of Norway, is offering (the "Offering") €1,060.0 million Senior Secured Notes comprising €660 million aggregate principal amount of 2⅝% Senior Secured Notes due 2025 (the "2025 Notes") and €400 million aggregate principal amount of 3% Senior Secured Notes due 2027 (the "2027 Notes" and, together with the 2025 Notes, the "Notes"). The 2025 Notes will bear interest at a rate of 2.625% per year. The 2027 Notes will bear interest at the rate of 3.000% per year. Interest on the Notes will be payable on May 15 and November 15 of each year, beginning on May 15, 2021. The 2025 Notes will mature on November 15, 2025. The 2027 Notes will mature on November 15, 2027.

Concurrently with the closing of the Offering, the Initial Purchasers (as defined herein) will deposit the gross proceeds of the Notes into a segregated escrow account (the "Escrow Account") pledged on a first-ranking basis as collateral for the benefit of holders of the Notes (with Citibank, N.A., London Branch acting as escrow agent, pursuant to an escrow agreement) as described under "*Description of Notes—Escrow of Proceeds; Special Mandatory Redemption*" until the date on which certain conditions are satisfied, including that the funds required to pay the consideration for the Acquisition (as defined herein) will be applied promptly following release. The consummation of the Acquisition is subject to the satisfaction of certain conditions, including, among others, receipt of certain regulatory approvals and the performance of certain closing actions. If the conditions to the release of the escrow proceeds have not been satisfied on or prior to the Escrow Longstop Date (as defined herein) or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price of the Notes will be equal to 100% of the aggregate principal amount of the Notes being redeemed, plus accrued and unpaid interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any, to, but excluding such special mandatory redemption date.

We may redeem the 2025 Notes in whole or in part on or after November 15 , 2022, at the redemption prices set forth herein. Prior to November 15, 2022, we may redeem some or all of the 2025 Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest up to, but not including, the redemption date plus a "make-whole" premium. At any time prior to November 15, 2022, we may redeem up to 40% of the aggregate principal amount of the 2025 Notes with the proceeds from certain equity offerings at a redemption price of 102.625% of the principal amount of the 2025 Notes, plus accrued interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any to, but not including, the redemption date. In addition, prior to November 15, 2022, we may redeem up to 10% of the aggregate principal amount of the 2025 Notes (including any additional Notes) at a redemption price equal to 103% of the principal amount of the 2025 Notes redeemed, plus accrued interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any to, but not including, the redemption date.

We may redeem the 2027 Notes in whole or in part on or after November 15 , 2023, at the redemption prices set forth herein. Prior to November 15, 2023, we may redeem some or all of the 2027 Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest up to, but not including, the redemption date plus a "make-whole" premium. At any time prior to November 15, 2023, we may redeem up to 40% of the aggregate principal amount of the 2027 Notes with the proceeds from certain equity offerings at a redemption price of 103.000% of the principal amount of the 2027 Notes, plus accrued interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any to, but not including, the redemption date. In addition, prior to November 15, 2023, we may redeem up to 10% of the aggregate principal amount of the 2027 Notes (including any additional Notes) at a redemption price equal to 103% of the principal amount of the 2027 Notes redeemed, plus accrued interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any to, but not including, the redemption date.

In addition, we may redeem all of the Notes at a price equal to their principal amount plus accrued and unpaid interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any, up to, but not including, the redemption date, if any, upon the occurrence of certain changes in tax law. Upon the occurrence of certain defined events constituting a change of control or upon certain asset sales, each holder of the Notes may require the Issuer to repurchase all or a portion of the Notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any, to, but not including, the date of purchase.

The redemption price of the Notes at maturity will be equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon, if any.

We are also entering into a Senior Credit Facilities Agreement (as defined herein) providing for new Senior Credit Facilities (as defined herein) that will be borrowed by us and guaranteed by the same entities that will guarantee the Notes, which will be secured by the same collateral that secures the Notes and the Guarantees. See "*Summary—Financing*."

For a description of the intended use of the gross proceeds from this offering see, "*Use of Proceeds*."

On the Completion Date (as defined herein), the Notes will be guaranteed on a senior basis by the Completion Date Guarantors (as defined herein). Within 90 days from the Escrow Release Date (as defined herein), the Notes will be guaranteed on a senior basis by the Post-Completion Date Guarantors (as defined herein, and, together with the Completion Date Guarantors, the "Guarantors" and the guarantees of such entities, the "Guarantees") and in the future may be guaranteed by certain other subsidiaries in the circumstances described in "*Description of Notes—Brief Description of the Structure and Ranking of the Notes and the Guarantees—The Guarantees*."

On the Issue Date, the Notes will be secured by first-ranking security interests over the Escrow Collateral (as defined herein). On or prior to the Completion Date, the Notes will be secured by first-ranking security interests over the Completion Date Collateral (as defined herein). Within 90 days from the Escrow Release Date, the Notes will be secured, by first-ranking security interests over the Post-Completion Date Collateral (as defined herein) (and together with the Escrow Collateral and the Completion Date Collateral, the "Collateral"). The Shared Collateral (as defined herein) will also secure obligations under the Senior Credit Facilities on an equal and ratable, first priority basis.

The Notes will be the senior obligations of the Issuer, ranking pari passu in right of payment with any existing and future indebtedness that is not expressly subordinated in right of payment to the Notes, including debt incurred under the Senior Credit Facilities and certain hedging obligations, if any, and senior in right of payment to any future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes. The Guarantees will be senior obligations of the Guarantors, ranking pari passu in right of payment with any existing and future indebtedness that is not expressly subordinated in right of payment to the Guarantees, including debt incurred under the Senior Credit Facilities and certain hedging obligations, if any, and senior in right of payment to any future obligations of the Guarantors that is expressly subordinated in right of payment to the Guarantees. The Notes and the Guarantees will be effectively subordinated to all of the existing and future indebtedness of the Issuer and the Guarantors that is secured by property or assets that do not also secure the Notes and the Guarantees, to the extent of the value of such property and assets securing such indebtedness. The Notes and Guarantees will be structurally subordinated to all existing and future obligations and other liabilities (including trade payables) of our subsidiaries that are not Guarantors.

This offering memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019. We have prepared this offering memorandum solely for use in connection with this offering and for applying to admit the Notes to the Official List of the Luxembourg Stock Exchange (the "Exchange") and to trading on the Luxembourg Stock Exchange's Euro MTF Market (the "Euro MTF Market"). The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2014/65/EU (as amended or superseded, "MiFID II").

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 39.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any other jurisdiction. Prospective purchasers that are qualified institutional buyers are hereby notified that the Initial Purchasers of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. Outside the United States, the offering is being made to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. See "*Plan of Distribution*" and "*Notice to Certain Investors*."

Price for 2025 Notes: 100.000% plus accrued interest, if any, from the Issue Date.

Price for 2027 Notes: 100.000% plus accrued interest, if any, from the Issue Date.

The Notes are in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes are represented by global notes, which were delivered in book-entry form through Euroclear S.A./N.V. ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") on November 5, 2020 (the "Issue Date").

Joint Global Coordinators

Barclays Bank PLC **Citigroup**

Joint Bookrunners

BNP PARIBAS **DNB** **J.P. Morgan**

Co-Managers

BofA Securities **ING**

November 20, 2020

In making your investment decision, you should rely only on the information contained in this offering memorandum. Neither we nor any of the Initial Purchasers has authorized any other person to provide you with any other information. If you receive any other information, you should not rely on it.

We and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted.

You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that the information in this offering memorandum is correct as of any date after the date on the cover of this offering memorandum.

Table of Contents

SUMMARY	1
RISK FACTORS	39
USE OF PROCEEDS	75
CAPITALIZATION	76
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA	79
ADEVINTA SELECTED CONSOLIDATED AND COMBINED FINANCIAL INFORMATION AND OTHER NON-FINANCIAL DATA	91
ECG SELECTED COMBINED FINANCIAL INFORMATION AND OTHER DATA	95
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ADEVINTA	98
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ECG	126
INDUSTRY	139
BUSINESS	150
MANAGEMENT	180
PRINCIPAL SHAREHOLDERS	186
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	187
DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS	192
DESCRIPTION OF NOTES	226
OFFERING AND TRANSFER RESTRICTIONS	305
CERTAIN ERISA CONSIDERATIONS	309
BOOK-ENTRY, DELIVERY AND FORM	311
CERTAIN TAX CONSIDERATIONS	315
PLAN OF DISTRIBUTION	320
LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND SECURITY INTERESTS	324
LEGAL MATTERS	383
INDEPENDENT AUDITORS	383
AVAILABLE INFORMATION	383
INDEX TO FINANCIAL STATEMENTS	F-1

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

The Issuer is a public company with limited liability organized under the laws of Norway with registered number 921 796 226. The Issuer's registered office is located at Grensen 5, 0159, Oslo, Norway.

The Issuer's website address is https://www.adevinta.com/. The information posted on the Issuer's or eBay's website, and those of their respective affiliates and subsidiaries, is not incorporated herein and does not constitute a part of this offering memorandum. For the purposes of making an investment decision regarding the Notes, you should not rely on the Issuer's websites.

You should read this offering memorandum before making a decision whether to purchase any Notes. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. You may contact us if you need any additional information.

By purchasing any Notes, you will be deemed to have acknowledged that: you have reviewed this offering memorandum; you have had an opportunity to request any additional information that you need from us; and the Initial Purchasers are not responsible for, and are not making any representations to you concerning, our future performance or the accuracy or completeness of this offering memorandum.

Barclays Bank PLC, Citigroup Global Markets Limited, BNP Paribas, BofA Securities Europe SA, DNB Bank ASA, ING Bank N.V., London Branch, and J.P. Morgan Securities plc (each an "Initial Purchaser" and, collectively, the "Initial Purchasers"), the Trustee, the Security Agent, the Paying Agent, the Registrar and the Transfer Agent make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Security Agent, the Paying Agent, the Registrar and the Transfer Agent as to the past, the present or the future.

We are not providing you with any legal, business, tax or other advice in this offering memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase any of the Notes.

You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any of the Notes. We and the Initial Purchasers are not responsible for your compliance with these legal requirements.

The Notes have not been and will not be registered under the Securities Act. We are offering the Notes in the United States in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes have not been recommended by any federal, state or foreign securities authorities and they have not determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

We have prepared this offering memorandum solely for use in connection with the offer of the Notes (a) within the United States to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act ("Rule 144A") and (b) to certain non-U.S. persons in offshore transactions outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") other than to retail investors in the European Economic Area or in the United Kingdom.

Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange (the "Exchange) and to trading on the Euro MTF Market thereof. . Any investor or potential investor in the European Economic Area (the "EEA") or the United Kingdom should not base any investment decision relating to the Notes on the information contained in this offering memorandum after publication of the listing particulars and should refer instead to those listing particulars. The Exchange is not a regulated market pursuant to the provisions of MiFID II. Neither the admission of the Notes to be listed on the Official List of the Exchange, nor the approval of this offering memorandum pursuant to the listing requirements of the competent authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, us, the adequacy of information contained in this offering memorandum or our suitability for investment or any other purposes. The Notes are subject to restrictions on resale and transfer as described under "*Offering and Transfer Restrictions*." By purchasing any Notes, you will be deemed to have made certain acknowledgements, representations and agreements as described in that section of this offering memorandum. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

The Issuer accepts responsibility for the information contained in this offering memorandum. To the best of the knowledge and belief of the Issuer the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set out under the headings "*Exchange rate infomation*", "*Summary*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations of eCG*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data and estimates, released by third party sources. While we accept responsibility for the accurate extraction and summarisation of such information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof.

The information set out in relation to sections of this offering memorandum describing clearing arrangements, including the section entitled "Book-Entry; Delivery and Form", is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and/or Cleasrtream currently in effect. While the Issuer accepts responsibility for accurately summarising the information concerning Euroclear and/or Cleasrtream, it accepts no further responsibility in respect of such information. In addition, this offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the Initial Purchasers.

The Notes were delivered against payment on November 5, 2020, which was ten business days following the date of the pricing of the Notes (such settlement being referred to as "T+10"). Because trades in the secondary market generally settle in two business days, purchasers who traded Notes on the date of pricing or the next succeeding seven business days were required, by virtue of the fact that the Notes initially settled T+10, to specify alternative settlement arrangements at the time of any such trade to prevent a failed settlement.

IN CONNECTION WITH THIS OFFERING, CITIGROUP GLOBAL MARKETS LIMITED (THE "STABILIZING MANAGER") OR ONE OR MORE OF ITS AFFILIATES (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES DURING THE STABILIZATION PERIOD AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT MUST END NO LATER THAN 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE, OR NO LATER THAN 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES, WHICHEVER IS THE EARLIER. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS AND WILL BE UNDERTAKEN AT THE OFFICES OF THE STABILIZING MANAGER (OR PERSONS ACTING ON THEIR BEHALF).

NOTICE TO CERTAIN INVESTORS

Canada

With respect to purchasers resident in any jurisdiction of Canada, the Notes may only be sold to purchasers who are (i) purchasing, or deemed to be purchasing the Notes as principal in accordance with applicable Canadian securities laws, (ii) an "accredited investor," as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario) and (iii) a "permitted client," as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by, and subject to limitations and defenses under, the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Canadian purchasers are advised that this offering memorandum has been prepared in reliance on section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"). This offering memorandum is exempt from the requirement that the Issuer and the Initial Purchasers provide purchasers with certain disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Upon receipt of this offering memorandum, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the notes (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de cette notice d'offre, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of the Notes in any member state of the EEA or the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

MiFID II product governance / professional investors and ECPs only target market—Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

France

The Notes are being issued and sold outside the Republic of France and, in connection with their initial distribution, the Initial Purchasers have not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and the Initial Purchasers have not distributed and will not distribute or cause to be distributed to the public in the Republic of France this offering memorandum or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in the Republic of France only to qualified investors (*investisseurs qualifiés*) in accordance with Articles L.411-2 and D. 411-2 to D. 411-4 of the Monetary and Financial Code.

Germany

The Notes may be offered and sold in the Federal Republic of Germany only in compliance with the German Securities Prospectus Act (the "German Securities Prospectus Act", Wertpapierprospektgesetz), as amended, the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation") and the respective Delegated Regulations of the European Commission, each as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This offering memorandum has not been approved under the German Securities Prospectus Act or the Prospectus Regulation and, accordingly, the Notes may not be, and are not being, offered or advertised publicly or by public promotion in the Federal Republic of Germany. This offering memorandum is strictly for private use and the offer is only being made to recipients to whom this offering memorandum is personally addressed and does not constitute an offer or advertisement to the public. In Germany, the Notes will only be available to, and this offering memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 3 of the German Securities Prospectus Act in connection with Article 2 lit. (e) of the Prospectus Regulation or who are subject of another exemption in accordance with Article 1 of the Prospectus Regulation. Any resale of the Notes in Germany may only be made in accordance with the Prospectus Regulation, the German Securities Prospectus Act and other applicable laws. The Issuer has not filed and does not intend to file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "*BaFin*") or obtain a notification to BaFin from another competent authority of a member state of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Article 25 of the Prospectus Regulation.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Notes to be sold under this offering memorandum may not be offered or sold by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong, "Ordinance") and any rules made under that Ordinance; or (b) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong); or (c) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made under that Ordinance.

Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB"), in accordance with Italian securities legislation. Accordingly, the Notes may not, and will not, be offered, sold or delivered and copies of this offering memorandum or any other document relating to the Notes may not, and will not, be distributed in Italy except (i) to qualified investors (*investitori qualificati*), as defined in Article 26, paragraph 1, letter d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended (the "Intermediaries Regulation"), pursuant to Article 100, paragraph 1, letter a) of Legislative Decree No. 58 of February 24, 1998, as amended (the "Consolidated Financial Act") and Article 34-*ter*, paragraph 1, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "Issuers' Regulation"); or (ii) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, including, without limitation, as provided under Article 100 of the Consolidated Financial Act and Article 34-*ter* of the Issuers' Regulation.

Any offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in Italy under (i) or (ii) above must be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations and, in particular, must be made: (i) by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of September 1, 1993 (the "Banking Law"), the Consolidated Financial Act, the Issuers' Regulation and the Intermediaries Regulation, each as amended from time to time; (ii) in compliance with Article 129 of the Banking Law and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and (iii) in compliance with any other applicable laws and regulations or requirement that may be, from time to time, imposed by the Bank of Italy, CONSOB or other Italian authority.

Any investor purchasing the Notes in this offering is exclusively responsible for ensuring that any offer or resale of the Notes it purchased in this offering occurs in compliance with applicable laws and regulations. No person resident or located in Italy other than the original recipients of this document may rely on this document or its contents.

This offering memorandum, any other document relating to the Notes, and the information contained therein are intended only for the use of its recipient and, unless in circumstances which are exempted from the rules governing offers of securities to the public pursuant to Article 100 of the Consolidated Financial Act and Article 34-*ter* of the Issuers' Regulation, are not to be distributed, for any reason, to any third party resident or located in Italy.

Luxembourg

In relation to the Grand Duchy of Luxembourg ("Luxembourg"), the Notes may not be offered, sold or otherwise made available to any retail investor.

For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) to any person or legal entity which is a qualified investor as defined in the Prospectus Regulation; or

(ii) to fewer than 150 natural or legal persons per relevant Member State (other than qualified investors as defined in the Prospectus Regulation); or

(iii) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 5 of the Prospectus Regulation.

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

The Notes may not be offered and/or sold, either directly or indirectly, to the public in Luxembourg, except that the Notes may be offered to the public in Luxembourg at any time:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (iii) above shall require us to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

(a) the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and

(b) the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended or superseded).

Norway

This offering memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Norwegian Securities Trading Act of 2007 or the Prospectus Regulation as implemented by such act nor any other Norwegian enactment. Neither the Norwegian Financial Supervisory Authority (Finanstilsynet) nor any other Norwegian public body has examined, approved or registered this offering memorandum or will examine, approve or register this offering memorandum. Accordingly, this offering memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Norway other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Norwegian Securities Trading Act of 2007 and the Prospectus Regulation.

Switzerland

The Notes may not be publicly offered, advertized, distributed or sold in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated multilateral trading facility in Switzerland. This document does not constitute an offering prospectus and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations, art. 35 et seq. of the Swiss Financial Services Act (the "FinSA") or the disclosure standards for listing prospectuses under art. 27 et seq. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated multilateral trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Notes or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to this offering, us or the Notes have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be submitted to and approved by a reviewing body under FinSA, and this document will not be filed with, and the offer of Notes will not be supervized by, the Swiss Financial Market Supervisory Authority. The offer of Notes has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Notes.

Spain

None of the Notes, the offering or this offering memorandum have been approved or registered with the *Comisión Nacional del Mercado de Valores* and, therefore, this offering memorandum is not intended to be used for any public offer of the Notes in Spain. The Notes may not be offered or sold or distributed in Spain, nor may any subsequent resale of the Notes be carried out or publicity or marketing of any kind be made in Spain in relation to the Notes, except (i) in circumstances that do not qualify as a public offer of securities in Spain in accordance with the Prospectus Regulation and article 35 of the Restated Spanish Securities Market Act (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) as amended and restated (the "Spanish Securities Market Act"), or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), and supplemental rules enacted thereunder or in substitution thereof from time to time; and (ii) by institutions authorised to provide investment services in Spain under the Spanish Securities Market Act (and related legislation) and Royal Decree 217/2008 of 15 February on the Legal Regime Applicable to Investment Services Companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*).

United Kingdom

In the United Kingdom, this offering memorandum and any other material in relation to the Notes described herein is for distribution only to, and is only directed at, persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (as amended, the "FSMA")) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its content.

United States

This offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Offering and Transfer Restrictions*."

This offering memorandum is being provided (1) to a limited number of U.S. investors that we reasonably believe to be QIBs under Rule 144A under the U.S. Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States pursuant to offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. The Notes described in this offering memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

Service of process and enforceability of civil liabilities

None of our directors and executive officers are residents of the United States. All or a substantial portion of the assets of such non-resident persons, and all of our assets (with the exception of eBay Mobile Labs LLC, after the Completion Date) are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Company, or to enforce against them in U.S. courts judgements obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. Furthermore, we are advised that:

Norway

Norwegian courts will, as a general rule, not recognize or enforce judgments rendered by a foreign court unless Norway has entered into a bilateral or multilateral treaty with the relevant country or countries regarding the recognition and enforcement of judgments and subject to the provisions of section 19-16 of the Norwegian Dispute Act of 2005 No. 90 (*Tvisteloven*) (the "Dispute Act"). Due to the Lugano Conventions on the Recognition of Judgments in Civil and Commercial Matters (the "Lugano Convention"), Norwegian courts will recognize as a valid judgment, and enforce, any final civil judgment obtained in a foreign court in a state which is a party to the Lugano Convention, without a further reexamination of the merits of the case. The exceptions stated in the Lugano Convention itself will apply.

There is currently no treaty or bilateral agreement in place between the United States and Norway that provides for reciprocal recognition and enforcement of judgments by a U.S. federal or state court, in civil and commercial matters. Thus, a judgment from a U.S. federal or state court would as a main rule not be enforceable in Norway without an independent review of the merits of the case.

However, a judgment rendered by a foreign court (e.g. the courts of United States) may nevertheless be recognized and enforced in Norway without reexamination of the merits of the case if the foreign proceedings and the judgment itself fulfill the conditions stated in the Norwegian Enforcement Act of 1992 No. 86 (*Tvangsfullbyrdelsesloven*) and the Dispute Act. Such conditions can include, without limitation:

- the respective parties thereto have submitted the matter in dispute in writing to a court or tribunal in the agreed jurisdiction,

- there is no other mandatory venue for such dispute,

- such judgment obtained is final and enforceable in and pursuant to the laws of the country where it was issued, and

- the acceptance and enforcement of the judgment shall not be in conflict with Norwegian mandatory laws or public policy.

In any other event, judgments by the court of a state that has no treaty or bilateral agreement with Norway on recognition and enforcement of judgements against any Norwegian party would not be recognized or enforceable in Norway without a retrial on the merits of the case. A retrial is dependent on Norwegian courts having jurisdiction.

Canada

A judgment of a United States court would be enforceable in Canada if: (a) there is a real and substantial connection between the events, persons and circumstances and the forum in which the United States proceedings occur such that the United States court properly assumed jurisdiction; (b) the United States judgment is final and conclusive and for a sum certain; (c) the defendant was properly served with originating process from the United States court; and (d) the United States law that led to the judgment is not contrary to Canadian public policy, as that term would be applied by a Canadian court. In normal circumstances, only civil judgments and not other rights arising from United States securities legislation (for example, penal or similar awards made by a court in a regulatory prosecution or proceeding) are enforceable in Canada. The enforceability of a final and conclusive United States judgment for a sum certain in Canada will be subject to the further requirements that: (i) an action to enforce the United States judgment must be commenced in the Canadian court within any applicable limitation period; (ii) the Canadian court has discretion to stay or decline to hear an action on the United States judgment if the United States judgment is under appeal or there is another subsisting judgment in any jurisdiction relating to the same cause of action; (iii) the Canadian court will render judgment only in Canadian dollars; and (iv) an action in the Canadian court on the United States judgment may be affected by bankruptcy, insolvency or other laws of general application limiting the enforcement of creditors' rights generally. The enforceability of a final and conclusive United States judgment for a sum certain in Canada will be subject to the following defenses: (i) the United States judgment was obtained by fraud or in a manner contrary to the principles of natural justice; (ii) the United States judgment is for a claim which under the law of the applicable Canadian province would be characterized as based on a foreign revenue, expropriatory, penal or other public law; (iii) the United States judgment is contrary to the public policy of the applicable Canadian province or to an order made by the Attorney General of Canada under the *Foreign Extraterritorial Measures Act* (Canada) or by the *Competition Tribunal under the Competition Act* (Canada) in respect of certain judgments referred to in these statutes; and (iv) the United States judgment has been satisfied or is void or voidable under United States law.

France

It may be possible for investors to effect service of process within France upon those persons or entities, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

There is currently no treaty or bilateral agreement in place between the United States and France that provides for reciprocal recognition and enforcement of judgments by a U.S. federal or state court, in civil and commercial matters. Thus, a judgment from a U.S. federal or state court would as a main rule not be enforceable in France without an independent review of the merits of the case.

A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Judiciaire*) that has exclusive jurisdiction over such matter.

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non ex parte*) proceedings if such U.S. Judgment is enforceable in the United States and if the French civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French civil court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter because the dispute is clearly connected to the jurisdiction of such court (i.e., there was no international forum shopping), the choice of the U.S. court was not fraudulent and the French courts did not have exclusive jurisdiction over the matter;

- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case, including fair trial rights; and

- such U.S. judgment is not tainted with fraud under French law.

In addition to these conditions, it is well established that only final and binding foreign judicial decisions (i.e. those having *a res judicata* effect) can benefit from an exequatur under French law, that such U.S. judgment should not conflict with a French judgment or a foreign judgment that has become effective in France, and there is no proceedings pending before French courts at the time enforcement of the U.S. judgment is sought and having the same or similar subject matter as such U.S. judgment.

If the French civil court is satisfied that such conditions are met, the U.S. judgment will benefit from the *res judicata* effect as of the date of the decision of the French civil court and will thus be declared enforceable in France. However, the decision granting the exequatur is subject to appeal.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68 678 of July 26, 1968, as modified by French law No. 80 538 of July 16, 1980 and French Ordinance No. 2000 916 of September 19, 2000 (relating to the communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Pursuant to the regulations above, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) or French procedural rules to obtain evidence in France or from French persons.

Similarly, French data protection rules (law No. 78 17 of 6 January 1978 on data processing, data files and individual liberties, as modified) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French rules of conflict (including the law chosen by the parties to govern their contract) if the application of such law (in the case at hand) is deemed to contravene (i) French international public policy or (ii) overriding mandatory rules (as determined on a case by case basis by French courts). Furthermore, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to Article 14 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts in connection with the performance of obligations contracted by the foreign defendant in France with a French person or in a foreign country with French Individuals. Pursuant to Article 15 of the French Civil Code, a French national can be sued by a foreign claimant before French courts in connection with the performance of obligations contracted by the French national in a foreign country with the foreign claimant (Article 15). For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear before a jurisdiction other than French courts. However, according to case law, the French courts' jurisdiction over French nationals is not mandatory to the extent an action has been commenced before a court in a jurisdiction that has sufficient contacts with the dispute and the choice of jurisdiction is not fraudulent. In addition, a French national may waive its rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code, including by way of conduct by voluntarily appearing before the foreign court.

It must be noted that under Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012, as regards legal actions falling within the scope of said Regulation, the privileges granted to French nationals pursuant to Articles 14 and 15 of the French Civil Code may not be invoked against a person domiciled in an EU Member State. Conversely, pursuant to Article 6.2 of Regulation (EU) No. 1215/2012, the privilege granted by Article 14 of the French Civil Code may be invoked by a claimant domiciled in France, regardless of the claimant's nationality, to sue before French courts a defendant domiciled outside the EU. The French Supreme Court (*Cour de cassation*) has recently held that a contractual provision submitting one party to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any competent jurisdiction was invalid. Accordingly, any provisions to the same effect in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action before the French courts.

In the context of the COVID-19 Crisis, the French COVID-19 Ordinance enacts measures in order to postpone certain mandatory delays or time-periods which were to mature or expire from March 12, 2020, up to one month after the end of the state of public health emergency declared by the French state on March 12, 2020. In other words, for the time being and subject to a possible extension of the duration of the state of public health emergency, the deadlines concerned are those expiring between March 12, and June 24, 2020 (the "French COVID-19 Suspension Period").

Article 2 of the French COVID-19 Ordinance notably provides that terms provided by statute of limitations and procedural deadlines that would have otherwise expired during the French COVID-19 Suspension Period are postponed to up to the usual delay required for its carrying out/implementation after the end of the French COVID-19 Suspension Period (with a maximum of 2 months after the French COVID-19 Suspension Period). Such provisions does not formally suspend legal actions in France against the French Guarantors in order to enforce a U.S. or UK judgment during the French COVID-19 Suspension Period. However, most French courts and especially commercial courts are closed during the state of public health emergency except for crucial proceedings (i.e. mostly insolvency proceedings) and the activities of court bailiffs are disturbed. It might therefore by difficult to initiate enforcement of a foreign judgment in France until the end of the state of public health emergency.

Germany

Certain Guarantors are organized under the laws of Germany (the “German Guarantors”). None of the directors, officers or other executives of such German Guarantors are residents or citizens of the United States. Therefore, you may be unable to effect service of process within the United States on the directors, officers or executives. Furthermore, since the assets of such German Guarantors, and its respective directors and officers are located outside the United States, any judgment obtained in the United States against the German Guarantors or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States.

We have been advised by our German counsel that there is doubt as to the enforceability in Germany of civil liabilities based on U.S. federal or state securities laws, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts. The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment by any U.S. federal or state court for payment, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable in Germany.

As a general rule, a final judgment by a U.S. federal or state court, for the payment of a specific sum of money based on civil matters, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a German court generally would not reinvestigate the merits of the original matter decided by a U.S. court, unless:

- the courts of the jurisdiction where the relevant court is located did not have jurisdiction according to the principles on jurisdictional competence under German law;

- the judgment was given in default of appearance and the defendant invokes such default or the defendant was not served with the document which instituted the proceedings properly or within sufficient time and in such a way to enable him to arrange for his defense, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for the defendant; a method of service of process agreed upon may not be regarded as due service if such method is contrary to the applicable law (including any international treaty) on service for the proceedings;

- the judgment is irreconcilable with (i) any prior judgment which became res judicata rendered by a German court or (ii) any prior judgment which became res judicata rendered by a foreign court which is to be recognized in Germany or (iii) the procedure leading to the respective judgment being irreconcilable with a proceeding previously commenced in Germany;

- such recognition entails results which are obviously irreconcilable with fundamental principles of German law, including without limitation, fundamental rights under the constitution of Germany (*Grundrechte*); or

- the reciprocity of enforcement of judgments is not guaranteed.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an exequatur decision from a competent German court in accordance with the above principles. Even if a U.S. judgment is recognized in Germany, it does not necessarily mean that it will be enforced under all circumstances. In particular, the obligations need to be of a specific kind and type for which an enforcement procedure exists under German law. Also, if circumstances have arisen after the date on which such foreign judgment became res judicata, a defense against enforcement may arise. Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an exequatur decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation, moratorium as well as other similar laws, provisions or circumstances affecting creditors’ rights generally. In addition, it is doubtful whether a German court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

If the party in whose favor such final judgment is rendered brings a new lawsuit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the relevant Guarantor or such persons will be, basically, regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates. A German court may choose to re- hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States. If however a judgment must be recognized under the German Code of Civil Procedure (see above), a German court has to deliver its judgment in accordance with the findings of the final judgment by a federal or state court of the United States.

In addition, in the past the recognition and enforcement of punitive damages has been denied by German courts as incompatible with the fundamental principles of German law. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

German civil procedure differs substantially from U.S. civil procedure in a number of respects. With respect to the production of evidence, for example, U.S. federal and state law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

Spain

A final judgment obtained against us outside of Spain (and, in particular, in the United States), other than a country bound by the provisions of EU Regulation 1215/2012 of the European Parliament and of the Council, would be recognized and enforced by the courts of Spain (unless such judgment contravenes principles of Spanish public policy rules—*orden público*-) pursuant to the following regimes:

- according to the provisions of any applicable treaty (there being none currently in existence between Spain and the United States for these purposes); and

- in the absence of any such treaty, the judgment would be enforced in Spain if it satisfies all of the following requirements in compliance with and subject to Article 523 of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero de Enjuiciamiento Civil*) and subject to Act 29/2015, of July 30, on International Legal Cooperation in Civil Matters (*Ley 29/2015, de 30 de julio, de Cooperación Jurídica Internacional en materia civil*) (the "Act on International Legal Cooperation in Civil Matters"):

- such U.S. judgment is final and conclusive (*firme*);

- such U.S. judgment was rendered by a court having jurisdiction over the matter since the dispute is clearly connected to the United States and the choice of the court is not fraudulent;

- such U.S. judgment does not contravene Spanish public policy rules or mandatory provisions, and the obligation to be fulfilled is legal in Spain;

- the documentation prepared for the purposes of requesting the enforcement is accompanied by a literal, authentic, sworn Spanish translation;

- the copy of the judgment presented before the Spanish Court is duly apostilled;

- there is not a pending previous proceedings between the same parties and in relation to the same issues in Spain;

- there is no material contradiction or incompatibility of such U.S. judgment with a judgment rendered or judicial proceedings outstanding in Spain, or a judgment previously rendered in another country when this last judgment meets the requirements to be eventually recognized in Spain;

- where rendering the judgment, the courts rendering it did not infringe an exclusive ground of jurisdiction provided for under Spanish law or based their jurisdiction on exorbitant grounds and the choice of court is not fraudulent;

- the rights of defense of the defendant were protected where rendering the judgment, including, but not limited to, a proper service of process carried out with sufficient time for the defendant to prepare its defense and the

U.S. judgment was not rendered by default (*i.e.*, without appearance or without the possibility to appear for the defendant); and

- although reciprocity is not a legal requirement, if it were proven that the U.S. jurisdiction in which the judgment was obtained does not recognize judgments issued by Spanish courts on a general basis, then the Spanish courts could be compelled to deny the recognition of the U.S. judgment in Spain.

It is important to note that the Act on International Legal Cooperation in Civil Matters expressly prohibits that a foreign judgment is reviewed as to its substance (*revision del fondo*) by the Spanish competent court.

The United States and Spain are not party to any treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, any party wishing to have a U.S. ruling recognized or enforced in Spain must file an application seeking declaration of enforceability of the U.S. resolution (*exequatur*) with the relevant Spanish Court of First Instance (*Juzgado de Primera Instancia*) or Commercial Court (*Juzgado de lo Mercantil*).

The Spanish courts may express any such order in a currency other than Euro in respect of the amount due and payable by Adevinta Spain, but in case of enforcement in Spain, the court costs (*costas judiciales*) and interest will be paid in Euros. Any judgment obtained against the Adevinta Spain in any country bound by the provisions of EU Regulation 1215/2012 of the European Parliament and of the Council would be recognized and enforced in accordance with the terms set forth thereby.

The enforcement of any judgment in Spain entails, among others, the following actions and costs:

- translation fees for documents in a language other than Spanish, which must be accompanied by a sworn translation into Spanish (translator's fees will be payable);

- certain professional fees for the verification of the legal representative of a party litigating in Spain (if needed);

- payment of certain court costs and fees;

- the procedural acts of a party litigating in Spain must be directed by an attorney at law and the party must be represented by a court agent (*procurador*); and

- the contents and validity of foreign law must be evidenced to the Spanish courts.

Moreover, please note that Spanish civil proceedings rules cannot be amended by agreement of the parties and will, therefore, prevail notwithstanding any provision to the contrary in the Notes.

Notwithstanding the parties' choice of foreign jurisdiction, the Spanish courts may in certain circumstances, including where considerations of Spanish public policy rules require it, take jurisdiction or grant ancillary relief in relation to proceedings commenced in a foreign court (including the chosen court).

If an original action is brought in Spain, Spanish courts may refuse to apply the designated law if its application contravenes Spanish public policy. Pursuant to Article 54 of the current Spanish Civil Procedure Act, the parties to an agreement are entitled to clearly agree on their submission to a particular judge (*juzgado*) or court (*tribunal*) provided that, under the Spanish Civil Procedure Act and the Spanish Judicial Act (*Ley 6/1985, de 1 de Julio, Orgánica del Poder Judicial*), the relevant judge or court is competent to solve the relevant dispute; therefore such article does not cover the validity of non-exclusive jurisdiction clauses, at least for conflicts between different Spanish courts.

The Netherlands

The ability of Holders of Notes in certain countries other than the Netherlands to bring an action against a Dutch Guarantor, may be limited under applicable law. Certain directors of the Dutch Guarantors are residents of, in which case most of their assets are located in, jurisdictions outside the United States.

Substantially all of a Dutch Guarantor's assets are also located outside the United States. As a result, it may be difficult for you to serve process on a Dutch Guarantor within the United States or to enforce against a Dutch Guarantor in courts in the United States, judgments of these courts predicated upon the civil liability provisions of U.S. securities laws.

The United States and the Netherlands do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final and enforceable judgment for payment given by any court in the United States would not be enforceable in the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be re-litigated before a competent Dutch court. A Dutch court will, under current practice, generally grant the same judgment without re-litigation on the merits, provided that:

- has not been rendered in violation of elementary principles of fair trial;
- is not contrary to the public policy of the Netherlands;
- is not incompatible with (a) a prior judgment of a Netherlands court rendered in a dispute between the same parties, or (b) a prior judgment of a foreign court rendered in a dispute between the same parties, concerning the same subject matter and based on the same cause of action, provided that such prior judgment is capable of being recognized in the Netherlands; and
- is a final judgment and has been rendered by a court which has established its jurisdiction vis-à-vis the Dutch company on the basis of internationally accepted grounds of jurisdiction.

Awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the Netherlands. Furthermore, it may be difficult for noteholders to enforce judgments of U.S. courts predicated upon the civil liability provisions of the U.S. federal securities laws outside the United States. Finally, it is doubtful whether a Netherlands court would accept jurisdiction and impose civil liability in an action commenced in the Netherlands and predicated solely upon U.S. federal securities laws.

CERTAIN DEFINITIONS

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

- "we," "us," "our," "Adevinta", "Company" and the "Group" refer to the Issuer, together with its subsidiaries and, where the context requires, the combined business following completion of the Acquisition;
- "€150 million bridge term loan facility" has the meaning ascribed to such term under "*Description of Certain Other Indebtedness—Grupo ZAP Bridge Term Loan Facilities*";
- "€75 million bridge term loan facility" has the meaning ascribed to such term under "*Description of Certain Other Indebtedness—Grupo ZAP Bridge Term Loan Facilities*";
- "€200 million term loan" has the meaning ascribed to such term under "*Description of Certain Other Indebtedness—€600 million multi-currency term loan and revolving credit facility*" and is expected to be repaid and cancelled in full in connection with the Transactions;
- "€400 million RCF" has the meaning ascribed to such term under "*Description of Certain Other Indebtedness—€600 million multi-currency term loan and revolving credit facility*" and is expected to be repaid and cancelled in full in connection with the Transactions;
- "€600 million multi-currency term loan and revolving credit facility" refers to our €400 million RCF and €200 million term loan;
- "Acquisition" refers to the acquisition of eBay Classifieds (or, when describing the obligations of Adevinta and eBay as set forth in the Transaction Agreement (as defined herein), eCG) by Adevinta;
- "Adevinta Finance" refers to Adevinta Finance AS, a limited liability company incorporated under the laws of Norway;
- "Adevinta France S.A.S." refers to Adevinta France S.A.S., a company incorporated under the laws of France and a subsidiary of Adevinta;
- "Adevinta Guarantors" refers to Adevinta Finance, LBC France, SCM Local, Adevinta Spain, and Adevinta Oak;
- "Adevinta Holdco Spain S.L." refers to Adevinta Holdco Spain S.L., a company incorporated under the laws of Spain and a subsidiary of Adevinta;
- "Adevinta Oak" refers to Adevinta Oak Holdings B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 80411959 and a wholly owned subsidiary of Adevinta;
- "Adevinta Spain" refers to Adevinta Spain, S.L., a limited liability company incorporated under the laws of Spain and a wholly-owned subsidiary of the Company;
- "AWS" refers to Amazon Web Services, a third-party cloud service provider;
- "Brexit" refers to the exit of the United Kingdom from the European Union on January 31, 2020;
- "Bridge Facility" refers to the senior secured term loan facility to be established under the Bridge Facility Agreement in an aggregate principal amount of $330.0 million (or equivalent), which is expected to be cancelled on or prior to the Completion Date;
- "Bridge Facility Agreement" refers to the senior secured bridge facility agreement to be entered into prior to the Completion Date between, inter alios, Adevinta and the lenders named therein, providing for the Bridge Facility;
- "Classifieds Entities" refers to Gumtree AU, eBayK, Marktplaats and Gumtree.com as further described in "*Certain Relationships and Related Party Transactions—eBay—TreeBay Arrangement*";

- "Classifieds Indebtedness" refers to the indebtedness eBay Classifieds Holding B.V. will incur as a borrower under the Senior Credit Facilities Agreement by drawing down $1.2 billion (or equivalent) under the Term Facilities prior to completion of the Acquisition;

- "Collateral" refers to the Escrow Collateral, the Completion Date Collateral and the Post-Completion Date Collateral;

- "combined business" refers to the combined business of Adevinta and eBay Classifieds, following completion of the Acquisition;

- "Completion Date" refers to the date on which the Acquisition is consummated;

- "Completion Date Collateral" refers to the collateral securing the Notes on or about the Completion Date as further described in "*Summary—The Offering*";

- "Completion Date Guarantors" refer, collectively to, Adevinta Finance AS and Adevinta Oak and, if eBay Classifieds Holding B.V. has not merged into Adevinta Oak on or prior to the Completion Date, eBay Classifieds Holding B.V.;

- "Contribution" refers to the transfer of shares in eBay Classifieds Holding B.V., indirectly through eBay International Holding GmbH, to Adevinta in exchange for voting and non-voting shares in Adevinta, subject to a net debt adjustment (to be settled in cash);

- "COVID-19" refers to the outbreak of the novel strain of the coronavirus identified in late 2019 and characterized as a pandemic by the World Health Organization in March 2020;

- "Danish Acquisition" refers to the expected purchase of the Danish Entity by Schibsted from Adevinta;

- "Danish Entity" refers to eBay Scandinavia ApS, a subsidiary of eBay Classifieds incorporated in Denmark;

- "DistilledSCH" refers to our 50/50 joint venture with the Irish-owned company Distilled Media;

- "eBay" refers to eBay Inc., a Delaware corporation, listed on the Nasdaq Global Select Market.

- "eBay Canada" means eBay Canada Limited, a subsidiary of eBay as further described in "*Certain Relationships and Related Party Transactions—eBay—Kijiji Canada Advertising Arrangement*";

- "eBay Classifieds" refers to eBay Mobile Labs LLC, eBay Services Mexico, S. de R.L. de C.V. and eBay Classifieds Holding B.V. and its subsidiaries, which include, among others Mobile.de and excludes the Danish Entity;

- "eBay Classifieds Guarantors" refers to Mobile.de, Marktplaats, Kijiji Canada and eBayK.

- "eBay Classifieds Holding B.V." refers to eBay Classifieds Holding B.V., a private limited liability company incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 69841969;

- "eBay Group" refers to eBay and the certain subsidiaries of eBay that will receive Adevinta shares in the Acquisition as further described in "*Certain Relationships and Related Party Transactions—eBay—Liquidity and Information Rights Agreement*";

- "eBay Marketplaces" means eBay Marketplaces GmbH, a subsidiary of eBay as further described in "*Certain Relationships and Related Party Transactions—eBay—BayTree Arrangement*";

- "eBay Motors Group" refers to Gumtree.com and Motors.co.uk in a joint proposition with eBay UK;

- "eBay UK" means eBay (UK) Limited, a subsidiary of eBay as further described in "*Certain Relationships and Related Party Transactions—eBay—eBay Motors Group Joint Proposition*";

- "eBayK" means eBay Kleinanzeigen GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany and registered with the commercial register (*Amtsgericht*) at the local court of Potsdam under registration number HRB 18681 P;

- "eCG" refers to eBay Classifieds, including the Danish Entity;

- "Escrow Account" refers to the account into which the gross proceeds of the offering of the Notes will be deposited on the Issue Date;

- "Escrow Collateral" refers to the collateral securing the Notes on the Issue Date as further described in "*Summary—The Offering*";

- "Escrow Release Date" refers to the date on which the gross proceeds of the offering of the Notes are released from the Escrow Account;

- "EUR Term Facility" refers to the Euro denominated senior secured term loan facility to be established under the Senior Credit Facilities Agreement in an aggregate principal amount of €900.0 million;

- "GDPR" refers to Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016;

- "German Bidco" refers to a German subsidiary of Adevinta Finance AS that is intended to be incorporated following the Issue Date and intended to be the direct parent of Mobile.de following completion of the Acquisition;

- "Grupo ZAP" refers to Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, which OLX Brazil entered into an agreement to acquire in March 2020;

- "Guarantors" refer, collectively to the Completion Date Guarantors and the Post-Completion Date Guarantors;

- "Indenture" refers to the indenture governing the Notes, to be dated as of the Issue Date, among, inter alios, the Issuer, the Guarantors, the Trustee and the Security Agent;

- "Initial Purchasers" refers to Barclays Bank PLC, Citigroup Global Markets Limited, BNP Paribas, BofA Securities Europe SA, DNB Bank ASA, ING Bank N.V., London Branch, and J.P. Morgan Securities plc;

- "Intercreditor Agreement" refers to the agreement described under "*Description of Certain Other Indebtedness—Intercreditor Agreement*";

- "Intellectual Property Matters Agreement" refers to the agreement between us and eBay to be entered into at closing of the Acquisition, under which (A) eBay assigns to us certain software rights and grants to us and our subsidiaries (i) non-exclusive licenses to certain software rights for internal use in certain jurisdictions for a limited term; (ii) exclusive licenses to certain eBay marks for a limited term to be used substantially in the manner used by eBay Classifieds as of closing of the Acquisition; (iii) the right to exclusively control certain domains containing eBay marks for a limited term; and (iv) a non-exclusive license to any eBay retained patents or other intellectual property that are used in eBay Classifieds' business as of closing of the Acquisition and (B) we grant to eBay and its subsidiaries (i) a non-exclusive, perpetual license back to the software that is assigned to us for use in certain jurisdictions and (ii) a non-exclusive license to any other intellectual property owned by eBay Classifieds that is used in eBay's retained business;

- "IPO" refers to the initial public offering of Adevinta in 2019;

- "Issue Date" refers to the date on which the Notes are issued;

- "Issuer" refers to Adevinta ASA;

- "Kijiji Canada" refers to Kijiji Canada Limited, a limited liability company incorporated under the laws of Canada, a wholly-owned subsidiary of Marktplaats and which will be a wholly owned subsidiary of the Company following completion of the Acquisition;

- "LBC France" refers to LBC France SASU, a simplified joint-stock company incorporated under the laws of France and a subsidiary of Adevinta France SAS;

- "OLX Brazil" refers to Silver Brazil JVCO B.V., our 50/50 joint venture together with OLX B.V., a subsidiary of Prosus N.V., a consumer internet company and global technology investor in Europe;

- “Marktplaats” refers to Marktplaats B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 28058712, a wholly owned subsidiary of eBay Classifieds Holding B.V. (a private limited liability company incorporated under the laws of the Netherlands, registered with the Dutch trade register under number 69841969) and which will be a wholly owned subsidiary of the Company following completion of the Acquisition;

- “Mobile.de” refers to Mobile.de GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany and, registered with the commercial register at the local court (*Amtsgericht*) of Potsdam under registration number HRB 18517 P, a wholly owned subsidiary of eBay Classifieds Holding B.V. and which will be a wholly owned subsidiary of the Company following completion of the Acquisition;

- “Notes” refers to the €660 million aggregate principal amount of $2^{5}/_{8}$% Senior Secured Notes due 2025 and €400 million aggregate principal amount of 3% Senior Secured Notes due 2027 offered hereby;

- “Paying Agent” refers to Citibank, N.A., London Branch, in its capacity as paying agent;

- “Post-Completion Date Collateral” refers to the collateral securing the Notes within 90 days following the Escrow Release Date as further described in “*Summary—The Offering*”;

- “Post-Completion Date Guarantors” refer, collectively to, LBC France, SCM Local, Mobile.de, Adevinta Spain, Marktplaats (subject to Dutch works council approval), Adevinta France SAS, Adevinta Holdco Spain S.L., Kijiji Canada, eBayK and German Bidco (if incorporated at the relevant time);

- “Revolving Facility” refers to the senior secured multi-currency revolving credit facility in an aggregate principal amount of €450 million (equivalent) under the Senior Credit Facilities Agreement;

- “Registrar” refers to Citibank, N.A., London Branch, in its capacity as the registrar;

- “Schibsted” refers to Schibsted ASA, which owned 100% of our shares prior to our spin-off in April 2019 and which will own approximately 39.5% of our voting shares (33.1% of our shares) following the Acquisition;

- “Schibsted Group” refers to Schibsted and its subsidiaries, excluding Adevinta;

- “Schibsted Loan” refers to the short-term loan proposed to be provided by a member of the Schibsted Group to Adevinta or one of its subsidiaries in a principal amount not less than the principal amount of the Bridge Facility.

- “Schibsted Nordic” refers to Schibsted Nordic Marketplaces AS, a subsidiary of Schibsted, a limited liability company incorporated in Norway;

- “SCM Local SASU” refers to SCM Local SASU, a simplified joint-stock company incorporated under the laws of France and a subsidiary of Adevinta France SAS;

- “Securities Act” refers to the U.S. Securities Act of 1933, as amended;

- “Security Agent” refers to Citibank, N.A., London Branch, in its capacity as security agent;

- “Security Documents” refers to those agreements entered into on or prior to the Issue Date, the Completion Date or the Post-Completion Date, as applicable, among, inter alios, the Security Agent named therein, the Issuer and the Guarantors, as applicable, creating or purporting to create security interests in the Collateral. See “*Description of Notes—Security—Security Documents*”;

- “Senior Credit Facilities Agreement” refers to the senior credit facilities agreement to be dated on or prior to the Issue Date between, inter alios, Adevinta and the lenders named therein, providing for Senior Credit Facilities;

- “Senior Credit Facilities” refers to, collectively, (a) the Term Facilities and (b) the Revolving Facility;

- “Shared Collateral” refers to the Collateral excluding the Escrow Collateral;

- “Significant Shareholder” refers to each of Schibsted and eBay;
- “Term Facilities” refers to, collectively, the USD Term Facility and the EUR Term Facility;
- “Transactions” refers to the consummation of the Acquisition, the offering of the Notes, utilization of the Term Facilities and the repayment of our €600 million multi-currency term loan and revolving credit facility and our Grupo ZAP Bridge Term Loan Facilities;
- “Transfer Agent” refers to Citibank, N.A., London Branch, in its capacity as transfer agent;
- “Transition Service Agreement” has the meaning ascribed to such term under “*Certain Relationships and Related Party Transactions—eBay—Transition Service Agreement*”;
- “Trustee” refers to Citibank, N.A., London Branch, in its capacity as trustee;
- “USD Term Facility” refers to the USD denominated senior secured term loan facility to be established under the Senior Credit Facilities Agreement in an aggregate principal amount of $506.0 million; and
- “Willhaben” refers to our 50/50 joint venture with Styria Medien AG in Austria.

Glossary

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

ARPU	Average revenues per professional user;
CAGR	compound annual growth rate;
C2C	consumer-to-consumer;
C2B	consumer-to-business;
CMP	Consent Management Platform;
CPM	cost per mille (i.e. the amount an advertiser pays a website per 1,000 visitors who see its advertisements);
customers	professional and private listers on our classifieds sites, as well as advertising customers;
Developed Phase Operations	Adevinta's operations in: (a) Consolidated subsidiaries: • France: leboncoin, MB Diffusion, A Vendre a Louer, Videdressing, Locasun, PayCar, L'Argus and Pilgo; • Spain: Coches.net, Motos.net, Fotocasa, Vibbo, Milanuncios, InfoJobs, habitaclia; • Italy: Subito and InfoJobs; • Ireland: Daft, DoneDeal and Adverts; • Hungary: Hasznaltauto and Jofogas; • Colombia: Fincaraiz (agreement to divest entered into in October 2020); • Brazil: Infojobs; (b) Joint ventures and associates: • Austria: Willhaben; • Brazil: OLX, Anapro; • France: Younited;
FTE	full time employee;
General and Administrative	General and Administrative department
Investment Phase Operations	Adevinta's operations in: (a) Consolidated subsidiaries: • Shpock in markets: Austria, Germany, United Kingdom; • Chile: Yapo; • Mexico: Segundamano; • Morocco: Avito (agreement to divest entered into in October 2020); • Belarus: Kufar; • Dominican Republic: Corotos (divested in June 2020); • Tunisia: Tayara (agreement to divest entered into in October 2020); (b) Joint ventures and associates: • Indonesia: OLX; • Portugal: Custo Justo (associate from Q3 2018);
KPI	key performance indicator;
listings	the number of classifieds listings on classifieds sites; and "listing" means when listers post their inventory on an online classified marketplace;
monetization	charging for the services provided on our platforms;
P&T	Product & Technology department;
"professional customers", "professionals", "agent" or "dealers"	professional users who list their inventory on online classified marketplaces, such as real estate agents, car dealers and job recruiters;
SME	small-to-medium enterprise;
TAM	Total Addressable Market;

traffic	the total number of visits on all platforms including mobile, web, desktop and apps;
transactional model(s)	facilitating delivery and payment solutions on online classifieds sites. As discussed under "*Summary—Strategy*", the introduction of transactional models is part of our strategy to accelerate the monetization of our online classifieds sites;
user(s)/consumer(s)	people accessing and using classifieds sites;
visits	total visits is the sum of all visits to the analyzed domain, within the time period analyzed. A visit (session) is calculated for a website if a visitor accesses one or more pages. Subsequent page views are included in the same visit until the user is inactive for more than 30 minutes; and
yoy	year-on-year.

Forward-Looking Statements

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

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

- competition in the online classifieds market;
- the ability to maintain and enhance our existing brands and to develop new brands;
- the ability to successfully carry out our strategy or achieve our goals and targets, including through acquisitions;
- risks associated with ownership interests in jointly controlled entities and associated entities;
- the continuing effects of COVID-19;
- risks associated with our international operations, including in emerging markets;
- our dependence on third-party service providers;
- risks associated with our developer platforms, which are open to merchants and third-party developers;
- risks associated with information disseminated through our services;
- the effects the general economic conditions in the markets in which we operate have on our business;
- the effects of political conditions in the markets in which we operate have on our business;

- the effects geopolitical events, natural disasters, seasonal factors and other factors may have on our business;
- risks associated with technological changes, evolving industry standards and customers' and consumers' evolving needs and preferences;
- risks associated with changes in advertising trends;
- traffic on our online classifieds sites' dependence on search engine algorithms;
- our ability to maintain and scale our technical infrastructure;
- risks associated with any breaches of our security measures or those of third party payment systems;
- failure to deal effectively with fraudulent activities on our platforms;
- risks associated with differing interests of our Significant Shareholders (as defined herein) from those of the holders of the Notes;
- any damages not covered by insurance or exceeding insurance coverage;
- risks associated with our dependence upon retaining and attracting current and prospective highly skilled personnel;
- risks associated with our exposure to fluctuations in foreign currency exchange rates;
- risks associated with our dependence on access to cash flows from our subsidiaries and joint ventures and limitations on accessing these cash flows;
- risks associated with impairments of goodwill and other intangible assets which could affect our results of operations and financial condition;
- risks associated with any failure by us to adequately protect our intellectual property rights;
- increase in our costs and loss rate due to any changes to our programs to protect buyers and sellers;
- risks associated with being unable to access sufficient funding;
- risks associated with the substantial amounts we have invested and will continue to invest, to develop and promote our businesses and platforms;

- risks related to legal restrictions, regulatory requirements and potential litigation or government investigations and proceedings;

- risks relating to the Acquisition and integration of eBay Classifieds into our business; and

- risks related to the escrow proceeds;

- risks related to our capital structure, including our level of indebtedness, ability to service our debt and inability to purchase the Notes upon a change of control; and

- other risk factors more fully described in "Risk Factors" and elsewhere in this offering memorandum.

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

Currency of Presentation

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

Exchange rate information

The following table sets forth, for the years and months indicated, certain information concerning the exchange rates between Euro and U.S. dollars based on the Noon Buying Rate. The exchange rate information is expressed in U.S. Dollars per €1.00.

Year	High	Low	Average(1)	Period End
2015	1.2015	1.0524	1.1032	1.0859
2016	1.1516	1.0375	1.1029	1.0552
2017	1.2041	1.0416	1.1396	1.2022
2018	1.2488	1.1281	1.1785	1.1456
2019	1.1524	1.0905	1.1184	1.1227

(1) Represents the average of the Noon Buying Rates on the last business day of each full month during the relevant period.

Month	High	Low
March 2020	1.1420	1.0682
April 2020	1.0971	1.0797
May 2020	1.1107	1.0800
June 2020	1.1378	1.1123
July 2020	1.1822	1.1237
August 2020	1.1928	1.1750
September 2020	1.1949	1.1618

On June 30, 2020, the Noon Buying Rate for the Euro expressed as Euro per U.S. dollar, was $1.00 = 1.1237.

Presentation of Financial Information

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

Financial data of Adevinta

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

- our unaudited condensed consolidated interim financial statements as of, and for the six month periods ended, June 30, 2020 and June 30, 2019, which have been prepared in accordance with IFRS applicable to interim financial reporting as adopted by the EU (IAS 34) (the "Adevinta Unaudited Condensed Interim Financial Statements");

- our audited consolidated financial statements of as of, and for the year ended, December 31, 2019, which have been prepared in accordance with IFRS as adopted by the EU and audited by Ernst & Young AS, our independent auditors, as set forth in their audit report included elsewhere herein (the "Adevinta Audited Financial Statements for 2019"); and

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

Financial data of eCG

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

- unaudited combined carve-out interim financial statements of eCG as of June 30, 2020 and for the six month periods ended June 30, 2020 and June 30, 2019 which have been prepared in accordance with IFRS applicable to interim financial reporting (IAS 34) (the "eCG Unaudited Interim Financial Statements"); and

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

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

Pro Forma Financial Information

As part of this offering memorandum, we present Unaudited Pro Forma Condensed Consolidated Financial Data for the six month periods ended June 30, 2020 and 2019 and for the year ended December 31, 2019 and as of June 30,

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

LTM Financial Information

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

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

Non-IFRS Financial Measures

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

We define "As Adjusted Interest Expense" as the combined business' interest expense on the Notes and Senior Credit Facilities (including the Revolving Facility commitment fee, assuming no drawings under the Revolving Facility). This measure is only presented on an as adjusted basis and management believes the measure enables an evaluation of our cost of borrowing.

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

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

We define "EBITDA/Gross operating profit (loss)" as earnings before other income and expenses, impairment, joint ventures and associates, interest, tax and depreciation and amortization. Management believes the measure enables an evaluation of operating performance, as it shows performance regardless of capital structure, tax situation and adjusted for income and expenses related to transactions and events not considered by management to be part of operating activities. This measure is also presented on a pro forma basis, see "*—Pro Forma Financial Information*."

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

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

We define "EBITDA margin incl. JVs" as gross operating profit (loss) including results corresponding to our proportional ownership of Willhaben (Austria) and OLX (Brazil) divided by operating revenue including the proportional ownership of Willhaben (Austria) and OLX (Brazil). Management believes the measure enables an evaluation of operating performance, as this measure shows performance regardless of capital structure, tax situation and adjusted for income and expenses related to transactions and events not considered by management to be part of operating activities, further adjusted to include the proportional ownership of our joint ventures. This measure is also presented on a pro forma basis, see "—*Pro Forma Financial Information.*"

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

We define "Further Adjusted EBITDA margin" as Further Adjusted EBITDA, divided by operating revenues including the proportional ownership of Willhaben (Austria) and OLX (Brazil). Management believes the measure enables an evaluation of operating performance, as this measure shows performance regardless of capital structure, tax situation and adjusted for income and expenses related to transactions and events not considered by management to be part of operating activities, further adjusted to include the proportional ownership of our joint ventures and Acquisition-related synergies and excluding certain share based payments. This measure is only presented on a pro forma basis (see "*—Pro Forma Financial Information*") to illustrate the expected effects of Acquisition-related cost synergies on the combined business for the historical periods covered herein and illustrate the removal of certain share based payments as the schemes will be superseded.

We define "Net interest bearing debt" as interest-bearing liabilities, including current and non-current lease liabilities, less cash and cash equivalents and cash pool holdings, gross of capitalized arrangement fees. Management believes that net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the statement of financial position. The use of net interest-bearing debt does not necessarily mean that the cash and cash equivalent and cash pool holdings are available to settle all liabilities in this measure.

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

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

We define "Operating revenues incl. JVs" as operating revenue including the proportional ownership of Willhaben (Austria) and OLX (Brazil). The measures shows performance including the proportional ownership of Willhaben (Austria) and OLX (Brazil). Management believes the measure reflects the real scale, growth and profitability of Adevinta.

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

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

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

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

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

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

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

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

Rounding

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

Industry and Market Data

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

Trademarks and Tradenames

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

Available Information

The Company is exempt from the reporting requirements of Section 12(g) of the U.S. Securities Exchange Act of 1934 (the "U.S. Exchange Act") in accordance with Rule 12g3-2(b) thereunder. If any time the Company is neither subject to Section 12 or 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) it will furnish, upon written request, to holders of the Notes, owners of beneficial interest in its Notes or prospective purchaser designated by such holder of beneficial owners, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. As long as the Company is entitled to the exemption under Rule 12g3-2(b) under the U.S. Exchange Act, the Company will not be required to deliver information that would otherwise be required to be delivered under Rule 144A(d)(4).

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum but may not contain all of the information that you should consider before investing in the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information appearing elsewhere in this offering memorandum. You should read this entire offering memorandum, including the section entitled "Risk Factors" and the financial statements and related notes, before making an investment decision.

Set forth below is a description of the combined business.

Overview of our Combined Business

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

Our combined business will have six key markets:

- *Germany (€438.2 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Mobile.de, a leading online classifieds site for the German automotive market and eBayK, one of Europe's largest generalist classifieds platforms and a leader in Germany;

- *France (€356.9 million in pro forma operating revenues for the year ended December 31, 2019)*, which has leading generalist online classifieds sites and expanding verticals (real estate, motor and jobs), and includes leboncoin (a generalist site), A Vendre A Louer (a real estate vertical site), MB Diffusion (operating three vertical online classifieds sites: AgriAffaires, an online classifieds site for new and used agricultural, forestry and winegrowing equipment, MachineryZone, an online classifieds site for new and used construction, transport and handling equipment and Trucks Corner, an online classifieds site for second-hand trucks, semi-trailers and heavy vehicles), Vide Dressing (a general goods vertical online classifieds site), Locasun (a holiday rental and travel specialist online classifieds vertical site) and L'Argus (an automotive vertical site);

- *Spain (€182.0 million in pro forma operating revenues for the year ended December 31, 2019)*, which is based on a multi-brand model with leading market positions in established generalist sites and verticals (real estate, motor and jobs), such as InfoJobs (a vertical site in jobs segment), Fotocasa and Habitaclia (real estate vertical sites), Milanuncios (a generalist site) and Coches.net and Motos.net (motor vertical sites);

- *Netherlands (€131.7 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Marktplaats, one of the leading generalist classifieds sites in the Netherlands, and which has a leading position in the motor categories as well;

- *Canada (€143.6 million in pro forma operating revenues for the year ended December 31, 2019)*, which consists of Kijiji Canada, Canada's leading generalist classifieds site with strong market positions in motor (through notably Kijiji Autos' separate automotive site) and real estate rentals; and

- *Brazil (€86.0 million in pro forma operating revenues for the year ended December 31, 2019 (with OLX Brazil presented on a 100% consolidated basis; €7.0 million excluding OLX Brazil))*, where we operate through a 50/50 joint venture, with one focused brand, OLX (which in March 2020 entered into an agreement to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil), with leading generalist online classifieds sites and expanding real estate and motor verticals, including Storiaimóveis (a vertical site in real estate) and Autoshift (a motor vertical site), and through a separate majority owned job vertical site (Infojobs);

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

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

Overview of Operations

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

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

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

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

Source: Adevinta, eBay Classifieds Group.

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

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

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

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

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

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

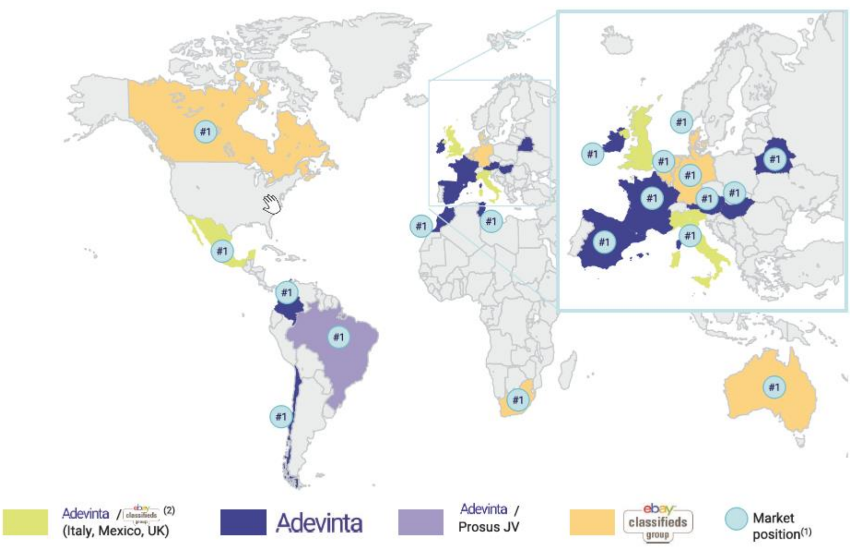
(3) Excl. JVs.

Our Business Strengths

As a combined company, our key business strengths are:

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

Our Countries of Operations with Market Positions*



Source: Adevinta, eBay Classifieds Group.

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

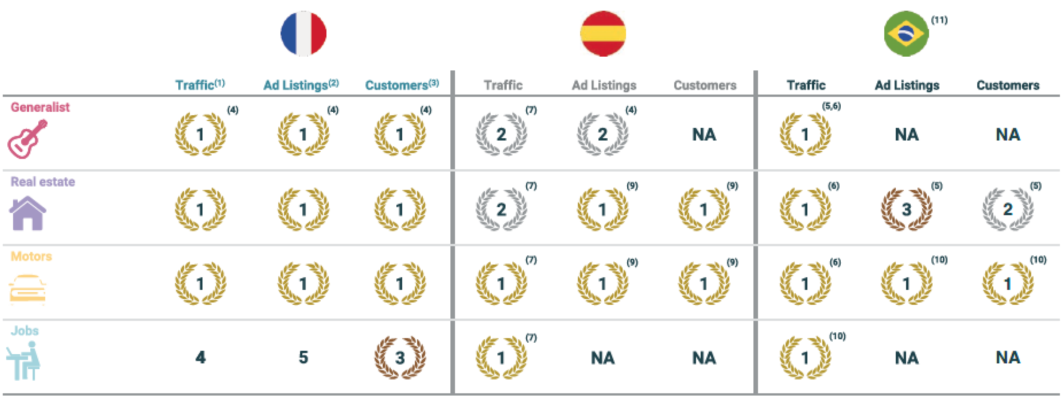
* Includes Morocco, Tunisia and Colombia, which Adevinta agreed to divest in October 2020, see "*—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia*."

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

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

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

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



Source: Company information.

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

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

(In EUR million)	Adevinta[1]	eCG[2]	Total (Adevinta +eCG)[3]	Percentage of Total[4]
			Year ended December 31, 2019	
Germany	—	438.2	438.2	27%
France	356.9	—	356.9	22%
Spain	182.0	—	182.0	11%
Netherlands	—	131.7	131.7	8%

Canada	—	143.6	143.6	9%
Brazil	7.0	—	7.0	0.4%
Global/Other Markets	123.8	240.4	364.2	22%
Other/Headquarters	10.6	—	10.6	0.6%
Total	**680.3**	**953.9**	**1,634.2**	**100%**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- we expect to benefit from approximately €66 million in Product & Technology cost synergies as a result of economies of scale and service consolidation and joint product research and development;

- we expect to realize cost synergies of approximately €31 million in General and Administrative synergies, through the elimination of certain duplicative functions across the two organizations and expected procurement efficiencies in non-personnel costs;

- we expect to benefit from €1 million cost synergies within Advertising through ad serving cost reduction; and

- we expect to benefit from €9 million cost synergies through the in-market consolidation of Italy and Mexico (i.e. overlapping geographies).

We expect to generate operating revenue synergies as a result of know-how sharing across the combined group as well as the ability to leverage (i) eBay Classifieds' motors expertise and its advertising know-how and

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

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

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

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

Source: Company information.

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

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

Strategy

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

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

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

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

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

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

- **Realize Synergies Through Integration.** We intend to implement and realize the cost and operating revenue synergies in connection with the Acquisition (with cost and operating revenue synergy potential in the range of €134 million to €165 million as a result of the Acquisition, of which €50.0 million of cost synergies have been included in our *Pro forma* Further Adjusted EBITDA) for the twelve months ended

June 30, 2020. For more information on the expected Acquisition-related synergies, see "*—Substantial Synergy Potential*." We intend to rationalize the cost base of the combined business by reducing advertising serving costs, integrating technology infrastructure, cloud infrastructure and rationalizing footprint between the combined business initiatives. In addition, we intend to enhance our product offering through transactional services, expansion of classifieds offerings across markets, strengthening display advertising platforms and improving yields.

- **Continue to Pursue Profitable Growth Through Disciplined Portfolio Optimization and Management**. We continuously evaluate our portfolio of assets to optimise value creation and we will continue to pursue attractive options for both organic and inorganic growth, including in bolt-on acquisitions and in-market consolidation in our existing markets, as well as by pursuing acquisitions outside our core classifieds business to enhance long-term growth. We will pursue further industry consolidation offering value creation in a financially disciplined manner. We have a strong track record of successfully acquiring and integrating new companies (see "*—Experienced Management Team with Strong Track Record of Completing Strategic Acquisitions"*). We believe our history of acquisitions, our size and geographic reach, combined with a similar technology platform and the ability to deploy our existing products into new online classifieds sites, renders us well positioned to selectively pursue and capitalize on various growth opportunities in a disciplined fashion.

The Acquisition

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

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

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

Key steps for consummating the Acquisition are as follows:

- *Step 1:* Prior to closing, eBay Classifieds Holding B.V. incurs the Classifieds Indebtedness in the amount of $1.2 billion;

- *Step 2A:* One or more eBay subsidiaries sell to one or more Adevinta subsidiaries shares of eBay Mobile Labs LLC and eBay Services Mexico, S. de R.L. de C.V for $2.25 million in cash, subject to a net debt adjustment (to be settled in cash);

- *Step 2B:* (i) One or more eBay subsidiaries sell to one or more subsidiaries of Adevinta shares of Mobile.de for (a) $1,292,750,000 in cash and (b) voting shares in Adevinta, subject to a net debt adjustment (to be settled in cash); (ii) Adevinta will pay eBay or one of eBay's designees $5 million in consideration for any intellectual property rights to be transferred and assigned pursuant to the Intellectual Property Matters Agreement;

- *Step 3:* eBay Classifieds Holding B.V. repays existing indebtedness and distributes any remaining cash and any shares in Adevinta received in Steps 1 and 2 to its parent company;

- *Step 4:* eBay indirectly, through eBay International Holding GmbH, transfers shares of eBay Classifieds Holding B.V. to Adevinta in exchange for shares in Adevinta (voting and non-voting) (the "Contribution"), subject to a net debt adjustment (to be settled in cash);

- *Step 5:* Following the Contribution, Marktplaats, a wholly-owned subsidiary of eBay Classifieds Holding B.V., transfers the Danish Entity directly or indirectly (via a sale to Adevinta or one of its subsidiaries) to Schibsted Nordic for consideration of $330 million, which may be payable in euros; and

- *Step 6:* eBay Classifieds Holding B.V. merges with and into Adevinta Oak, with Adevinta Oak being the surviving entity.

Financing

Prior to completion of the Acquisition,

(a) we expect to enter into the Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of €900 million, (b) the USD Term Facility in an aggregate principal amount of $506 million and (c) the Revolving Facility in an aggregate principal amount of up to €450 million (equivalent), which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral; and

(b) we are offering an aggregate €1,060 million aggregate principal amount of the Notes.

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

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

Information about Our Principal Shareholders

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

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

Recent Developments

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

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

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

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

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

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

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

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

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

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

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

COVID-19

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

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

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

Adevinta

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

Source: Company information.

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

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

eCG

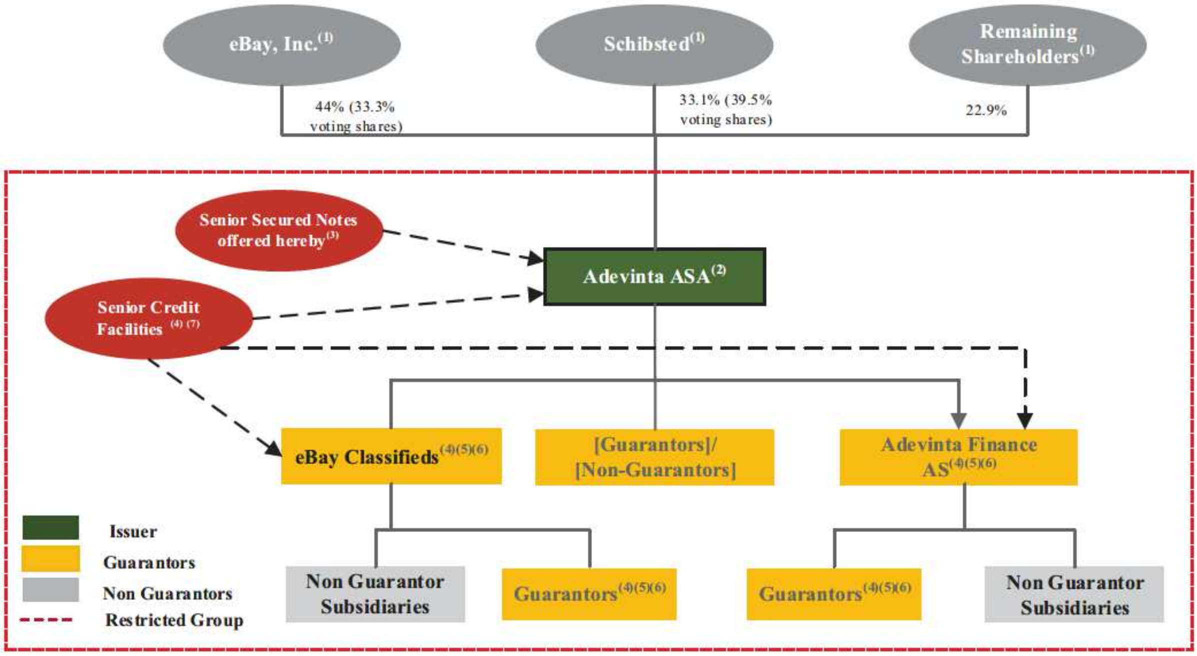
Similarly, eCG's second quarter 2020 results have demonstrated improvement, as both operational KPIs and operating revenues and operating income have demonstrated improvement month after month throughout the second quarter of 2020. Overall, although eCG's financial performance has been affected by COVID-19,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

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

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

Organizational structure*

The following chart summarizes our organizational structure and principal financing arrangements after giving pro forma effect to the Transactions. The diagram is intended for illustrative purposes only and does not represent all debt obligations of the legal entities actually presented and does not include all of our subsidiaries. For a summary of the debt obligations referenced in this diagram and our other obligations, please see "*Description of Certain Other Indebtedness.*"



* The organizational structure chart presented here is an abbreviated and simplified form of our overall structure. For further detail on our capitalization, see "*Capitalization*."

(1) Adevinta is approximately 59%-owned by Schibsted, a public limited company incorporated under the laws of Norway and listed on Oslo Stock Exchange (Code: SCHA and SCHB). Following the closing of the Acquisition, (i) Schibsted will own approximately 33.1% of our shares (39.5% of our voting shares), (ii) subsidiaries of eBay will own approximately 44% of our shares (but only approximately 33.3% of our voting shares) and (iii) other shareholders (i.e. the remaining public float) will own approximately 22.9% of our shares which includes approximately 3.5% of our shares held by Blommenholm Industrier AS). See "*Principal shareholders*."

(2) Since April 14, 2019, our ordinary shares have been listed on the Oslo Stock Exchange. Adevinta is a holding company with direct or indirect ownership in companies of our Group. The Issuer's ability to make payments on the Notes will depend entirely on its subsidiaries' ability to generate cash and make distributions to the Issuer. See "*Risk Factors—Risk Related to the Notes and Our Capital Structure*."

(3) €1,060 million aggregate principal amount of the Notes offered hereby. The Notes will be senior obligations of the Issuer and will rank pari passu in right of payment with any of the Issuer's existing and future senior indebtedness that is not expressly subordinated in right of payment to the Notes, including obligations under the Senior Credit Facilities Agreement and certain hedging obligations, if any, and will rank senior in right of payment to any existing and future debt that is expressly subordinated in right of payment. The Notes will be effectively subordinated to all of the existing and future indebtedness of the Issuer that is secured by property or assets that do not also secure the Notes, to the extent of the value of such property and assets securing such indebtedness. See "*Description of Notes*."

On the Issue Date, the Notes will be secured by first-ranking security interests over the Escrow Collateral. On or prior to the Completion Date, the Notes will be secured by first-ranking security interests over the Completion Date Collateral. Within 90 days from the Escrow Release Date, the Notes will be secured by first-ranking security interests over the Post-Completion Date Collateral.

(4) The Notes and the Senior Credit Facilities will be guaranteed by the Guarantors. Each Guarantee will be a senior obligation of the relevant Guarantor and will rank pari passu in right of payment with all of such Guarantor's existing and future obligations that are not expressly subordinated in right of payment to such Guarantee, including obligations under the Senior Credit Facilities Agreement and will rank senior in right of payment to any existing and future debt that is expressly subordinated in right of payment. Each Guarantee will be effectively subordinated to any existing and future secured obligations of such Guarantor that is secured by property or assets that does not also secure the Guarantees, to the extent of the value of such property or assets so securing such indebtedness. During the twelve months ended June 30, 2020, the eBay Classifieds Guarantors generated 79.0% of eCG's operating revenue (excluding intercompany operating revenue) and 88.4% of eCG's EBITDA (excluding intercompany operating revenue and charges). Excluding Adevinta Guarantors and non-guarantors with negative EBITDA, during the twelve months ended June 30, 2020, the Adevinta Guarantors generated 73.8% of Adevinta's operating revenue and 83.0% of Adevinta's EBITDA. Only the Completion Date Guarantors, Adevinta Finance and Adevinta Oak (and, if eBay Classifieds Holding B.V. has not merged into Adevinta Oak on or prior to the Completion Date, and eBay Classifieds Holding B.V.), will be Guarantors on the Completion Date, while the remaining Guarantors will accede within 90 days of the Escrow Release Date.

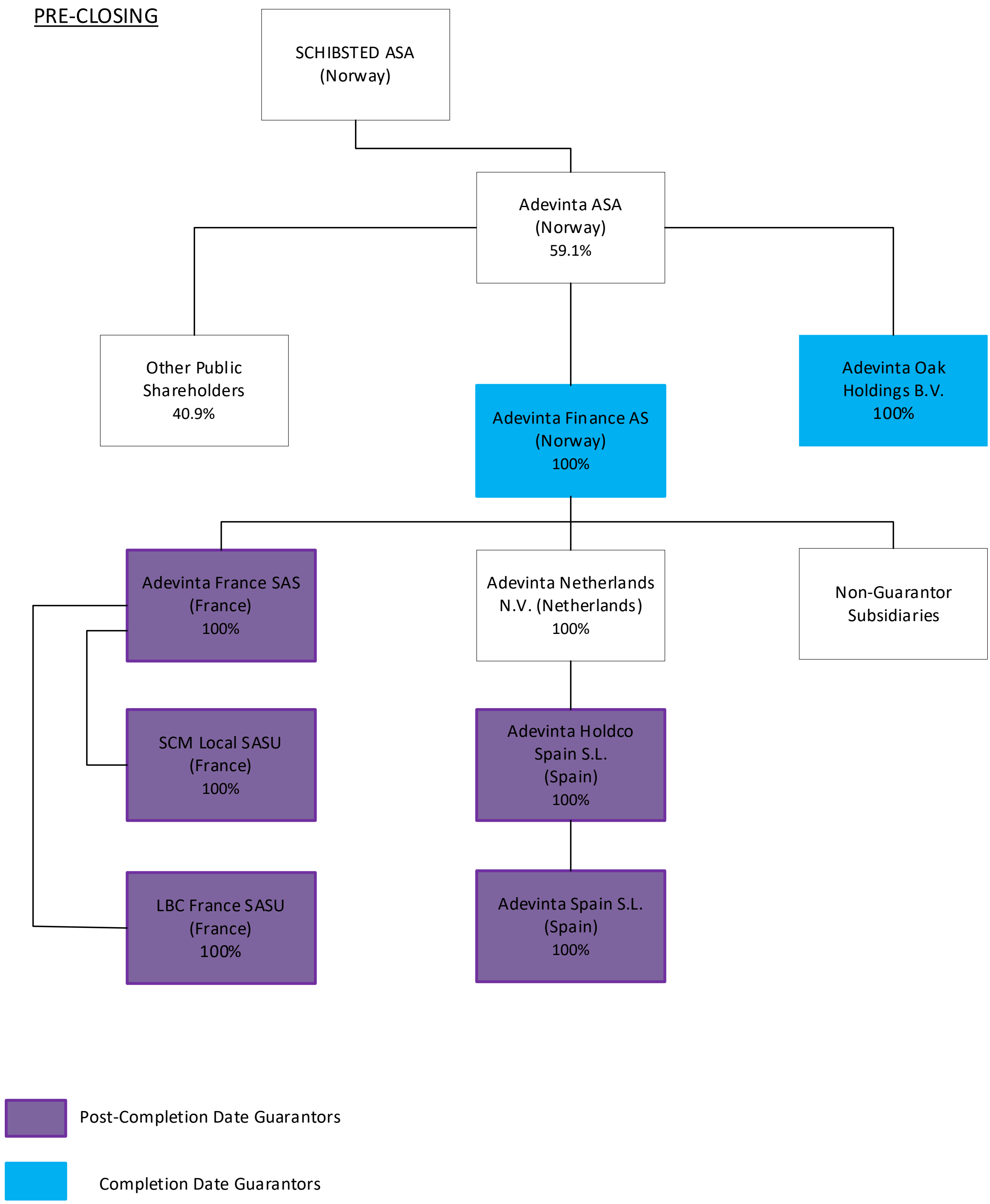
(5) The Guarantees may be released in certain circumstances. The validity and enforceability of the Guarantees and the liability of the Guarantors will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*."

(6) In connection with the Acquisition, Adevinta ASA has formed Adevinta Oak, which will merge with eBay Classifieds Holding B.V. on or prior to the Completion Date, with Adevinta Oak being the surviving entity. The entire share capital of Adevinta Oak and certain of its subsidiaries will be pledged as security in favor of the Notes as well as lenders under the Senior Credit Facilities Agreement. In addition, certain of Adevinta Oak's subsidiaries will guarantee the Notes as well as indebtedness owing under the Senior Credit Facilities Agreement.

(7) The Senior Credit Facilities refers to the Term Facilities and the Revolving Facility. The Senior Credit Facilities Agreement will be entered into on or prior to the Issue Date and shall provide for the Term Facilities and the Revolving Facility. On or about the Completion Date, eBay Classifieds Holding B.V. will accede to the Senior Credit Facilities Agreement as a borrower and guarantor and draw down \$1.2 billion (or equivalent) under the Term Facilities. We may draw down amounts under the Revolving Facility on the Completion Date or shortly thereafter for the purposes of rolling over certain existing ancillary facilities and funding general working capital requirements. The Senior Credit Facilities will be secured by first-ranking security interests granted on an equal and ratable first-priority basis over the Shared Collateral. See "*Risk Factors—Risks Related to the Collateral*" and "*Description of Certain Other Indebtedness*". On or about the Completion Date, Adevinta Finance AS will also accede to the Senior Credit Facilities Agreement as a borrower and guarantor.

Organizational Chart: Prior to Completion of the Acquisition

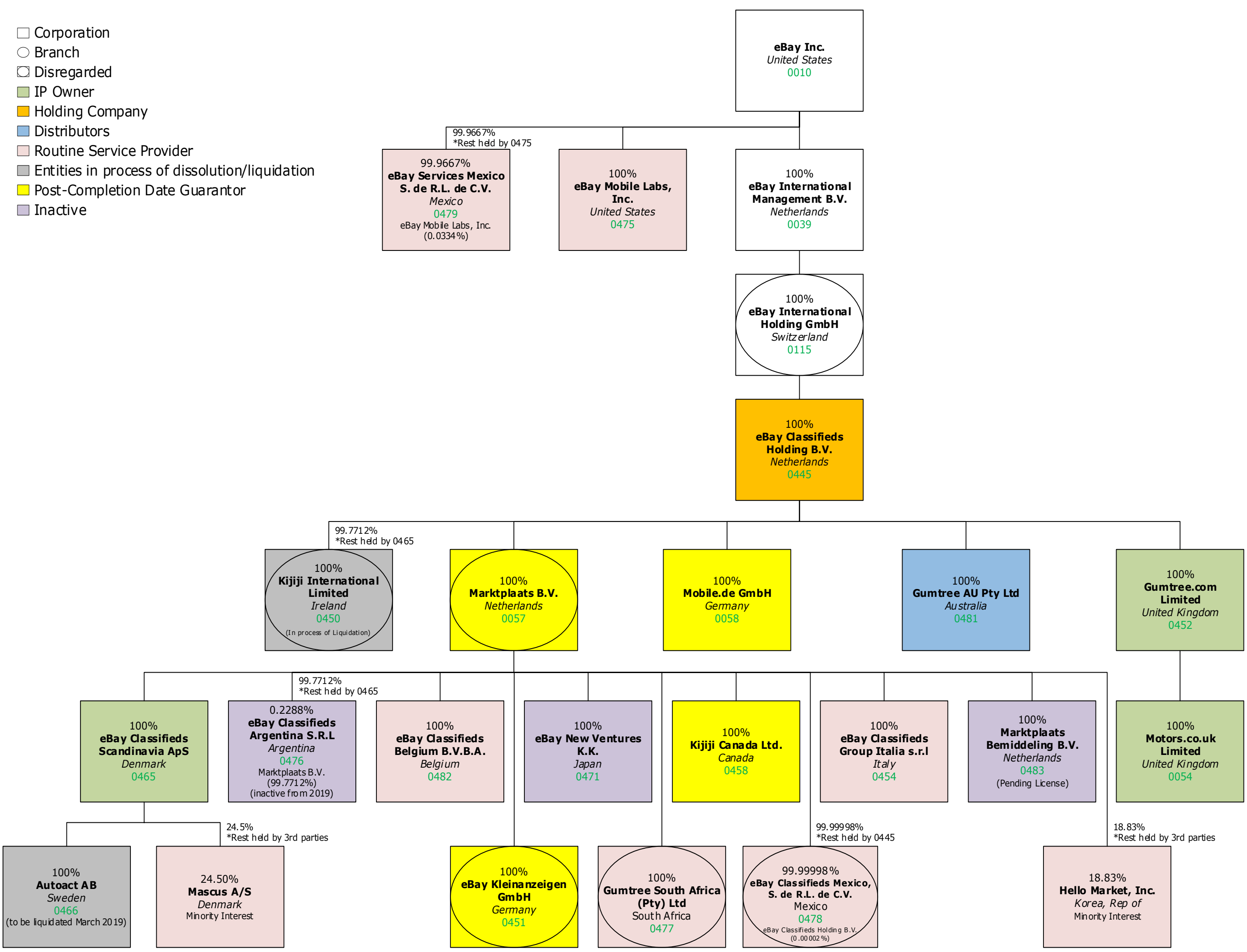
Adevinta



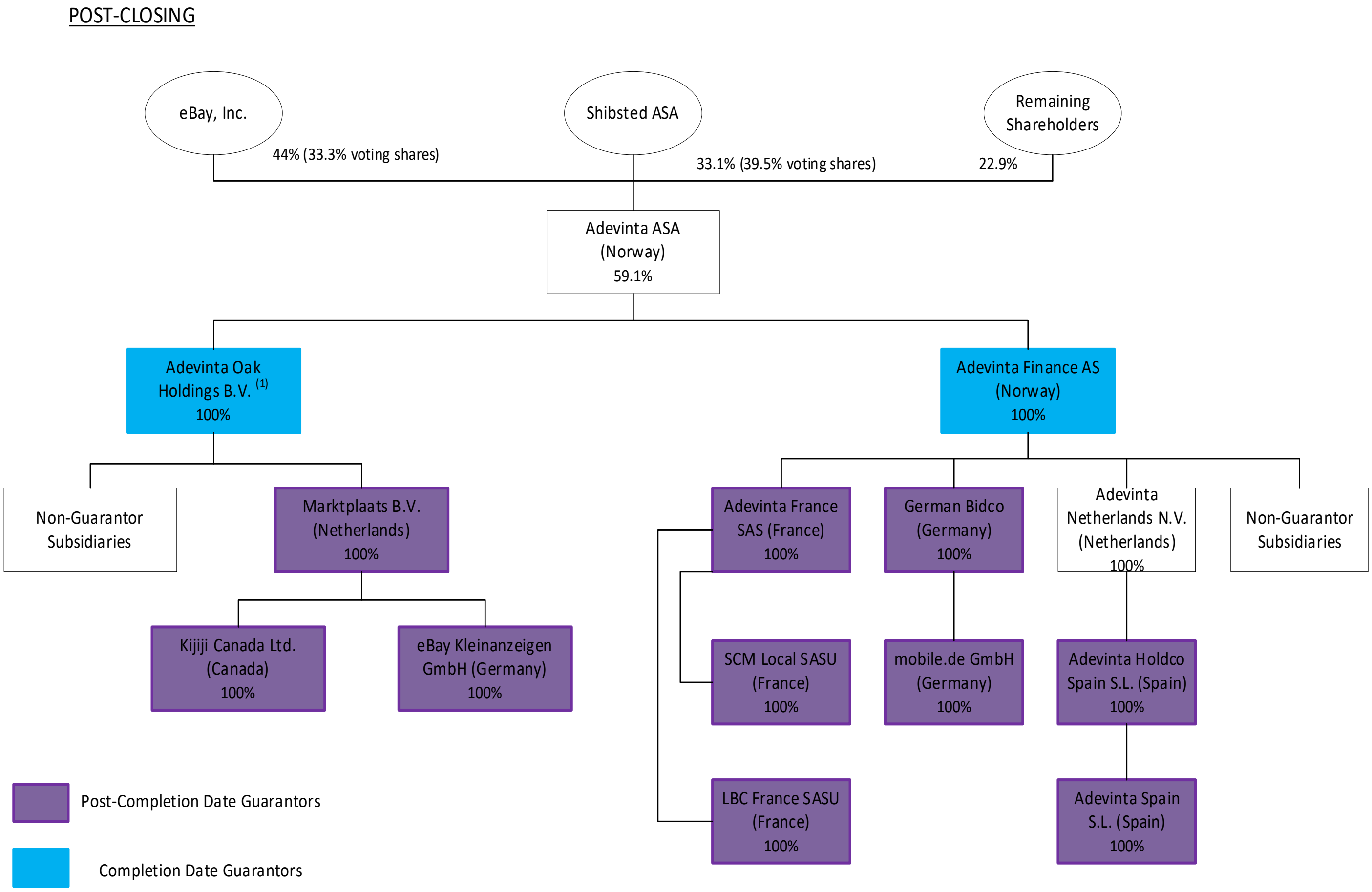
Organizational Chart: Prior to Completion of the Acquisition

eBay Classifieds

Certified Structure



Organizational Chart: Following Completion of the Acquisition (indicating Completion Date Guarantors and Post-Completion Date Guarantors)



[(1)] At Closing of the Acquisition, eBay Classifieds Holding B.V. is expected to merge with and into Adevinta Oak, with Adevinta Oak being the surviving entity. If eBay Classifieds Holding B.V. has not merged into Adevinta Oak on or prior to the Completion Date, eBay Classifieds Holding B.V. will also be a Completion Date Guarantor.

THE OFFERING

The following summary contains basic information about the Notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the Notes, please refer to the section of this offering memorandum entitled "Description of Notes."

Issuer	Adevinta ASA
Securities offered	€660 million aggregate principal amount of $2^{5}/_{8}$% Senior Secured Notes due 2025 (the "2025 Notes") and €400 million aggregate principal amount of 3% Senior Secured Notes due 2027 (the "2027 Notes", and together the "Notes").
Issue price	
2025 Notes	100.000% plus accrued interest, if any, from the Issue Date.
2027 Notes	100.000% plus accrued interest, if any, from the Issue Date.
Maturity date	
2025 Notes	November 15, 2025.
2027 Notes	November 15, 2027.
Interest rate	
2025 Notes	2.625%.
2027 Notes	3.000%.
Interest payment dates	Interest on the Notes will be payable on May 15 and November 15 of each year, commencing on May 15, 2021. Interest on the Notes will accrue from November 5, 2020.
Denominations	The Notes will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.
Guarantees	On the Completion Date, the Notes will be guaranteed by the Completion Date Guarantors. Within 90 days of the Escrow Release Date, the Notes will be guaranteed by the Post-Completion Date Guarantors, jointly and severally, and in the future may be guaranteed by certain other subsidiaries in the circumstances described in "*Description of Notes—Guarantees*."
Collateral	On the Issue Date, the Notes will be secured by first-ranking security interests over the escrow account (the "Escrow Collateral"). On or prior to the Completion Date, the Notes will be secured by first-ranking security interests over: (i) the issued capital stock of the Completion Date Guarantors held by the Company and (ii) the material bank accounts of the Company and (iv) the Company's rights under the intercompany receivables owing to it (together, the "Completion Date Collateral"). Within 90 days of the Escrow Release Date, the Notes will be secured by first-ranking security interests over the issued capital stock of Kijiji Canada, LBC France, SCM Local, Mobile.de, eBayK, Marktplaats (subject to Dutch works council approval) and Adevinta Spain (the "Post-Completion Date Collateral" and, together with the Completion Date Collateral, the "Collateral").
Ranking	The Notes will: • be general, senior obligations of the Issuer; • be secured by the Collateral on a first-ranking basis, which, in the case of the Shared Collateral, will also secure obligations under the Senior Credit Facilities Agreement and certain Hedging Obligations, if any; • rank pari passu in right of payment with all of the Issuer's existing and future Debt that is not subordinated in right of payment to the Notes (including, following the consummation of the Transactions, the obligations of the Issuer under the Senior Credit Facilities Agreement, certain Hedging Obligations, if any, and certain other future Debt permitted to be incurred and secured on the Shared Collateral); • rank senior in right of payment to all of the Issuer's future Debt that is expressly subordinated in right of payment to the Notes;

- be guaranteed (i) on the Completion Date by the Completion Date Guarantors and (ii) within 90 days following the Escrow Release Date by the Post-Completion Date Guarantors, in each case on a senior basis, substantially simultaneously with the guarantees granted in favor of obligations under the Senior Credit Facilities Agreement, subject to (x) the Agreed Security Principles and the limitations described in "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*" and (y) completion of the consultation and receipt of an unconditional positive or neutral advice in accordance with clause 25.1 of the Dutch Works Councils Act with the competent works council of Marktplaats;
- be effectively subordinated to any existing and future Debt or obligation of the Issuer and its Subsidiaries that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligation or Debt; and
- be structurally subordinated to any existing or future Debt or obligation of Subsidiaries of the Issuer (including obligations to trade creditors) that do not guarantee the Notes.

Under the terms of the Intercreditor Agreement, the Holders will receive proceeds from the enforcement of the Shared Collateral on a pari passu basis with all indebtedness that is not subordinated in right of payment to the Notes and the Guarantees, including obligations under the Senior Credit Facilities Agreement and certain Hedging Obligations. See "*Description of Certain Other Indebtedness—Intercreditor Agreement*."

As adjusted to give effect to the Transactions, the Group would have had €2,517.7 million of total debt, including €2,390.8 million of total secured debt as of June 30, 2020.

Optional Redemption

2025 Notes .... We may redeem all or part of the 2025 Notes on or after November 15, 2022 at the redemption prices as described under "*Description of Notes—Optional Redemption*."

At any time prior to November 15, 2022, we may redeem some or all of the 2025 Notes at a price equal to 100% of the principal amount of the 2025 Notes plus accrued and unpaid interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum) (if any) up to, but not including, the redemption date plus a "make-whole" premium. See "*Description of Notes—Optional Redemption*."

At any time prior to November 15, 2022, we may redeem up to 40% of the aggregate principal amount of the 2025 Notes with the proceeds from certain equity offerings at a redemption price of 102.625% of the principal amount of the 2025 Notes, plus accrued interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any to, but not including, the redemption date.

In addition, prior to November 15, 2022, we may redeem up to 10% of the aggregate principal amount of the 2025 Notes (including any Additional Notes) during each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount of the 2025 Notes redeemed, plus accrued interest and additional amounts (as described under *"Description of Notes—Additional Amounts*" in this offering memorandum), if any to, but not including, the redemption date.

2027 Notes .... We may redeem all or part of the 2027 Notes on or after November 15, 2023 at the redemption prices as described under "*Description of Notes—Optional Redemption.*"

At any time prior to November 15, 2023, we may redeem some or all of the 2027 Notes at a price equal to 100% of the principal amount of the 2027 Notes plus accrued and unpaid interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum) (if any) up to, but not including, the redemption date plus a "make-whole" premium. See "*Description of Notes—Optional Redemption*."

At any time prior to November 15, 2023, we may redeem up to 40% of the aggregate principal amount of the 2027 Notes with the proceeds from certain equity offerings at a redemption price of 103.000% of the principal amount of the 2027 Notes, plus accrued interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any to, but not including, the redemption date.

In addition, prior to November 15, 2023, we may redeem up to 10% of the aggregate principal amount of the 2027 Notes (including any Additional Notes) during each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount of the 2027 Notes redeemed, plus accrued interest and additional amounts (as described under *"Description of Notes—Additional Amounts*" in this offering memorandum), if any to, but not including, the redemption date.

Change of control .... Upon the occurrence of certain events constituting a "change of control," the Issuer is required to offer to repurchase all or a portion of your Notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any, to, but excluding, the date of purchase. See "*Description of Notes—Certain Covenants—Change of Control*."

Covenants..................................... We will issue the Notes under an indenture (the "Indenture") with Citibank, N.A., London Branch, as trustee. The Indenture will, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur, assume or guarantee additional indebtedness and preferred stock;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- make certain investments or loans, including participating in joint ventures;
- repay or redeem subordinated debt or share capital;
- enter into certain transactions with affiliates;
- create or incur certain liens;
- sell, lease or transfer certain assets or merge or consolidate with another company or sell all, or substantially all, of our assets or all of the assets of certain companies within the Group;
- guarantee certain types of our other indebtedness without also guaranteeing the Notes;
- create or incur restrictions on the ability to pay dividends or make other payments to us; and
- impair security interests with respect to the Collateral.

These covenants will be subject to a number of important exceptions and qualifications. See "*Description of Notes—Certain Covenants*."

Certain covenants will not apply for so long as the Notes have investment grade ratings from two of: Moody's Investors Service, Inc., Standard and Poor's Ratings Service and Fitch Ratings Inc.

Offering and Transfer Restrictions .... The Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and therefore the Notes are subject to restrictions on transferability and resale. We do not intend to offer Notes registered under the Securities Act or qualified by a prospectus in exchange for the Notes offered in this offering and the absence of registration and qualification rights may adversely impact the transferability of the Notes. For more information, see "*Offering and Transfer Restrictions*."

Absence of public market for the Notes .... The Notes are a new issue of securities and there is currently no established trading market for the Notes. Accordingly, there can be no assurance as to the development or liquidity of any market for the Notes. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so, and any market making with respect to the Notes may be discontinued without notice.

Listing... Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market in accordance with its rules

Additional amounts	In the event that certain taxes are payable in respect of payments on the Notes or the Guarantees, we will, subject to certain exceptions, pay such additional amounts as will result, after deduction or withholding of such taxes, in the payment of the amounts which would have been payable in respect of the Notes or the Guarantees had no such withholding or deduction been required. See "*Description of Notes—Additional Amounts*."
Optional tax redemption	The Notes are redeemable, in whole but not in part, at our option, at a price equal to 100% of the principal amount thereof, together with any accrued and unpaid interest to the date of redemption and all additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum) (if any), in the event of certain developments in taxation. See "*Description of Notes—Optional Redemption—Redemption Upon Changes in Withholding Taxes*."
Use of proceeds	We intend to use the gross proceeds from the Offering of the Notes, the Term Facilities, cash on hand and the eBay rollover equity into Adevinta (i.e. the share consideration payable to eBay or its subsidiaries for the Acquisition in Adevinta shares) (i) to pay part of the consideration for the Acquisition, (ii) for eBay Classifieds Holding B.V. to repay existing intercompany debt owed to certain subsidiaries of eBay and to fund a distribution to its sole shareholder, (iii) repay all borrowings under and terminate our €600 million multi-currency term loan and revolving credit facility and the Grupo ZAP Bridge Term Loan Facilities and (iv) to pay fees and expenses related to the Transactions. See "*Use of Proceeds.*"
Governing law...............................	The Notes, the Indenture and the Guarantees therein will be governed by the laws of the State of New York. The Intercreditor Agreement and the Senior Credit Facilities Agreement will be governed by English law. The security documents will be governed by the laws applicable to the relevant asset.
Company LEI	529900W8V3YLHRSZH763
Trustee...	Citibank, N.A., London Branch
Principal Paying Agent, Registrar and Transfer Agent .	Citibank, N.A., London Branch
Security Agent	Citibank, N.A., London Branch.
Escrow Agent................................	Citibank, N.A., London Branch.

Risk Factors

Investing in the Notes involves substantial risks. You should carefully consider all the information in this offering memorandum prior to investing in the Notes. In particular, we urge you to consider carefully the factors set forth under "*Risk Factors*."

Summary Pro Forma Information

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

Unaudited pro forma condensed statement of income

(in EUR million)	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the twelve months ended June 30, 2020
		(unaudited)		
Operating revenues	1,632.3	727.5	798.6	1,561.2
Personnel expenses	(549.4)	(301.8)	(271.5)	(579.7)
Other operating expenses	(553.9)	(248.1)	(282.2)	(519.7)
Gross operating profit (loss)	529.0	177.6	244.8	461.8
Depreciation and amortization	(243.2)	(127.1)	(120.3)	(250.0)
Share of profit (loss) of joint ventures and associates	5.9	2.4	0.5	7.8
Impairment loss	(24.6)	—	(0.3)	(24.3)
Other income and expenses	(56.3)	(44.4)	(50.1)	(50.6)
Operating profit (loss)	210.9	8.5	74.6	144.8
Net financial items	(123.5)	(118.1)	(59.6)	(182.0)
Profit (loss) before taxes	87.4	(109.5)	14.9	(37.0)
Taxes	(202.7)	(9.0)	(185.8)	(25.8)
Profit (loss)	(115.3)	(118.5)	(170.9)	(62.9)
Profit (attributable) to:				
Non-controlling interests	3.1	(0.8)	1.1	1.2
Owners of the parent	(118.4)	(117.7)	(172.0)	(64.1)

Unaudited pro forma condensed statement of financial position

(in EUR million)	As of June 30, 2020
	(unaudited)
Assets	
Intangible assets	12,278.1
Property, plant and equipment and right-of-use assets	155.5
Investments in joint ventures and associates	289.2
Other non-current assets	392.0
Non-current assets	13,114.8
Trade receivables and other current assets	315.0
Cash and cash equivalents	393.8
Current assets	**708.8**
Total assets	**13,823.6**
Equity And Liabilities	
Equity attributable to owners of the parent	9,253.8
Non-controlling interests	15.9
Total Equity	**9,269.7**
Non-current interest-bearing borrowings	2,622.0
Other non-current liabilities	1,464.0
Non-current liabilities	**4,086.0**
Current interest-bearing borrowings	0.3
Other current liabilities	467.6
Current liabilities	**467.9**

Total liabilities	**4,553.8**
Total equity and liabilities	**13,823.6**

Other Pro Forma Operating Information

(in EUR million)	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019	As of, or for the Twelve months ended June 30, 2020
		(unaudited)		
Pro forma EBITDA/Gross operating profit (loss)[(1)]	529.0	177.6	244.8	461.8
Pro forma EBITDA incl. JVs[(2)]	535.5	183.9	246.2	473.3
Pro forma Further Adjusted EBITDA[(3)]	632.5	234.0	295.7	570.8
Pro forma EBITDA margin, incl. JVs[(4)]	32%	24%	30%	29%
Pro forma Further Adjusted EBITDA margin[(5)]	37%	31%	36%	35%
As adjusted Interest Expense[(6)]				(79.5)
As adjusted Interest Expense Ratio[(7)]				7.2x
As adjusted Total Net Debt[(9)]				2,478.7
As adjusted Net Secured Debt[(10)]				2,351.8
As adjusted Net Leverage Ratio[(11)]				4.3x
As adjusted Secured Net Leverage Ratio[(12)]				4.1x

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

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

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

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

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

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

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

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

(3) *Pro forma* Further Adjusted EBITDA is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*." See footnote 1 for a reconciliation of our profit (loss) to Pro forma Further Adjusted EBITDA for the period presented. Management estimates that the Danish Entity contributed between €16 million to €20 million to our Pro Forma Further Adjusted EBITDA for the twelve months ended June 30, 2020. The Danish Entity will be acquired by Schibsted following the Completion Date pursuant to the Danish Acquisition.

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

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

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

(6) As adjusted Interest Expense reflects the combined business' interest expense on the Notes and Senior Credit Facilities (including the Revolving Facility commitment fee, assuming no drawings under the Revolving Facility).

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

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

(in EUR million)	For the Twelve months ended June 30, 2020
Pro Forma Further Adjusted EBITDA	570.8
divided by As Adjusted Interest Expense	(79.5)
As Adjusted Interest Expense Ratio	7.2x

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

(in EUR million)	As of June 30, 2020
As adjusted Total Debt	2,517.7
As adjusted Cash and cash equivalents	(39.0)
As adjusted Total Net Debt	2,478.7
divided by Pro Forma Further Adjusted EBITDA	570.8
As adjusted Total Net Leverage Ratio	4.3x

(9) As adjusted Net Secured Debt, is not a measure prepared in accordance with IFRS. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures*" and "*Capitalization,*" See footnote 8 for a reconciliation of this measure to as adjusted Total Debt. The following table sets forth a reconciliation of as adjusted Net Secured Debt and Net Secured Leverage (see footnote 11 below) to as adjusted Total Secured Debt t as of June 30, 2020:

(in EUR million)	As of June 30, 2020
As adjusted Total Secured Debt	2,390.8
As adjusted Cash and cash equivalents	(39.0)
As adjusted Net Secured Debt	2,351.8
divided by Pro Forma Further Adjusted EBITDA	570.8
As adjusted Total Secured Net Leverage Ratio	4.1x

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

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

Cash Conversion Reconciliation

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

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

Cash conversion...	**87.4%**

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

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

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

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

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

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

Consolidated/Combined Income statement data

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

Consolidated/Combined statement of financial position data

	As of December 31,	As of June 30,

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

Consolidated/Combined cash flow data

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

Other financial data

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

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

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

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

Operating revenues generated by JVs	33.9	49.4	59.2	28.4	24.2	55.0
=Operating revenues incl. JVs (unaudited)	545.4	644.0	739.5	359.0	343.8	724.3
EBITDA margin incl. JVs (unaudited)	18%	24%	28%	28%	25%	26%

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

(2) EBITDA incl. JVs, is not a measure prepared in accordance with IFRS. The criteria for determining EBITDA, incl. JVs applied by us might not be the same as the criteria adopted by other companies and, therefore, the figures presented by us might not be comparable with those presented by such other groups. For a definition and description of Management's use of this measure, see "*Presentation of Financial Information—Non-IFRS Financial Measures.*" See footnote 1 for a reconciliation of our profit (loss) to EBITDA incl. JVs for the periods presented.

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

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

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

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

Certain Key Performance Indicators—Adevinta

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

France (leboncoin)

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

Live listings[6] (k)	61	60	59	58	64
Live listings yoy growth (%)	n.a.	(1.6)%	(1.7)%	n.a.	10.3%
Professional customers[7]	31,793	26,946	20,960	21,947	15,909
customers yoy growth (%)	n.a.	(15.2)%	(22.2)%	n.a.	(27.5)%

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

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

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

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

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

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

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

Spain

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

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

(2) External data not reliable for this site.

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

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

(5) External data not reliable for this site.

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

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

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

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

OLX Brazil

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

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

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

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

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

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

eCG Summary Combined Financial Information and Other Data

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

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

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

Combined Carve-out Statements of Profit or Loss

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

Combined Carve-Out Statement of Financial Position

	As of December 31,			As of June 30,
(in EUR million)	**2017**	**2018**	**2019**	**2020**
				(unaudited)
Assets:				
Goodwill	599	598	659	681
Intangible assets, net	18	3	20	30
Right-of-use assets	19	17	17	19
Property and equipment, net	20	22	23	19
Long-term investments	57	61	39	27
Deferred tax assets	642	524	349	341
Non-current assets	**1,355**	**1,225**	**1,107**	**1,117**
Other current assets	11	13	31	33
Accounts receivable, net	98	114	119	129
Cash and cash equivalents	46	42	20	17
Current assets	155	169	170	179
Total assets	**1,510**	**1,394**	**1,277**	**1,296**
Invested Equity And Liabilities:				
Net parent investment	1,354	1,228	1,109	1,154
Accumulated other comprehensive income	(5)	(4)	(16)	(35)
Total invested equity	**1,349**	**1,224**	**1,093**	**1,119**

Lease liabilities	14	10	12	12
Deferred tax liabilities	7	8	9	9
Other liabilities	2	3	2	3
Non-current liabilities	**23**	**21**	**23**	**24**
Income tax payable	23	45	53	52
Accounts payable	14	16	19	20
Deferred revenue	5	6	5	4
Accrued expenses and other current liabilities	96	82	84	77
Current liabilities	**138**	**149**	**161**	**153**
Total invested equity and liabilities	**1,510**	**1,394**	**1,277**	**1,296**

Combined Carve-out Statements of Cash Flows

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

Other financial data

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

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

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

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

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

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

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

Certain Key Performance Indicators—eCG

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

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

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

Mobile.de

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

eBayK

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

Marktplaats

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

Kijiji + Kijiji Autos

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

RISK FACTORS

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

Risks Related to our Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- joint ventures may require an investment of considerable management, financial and operational resources to establish sufficient infrastructure such as risk management, compliance or other processes;
- we may not have the level of strategic control over the joint venture that we require in order to fulfil our long-term goals, or may find that we are restricted by the other partner in the services we can offer;
- we may lack sufficient control over the operations of the joint venture, resulting in problems with quality control, inefficiency or other operational problems;
- our ability to receive dividends and other payments from our joint ventures depends not only on the joint ventures' cash flows and profits, but also upon the terms of the agreements with the joint venture partners;
- joint ventures may have complex governance issues arising from shared control and split ownership models;
- a joint venture partner may (a) have economic or business interests or goals that are inconsistent with ours; (b) undergo a change of control; (c) experience financial and other difficulties; (d) be unable or unwilling to fulfil its obligations under the joint venture; or (e) sell its stake in the joint venture to a buyer that is unattractive to us;
- joint ventures may terminate, either as a result of defined exit mechanisms or termination events, such as a change of control event or a material breach of the joint venture agreement, which could potentially lead to a partner being entitled to acquire our shares in the joint venture, potentially at a consideration lower than fair market value. Specifically, the joint venture agreement governing our shareholding in the Austrian joint venture Willhaben contains a change of control provision, which would be triggered as a result of Schibsted no longer having ultimate control over our shareholding in Willhaben, and which would give our joint venture partner a right to acquire our shareholding in Willhaben at a discount of 20% to fair market value. Schibsted and Adevinta entered into an option agreement in relation to the Willhaben stake at the time of Adevinta's IPO, under which Schibsted could instead acquire the stake without the 20% discount;
- a joint venture partner may (i) take actions contrary to our instructions or requests, or contrary to our policies or objectives with respect to the investment or (ii) exercise veto rights so as to block actions that we believe to be in our or the joint venture's or strategic alliance's best interests;
- the agreements with the joint venture partners may restrict us from carrying out our business outside the framework of the joint venture companies;
- a joint venture partner may become unwilling or unable to fulfil the objectives of the joint venture due to general market conditions, financial difficulties or other circumstances beyond our control;
- the failure of a joint venture, or a conflict or disagreement with joint venture partners may lead to deadlock or other conflict between the joint venture partners, and result in us having to buy out the partner or otherwise purchase the partner's interest in the underlying asset, potentially at a price above fair market value, which in turn could impose a material cost burden on us; and
- the risk that OLX Brazil's acquisition of Grupo ZAP will underperform.

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

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

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

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

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

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

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

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

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

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

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

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

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

We are dependent on third-party service providers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- political instability,
- economic uncertainty,
- application of foreign exchange controls,
- price controls,
- variations in codes of business conduct and corruption,
- nationalization and expropriation of private property,
- regulatory changes,
- crime and the lack of enforcement thereof,
- governmental interference,
- currency fluctuations,
- payment and accounts receivable collection difficulties,
- unpredictability of enforcement of contractual provisions,
- local restrictions on the repatriation of dividends or profits,
- trade barriers and changes in trade regulations,

- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences,

- stringent local labor laws and regulations,

- credit risk and higher levels of payment fraud,

- import or export regulations,

- compliance with laws prohibiting corrupt payments to government officials, as well as laws designed to combat money laundering and the financing of terrorist activities,

- antitrust and competition regulations,

- potentially adverse tax developments and consequences,

- different, uncertain, or more stringent user protection, data protection, privacy and other laws,

- risks related to other government regulation or required compliance with local laws,

- national or regional differences in macroeconomic growth rates, and

- local licensing and reporting obligations.

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

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

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

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

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

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

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

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

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

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

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

Our advertising revenues are affected by changes in advertising trends.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We are exposed to fluctuations in foreign currency exchange rates.

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

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

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

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

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

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

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

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

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

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

We may be unable to access sufficient funding.

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

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

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

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

Legal and Regulatory Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in net neutrality rules could harm our business.

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

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

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

Risks Related to the Acquisition

The proposed Acquisition is subject to various risks and uncertainties

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

- potential adverse reactions or changes to business relationships resulting from the announcement or completion of the Acquisition;
- risks associated with third-party contracts containing consent, termination and/or other provisions that may be triggered by the Acquisition;
- the potential impact of unforeseen liabilities, future capital expenditures, operating revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition and losses on the future prospects, business and management strategies for the management, expansion and growth of our operations after the consummation of the Acquisition and on the other conditions to the completion of the Acquisition;
- the risks and costs associated with and our ability to integrate the businesses successfully and to achieve anticipated synergies;
- the risk that disruptions from the proposed Acquisition will harm the parties' businesses, including current plans and operations;
- risks that significant liabilities are not identified during due diligence or come to light after the expiration or any applicable representation and warranty insurance claim period;

- the ability of the parties to retain and hire key personnel;

- adverse legal and regulatory developments or determinations or adverse changes in, or interpretations of, applicable laws, rules or regulations, including tax laws, rules and regulations, that could delay or prevent completion of the Acquisition or cause the terms of the Acquisition to be modified;

- risks related to tax matters;

- diversion of management's attention from day to day business may result from the Acquisition and integration of the eBay Classifieds business with our business;

- risks relating to failure to obtain the required approvals, including obtaining required regulatory approvals, the approval of our shareholders and completing the Dutch Works Council consultation process for eBay Classifieds;

- risk that if Schibsted Nordic fails to acquire the Danish Entity, Adevinta will acquire indirect ownership of the Danish Entity and will not receive the related cash consideration from Schibsted (see "—*We face risks in connection with the acquisition of eBay Scandinavia ApS by Schibsted Nordic*");

- regulatory authorities imposing conditions which may impede the operations or integration of either business or require us to divest certain assets to obtain such approval;

- in the event the Transaction Agreement is terminated for certain reasons we may be required to pay a termination fee to eBay; and

- management's response to any of the aforementioned factors.

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

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

- employee retention, redeployment, relocation or severance;

- integration, including of people, technology, operations and information systems;

- combination of corporate and administrative functions, marketing and operational teams and processes; and

- maintenance and management of customers and other assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to the Escrow Proceeds

If the Notes are issued prior to the consummation of the Acquisition, the holders of the Notes will effectively only have recourse to the Escrow Collateral.

If the Notes are issued prior to the closing of the Acquisition, on the Issue Date, the Notes will be issued solely by us, will be solely our obligation and will not be guaranteed by any of our subsidiaries. Until the consummation of the Acquisition, holders of the Notes will only have (i) a first-priority security interest in any interest we have in the Escrow Collateral and (ii) a right to receive the funds held in the Escrow Account as described under "*Description of Notes—Escrow of Proceeds; Special Mandatory Redemption*," and will not have any recourse to our other subsidiaries.

If the Notes are issued prior to the closing of the Acquisition and if a bankruptcy or reorganization case is commenced, the holders of the Notes might become unsecured creditors.

If we commence a bankruptcy or reorganization case, or one is commenced against us, while amounts remain in the Escrow Account described under "*Description of Notes—Escrow of Proceeds; Special Mandatory Redemption*," applicable bankruptcy laws may prevent the Escrow Agent from releasing the funds in the Escrow Account or applying those funds to effect the special mandatory redemption, as applicable, of the Notes or otherwise applying those funds for the benefit of the holders of the Notes. The court adjudicating that case might find that such Escrow Account is the property of the bankruptcy estate. Although the amounts in the Escrow Account will be pledged as collateral for payment, if required, of the special mandatory redemption price, the automatic stay provisions of the U.S. federal bankruptcy laws generally prohibit secured creditors from foreclosing upon or disposing of a debtor's property without prior bankruptcy court approval (which may not be given under the facts and circumstances of any particular case).

In addition, if the court adjudicating our bankruptcy or reorganization case finds that the escrowed funds are property of the bankruptcy estate, the court could authorize the use of these funds by the bankruptcy estate or the bankruptcy trustee, if one is appointed, with or without restrictions. As a result, the holders of the Notes could become unsecured creditors of the bankruptcy estate.

As a result, the holders of the Notes may not be able to have the escrow funds applied at the time or in the manner contemplated by the indenture and escrow agreement and could suffer a loss as a result.

The Notes may be subject to special mandatory redemption and, as a result, you may not obtain the return you expect on the Notes.

Pending consummation of the Acquisition, the gross proceeds from this Offering and certain additional amounts from time to time as described under "*Description of Notes—Additional Amounts*" will be deposited into a segregated Escrow Account pledged as collateral for the benefit of holders of the Notes. The Escrow Agent will release the escrow proceeds to us at the time of the consummation of the Acquisition if the Escrow Release Conditions described in this offering memorandum are satisfied. The consummation of the Acquisition is subject to a number of conditions. If the Escrow Release Conditions are not satisfied on or prior to April 20, 2021 (or, if extended pursuant to the terms of the Transaction Agreement, July 20, 2021), or we determine in our sole discretion that the Escrow Release Conditions will not be satisfied or we notify the Escrow Agent and the Trustee that we will not pursue the consummation of the Acquisition and/or the Transaction Agreement is terminated, we will be required to redeem all of the outstanding Notes at a redemption price equal to 100% of the aggregate principal amount of the Notes being redeemed, together with interest accrued and unpaid on the Notes and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum), if any, from the Issue Date to, but not including, the date of redemption. Upon such redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns. In addition, if you purchase the Notes at a price greater than the initial issue price of the Notes, you may suffer a loss on your investment. Furthermore, if the Escrow Account does not have sufficient funds to cover such redemption, you may lose your investment.

Risks Related to the Notes and our Capital Structure

Our level of indebtedness could limit cash flow available for our operations and could adversely affect our operations and flexibility.

As adjusted to give effect to the Transactions, the Group would have had €2,517.7 million of Total Debt, including €2,390.8 million of Total Secured Debt as of June 30, 2020.

Our indebtedness could restrict our operations and make it more difficult for us to fulfill our obligations under the Notes and the Senior Credit Facilities. Among other things, our indebtedness may:

- limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions or other strategic acquisitions and general corporate purposes;
- require us to dedicate all or a substantial portion of our cash flow to service our debt, which will reduce funds available for other business purposes, such as capital expenditures and acquisitions;
- limit our flexibility in planning for or reacting to changes in the markets in which we compete;
- place us at a competitive disadvantage relative to our competitors with less indebtedness;
- render us more vulnerable to and reducing our flexibility to respond to, general adverse economic and industry conditions;
- negatively impacting credit terms with counterparties and other creditors; and
- make it more difficult for us to satisfy our financial obligations, including those relating to the Notes and the Senior Credit Facilities, or be able to refinance maturing indebtedness.

Our incurrence of additional debt could further increase the risks described in this offering memorandum and could result in a material adverse effect on our business, results of operations, financial condition and prospects. And our ability to satisfy our obligations under the Notes.

We depend on access to cash flows from our subsidiaries and joint ventures and limitations on accessing these cash flows may have a material adverse effect on operations and financial condition.

We are a holding company with no significant business or assets other than our direct and indirect equity interests in our subsidiaries, associated companies, joint ventures and other investments to generate the funds necessary to meet our obligations and other cash flow requirements, including payments due on the Notes. Accordingly, we rely upon distributions from our subsidiaries, associated companies, joint ventures and other investments to generate the funds necessary to meet these obligations. The subsidiaries, associated companies and joint ventures are separate legal entities that have no obligation to make any funds available to us, whether by intercompany loans or by the payment of dividends or other contributions. Our ability to pool cash from certain subsidiaries and joint ventures is subject, in Brazil and other countries, to foreign investment and exchange control laws. Companies can terminate their obligation to participate in the cash pooling arrangement within 30 days. Further, the amounts of dividends and distributions available to the Issuer will depend on the profitability and cash flows of its subsidiaries and the ability of those subsidiaries to issue dividends under applicable law. Applicable tax laws may also subject such payments to further taxation and applicable corporate law may limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, our ability to pay dividends to the Issuer will generally be limited to the amount of distributable reserves available to us. In addition, because joint venture partners' consent is required for distributions from our joint ventures, our ability to receive distributions from the joint ventures is dependent on the cooperation of our joint venture partners. Accordingly, we may not be able to obtain cash from our subsidiaries, associated companies, joint ventures and other investments at the times and in the amounts we require. Any failure to receive distributions from our businesses could restrict our ability to access sufficient funding to meet our obligations, including those under the Notes, which will have a material adverse effect on our business, results of operations, financial condition and prospects.

Our ability to service our debt and meet our cash requirements depends on many factors, some of which are beyond our control.

To date, we have been able to generate sufficient cash flow from operations, borrowings and refinancings to meet interest and principal payments on our indebtedness. However, our continued ability to satisfy our obligations will depend on our future operating performance and financial results that will be subject, in part, to factors beyond our control, such as interest rates and general economic, financial and business conditions, factors affecting our key markets as well as other factors. If we are unable to generate sufficient cash flow to service our debt, we may be required to dispose of material assets or operations, obtain additional debt or equity capital or restructure or refinance all or a portion of our debt, including the Notes, on or before maturity to meet our debt service and other obligations.

If we are required to take any of these actions, it could have a material adverse effect on our business, results of operations, financial condition and prospects. The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In such an event, we may not have sufficient assets to repay any portion or all of our debt. In addition, we cannot assure you that we would be able to take any of these actions or that these actions would enable us to continue to satisfy our capital requirements or would be permitted under the terms of our various debt instruments then in effect.

In addition, the terms of our debt, including the Notes and the Senior Credit Facilities, will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial position and results of operations. There can be no assurances that any assets that we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

The covenants in the Indenture and the Senior Credit Facilities Agreement will impose restrictions on our business.

The Indenture and the Senior Credit Facilities Agreement contain a number of covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and to take advantage of business opportunities as they arise.

These covenants include limitations on our ability and the ability of our restricted subsidiaries to, among other things:

- transfer or sell assets or use asset sale proceeds;
- incur or guarantee additional debt or issue preferred equity securities;
- pay dividends, redeem subordinated debt or make other restricted payments;
- make certain investments;
- create or incur certain liens on our assets;
- incur dividend or other payment restrictions affecting our restricted subsidiaries;
- enter into certain transactions with affiliates;
- merge, consolidate or transfer all or substantially all of our assets; and
- take or omit to take any actions that would adversely affect or impair in any material respect the collateral securing the Notes.

In addition, the terms of the Revolving Facility require us to comply with a springing financial maintenance covenant. If we breach this covenant and are unable to obtain waivers from our Revolving Facility lenders, our loans under the Revolving Facility would be in default and could be accelerated by our Revolving Facility lenders, which could result in an event of default under the Term Facilities, the Indenture and the instruments governing our certain other indebtedness. If our indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us. If our debt is in default for any reason, our business, results of operations, financial condition and prospects could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of the Notes offered hereby and may make it more difficult for us to successfully implement our business strategy and compete against companies that are not subject to such restrictions. See "*Description of Notes—Certain Covenants*" and "*Description of Certain Other Indebtedness*."

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes and impair our ability to operate our businesses.

Despite our substantial leverage, we may incur substantial additional debt in the future. We have the ability to borrow up to approximately €450 million (equivalent) under our Revolving Facility, which will be secured by the Shared Collateral and the Senior Credit Facilities Agreement and the Indenture also permit the incurrence of additional debt thereunder. The Indenture and the Senior Credit Facilities Agreement also permit us to incur a substantial amount of indebtedness at subsidiaries that do not guarantee the Notes and to incur indebtedness that shares in the Shared Collateral or that benefits from security interests over assets that do not secure the Notes. Any debt that our subsidiaries incur could be structurally or effectively senior to the Notes to the extent that such subsidiaries do not guarantee the Notes or such debt is secured by liens over assets that do not secure the Notes, to the extent of the value of such property and assets securing such debt, and other debt could mature prior to the Notes. The incurrence of additional indebtedness that shares in the Shared Collateral, moreover, will dilute your ability to recover against the Shared Collateral. Although the Senior Credit Facilities Agreement and the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to the Issuer's and its subsidiaries' existing debt levels, the related risks that we now face would increase. Our inability to service our debt could have a material adverse effect on our business, financial position, results of operations and our ability to fulfil our obligations under the Notes.

We may be unable to purchase the Notes upon a change of control.

Upon a change of control, we are required to offer to purchase all of the Notes then outstanding for cash at 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, we may not have sufficient funds to pay the change of control purchase price and may be required to secure third-party financing in order to do so. However, we may not be able to obtain such financing on commercially reasonable terms, or at all. A change of control may also result in a mandatory prepayment under the Senior Credit Facilities Agreement and agreements governing any future indebtedness and may result in the acceleration of such indebtedness.

Our future indebtedness may also contain restrictions on our ability to repurchase the Notes upon certain events, including transactions that could constitute a change of control under the Indenture. Our failure following a change of control to make or consummate an offer to purchase the Notes would constitute an event of default under the Indenture, which would, in turn, constitute a default under the Senior Credit Facilities Agreement. In such an event, the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Notes may accelerate the maturity of all of the Notes. A change of control under the Notes includes any transaction that results in any person other than a "permitted holder" beneficially owning or controlling more than 50% of our voting stock.

The occurrence of events constituting a change of control, including in financing documents other than the indenture where the change of control definition may differ. See "*Description of Notes*" and "*Description of Certain Other Indebtedness*."

The change of control provisions in the Indenture may not protect you in the event that we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the Indenture. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change in the nature or magnitude required under the definition of change of control in the Indenture to trigger our obligation to offer to repurchase the Notes. Except as described above, the indenture does not contain provisions that permit the holders of the Notes to require us to repurchase or redeem the Notes in an event of a takeover, recapitalization or similar transaction.

In addition, in connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes. See "*Description of Notes.*"

Holders of the Notes may not be able to determine when a change of control giving rise to their right to have the Notes repurchased has occurred following a sale of "substantially all" of our assets.

The definition of change of control in the Indenture will include a phrase relating to the sale of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase its Notes as a result of a sale of less than all our assets to another person may be uncertain.

Some of our indebtedness, including the Senior Credit Facilities, will bear interest at floating rates that could rise significantly, thereby increasing our costs and reducing our cash flow.

Debt under the Senior Credit Facilities will bear interest at a variable rate based on the Euro Interbank Offered Rate (EURIBOR) (for loans denominated in EUR) or LIBOR (for loans denominated in USD) (in each case, subject to a zero floor if less than zero) plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Neither the Senior Credit Facilities Agreement nor the Indenture contains a covenant requiring us to hedge all or any portion of our floating rate debt.

Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly, our interest expense would correspondingly increase, thus reducing cash flow.

Following allegations of manipulation of LIBOR, a different measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including but not limited to the Senior Credit Facilities whose interest rates are linked to EURIBOR or LIBOR). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

There is no public market for the Notes, and we do not know if a market will ever develop or, if a market does develop, whether it will be sustained.

The Notes offered hereby are a new issue of securities and there is no existing trading market for the Notes. Application has been made to list the Notes on the Official List of the Exchange and to trading on the Euro MTF Market thereof. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they have no obligation to do so and may discontinue making a market at any time without notice. Accordingly, we cannot assure you that a market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices you receive when you sell the Notes will be favorable.

The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of Notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates and other economic conditions from time to time.

Historically, the market for non-investment grade and other debt has been subject to disruptions that have caused substantial volatility in the prices of these securities. In 2008, the market was significantly affected as a result of the financial market crisis and global economic downturn. Any such disruptions and a continuing economic downturn, including as a result of COVID-19, could have an adverse effect on holders of the Notes. In addition, the Indenture will allow us to issue additional notes in the future, which could materially adversely impact the liquidity of the Notes.

The Notes may not become, or remain, listed on the Official List of the Exchange, and we are under no obligation to maintain the listing of the Notes in certain circumstances.

Although application has been made to list the Notes on the Official List of the Exchange and to trading on the Euro MTF Market thereof within a reasonable period after the Issue Date, there can be no assurance that the Notes will remain listed on the Official List of the Exchange. We are under no obligation to maintain the listing of the Notes on the Official List of Exchange and may cause the Notes to be delisted in circumstances where, among others, the continued listing would require preparation of financial statements in accordance with standards other than those accounting principles under which our financial information is prepared or we determine that maintenance of such listing otherwise becomes burdensome. In such cases, we will be obliged to use commercially reasonably efforts to seek an alternative listing for the Notes on another stock exchange. However, if, among others, such an alternative listing is not available to us or is, in our opinion, unduly burdensome, an alternative listing for the Notes may not be obtained. We may cease to maintain such listing on the Official List of the Exchange and may seek to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that we will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Exchange or another recognized listing exchange for comparable issuers in accordance with the indenture that will govern the Notes, failure to be approved for listing or the delisting of the Notes from the Official List of the Exchange or another listing exchange in accordance with such indenture may have a material adverse effect on a holder's ability to sell the Notes. Consummation of the offering of the Notes is not contingent on us making an application for or obtaining such listing or admission to trading.

Holders of the Notes will not be entitled to registration rights, and we do not currently intend to register the Notes under applicable U.S. securities laws. There are restrictions on your ability to transfer or resell the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws, and we do not currently intend to register the Notes in the United States. The holders of the Notes will not be entitled to require us to register the Notes in the United States for resale. Therefore, you may transfer or resell the Notes in the United States only in a transaction exempt from the registration requirements of the Securities Act and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See "*Offering and Transfer Restrictions*."

Because we are not incorporated under the laws of the U.S., you may face difficulties in protecting your interests and your ability to protect your rights through the U.S. federal courts may be limited.

We are a Norwegian company and the Guarantors are entities based outside of the United States. All of our directors and executive officers are residents of Norway and elsewhere outside the United States and most of our assets and the assets of our directors and officers are located outside the United States. As a consequence, you may not be able to:

- effect service of process on these non-U.S. resident directors and officers in the United States; or
- enforce judgments obtained in United States courts against us or our directors and officers based upon the civil liability provisions of the United States federal securities laws.

We have been advised by our Norwegian counsel, Advokatfirmaet BAHR AS, that:

- a judgment of a United States court may not be enforceable in Norway against us or our directors and officers, but would be accepted on an evidential basis in a Norwegian legal action. See "*Notice to Certain Investors—Service of process and enforceability of civil liabilities*"; and
- there is doubt whether an original action could be brought in Norway against us or our directors and officers to enforce liabilities based solely upon the United States federal securities laws.

We have been advised by our Canadian, German, Dutch and Spanish counsels that a judgment of a United States court would be enforceable in Canada, Germany, the Netherlands and Spain, respectively under certain circumstances, see "*Service of process and enforceability of civil liabilities*".

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may decrease the trading price of the Notes and may increase our future borrowing costs and reduce our access to capital.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. Furthermore, any rating assigned to our debt could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. Credit ratings are not recommendations to purchase, hold or sell the Notes.

Any future lowering of our ratings would likely make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating initially assigned to the Notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your Notes without a discount.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Certain covenants and events of default will be suspended if we receive investment grade ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive an investment grade rating of "Baa3" or better by Moody's Investors Service "BBB" or better by Standard & Poor's or "BBB−" from Fitch Ratings from two of the three rating agencies, and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time as such Notes are no longer rated investment grade by either ratings agency, certain covenants will cease to be applicable to such Notes. See "*Description of Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status.*" At any time when these covenants are suspended, we will be able to, among other things, incur additional indebtedness, pay cash dividends and redeem subordinated indebtedness without restriction, each of which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating if achieved will be maintained.

You may face foreign exchange risks by investing in the Notes.

The Notes offered hereby are denominated and payable in euro. If you measure your investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange risks related to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure the return on your investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the Notes, below the stated coupon rate and could result in a loss to you when the return on the Notes, as applicable, is translated into the currency by reference to which you measure the return on your investments. There may be tax consequences for you as a result of any foreign exchange gains or losses resulting from an investment in the Notes.

The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The Indenture will not be required to, and will not be, qualified under the U.S. Trust Indenture Act of 1939, as amended (the "TIA") and will not incorporate or include and will not be subject to any of the provisions of the TIA. Consequently, the holders of Notes will not be entitled to the protections provided under the TIA to holders of debt securities issued under a qualified indenture, including those respecting preferential collections by the trustee or conflicting interests of the trustee. See "*Description of Notes*."

Risks Related to the Collateral

The Notes won't initially be secured by any of the Shared Collateral and the Guarantors will not initially guarantee the Notes.

As of the Issue Date, the Notes will be secured only by the gross proceeds of this Offering contained in the Escrow Account. As a result, the Notes will not be initially secured by any of the Shared Collateral. In connection with the release of the proceeds of the Notes from the Escrow Account and pursuant to the terms of the Indenture, we will be required to take such actions as may be necessary, subject to certain agreed security principles, to grant security interests in the Completion Date Collateral and Post-Completion Date Collateral to secure the Notes. There can, however, be no assurance that we will be successful in procuring such security interests within the time period specified. Given the structure of the financing in connection with the Transactions, the Guarantees of the Completion Date Guarantors will not be in effect until the Completion Date and the Guarantees of the Post-Completion Date Guarantors will not be in effect until at or after 90 days following the Escrow Release Date.

Additionally, the execution of the Shared Collateral will be subject to certain agreed security principles (including the Agreed Security Principles) that could relieve certain Guarantors or other subsidiaries of the obligation to grant security interests in assets otherwise expected to form part of the Shared Collateral, which could have a material adverse impact on the credit support available to you in connection with your investment in the Notes. See, "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*."

All of the assets securing the Notes will also secure, on an equal priority basis, our obligations under our Senior Credit Facilities Agreement and certain hedging obligations, if any. Therefore, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us, the proceeds from the sale of any Collateral securing the Notes will be used to pay, on a pari passu basis, our Senior Credit Facilities and certain hedging obligations, if any and any other indebtedness with a lien on such Collateral that is equal in priority to that of the Notes, including, to the extent drawn and not cancelled, the Bridge Facility. In addition to borrowings under our Senior Credit Facilities, the Indenture allows a significant amount of other indebtedness and other obligations to be secured by secured by a lien on the Shared Collateral on an equal and ratable basis with the Notes, provided that, in each case, such indebtedness or other obligation could be incurred under the debt incurrence covenants contained in the Indenture governing the Notes and there is an associated permitted collateral lien. Any additional obligations secured by a senior lien on the Shared Collateral will adversely affect the relative position of the holders of the Notes with respect to such Shared Collateral.

The Company and the Guarantors will have control over the Shared Collateral and the sale of particular assets could reduce the pool of assets securing the Notes

The Company or the relevant Guarantors will in most cases have control over the Shared Collateral. The Security Documents generally allow the Company and the Guarantors to remain in possession of, to retain exclusive control over, to freely operate and to collect, invest and dispose of any income from the Shared Collateral. These rights may adversely affect the value of the Shared Collateral at any time.

The security interests in the Collateral will be granted to the Trustee or Security Agent, as applicable, rather than directly to the holders of the Notes and the Collateral to be granted by us will be granted subsequent to the issuance of the Notes.

The security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Trustee (who will accept them on behalf of the holders of the Notes) or the Security Agent, as applicable. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

In certain jurisdictions, including Germany, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent ("Parallel Debt Obligation") mirroring the obligations of the Issuer and the Guarantors owed to holders of the Notes under or in connection with the Indenture ("Principal Obligations"). All or part of the pledges and other security interests in such jurisdictions will be granted to the Security Agent as security interests for the Parallel Debt Obligation and will not directly secure the Principal Obligations. Under the provisions of the Intercreditor Agreement, the Parallel Debt Obligation will be at all times in the same amount and payable at the same time as the Principal Obligations and any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt Obligation and any payment in respect of the Parallel Debt Obligation shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the parallel debt construct has not been tested under law in certain of these jurisdictions and to the extent that the security interests in the Collateral created under the parallel debt construct are not validly granted, are unenforceable or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral.

For further information, see "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*."

Holders of the Notes may not control certain decisions regarding enforcement

The Notes will be secured by the same collateral securing our obligations under the Senior Credit Facilities on a *pari passu* basis. In addition, under the terms of the Indenture and the Senior Credit Facilities Agreement, we are or will be permitted to incur significant additional indebtedness and other obligations that may be secured by liens over the Shared Collateral. Subject to certain limited exceptions, the Security Agent will act with respect to the Shared Collateral only at the direction of a simple majority (50%) of our senior secured creditors (including, for this purpose, both drawn and undrawn uncanceled commitments under our Senior Credit Facilities, the Notes and debt in respect of certain hedging obligations). It is anticipated that, upon issuance of the Notes, the holders of the Notes will, together, hold a lower percentage of the total senior secured credit participations than the lenders under the Senior Credit Facilities and other obligations (including hedging obligations) that may be secured by the Shared Collateral and, accordingly, the holders of the Notes will not initially have effective control of whether to enforce the Shared Collateral.

The holders of the Notes will not have separate rights to enforce the Shared Collateral. As a result, the holders of the Notes will not be able to instruct the Security Agent, force a sale of the Shared Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, if amounts under any other senior secured debt (including, for this purpose, both drawn and undrawn uncanceled commitments under our Senior Credit Facilities, debt in respect of the Notes and debt in respect of certain hedging obligations) remain outstanding in an amount equal to or greater than 50% of the aggregate principal amount of the total senior secured credit participations.

Disputes may occur between the holders of the Notes and creditors under our Senior Credit Facilities (and/or other secured creditors) as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Shared Collateral. In such an event, the holders of the Notes will be bound by any decision of the Instructing Group (as defined in "*Description of Certain Other Indebtedness—Intercreditor Agreement*") which may result in enforcement action in respect of the Shared Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders. The creditors under our Senior Credit Facilities and any of our other secured creditors may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the Security Documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells Shared Collateral comprising the shares of any of the Issuer's subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, any Guarantees and the liens provided by any such subsidiaries may be released. See "*Description of Certain Other Indebtedness—Intercreditor Agreement"* and *"Description of Notes—Security—Release of Security*." In such a situation, your ability to recover on the Notes may be materially impaired.

There may not be sufficient Collateral to pay all or any portion of the Notes

Within 90 days of the Escrow Release Date, the Notes will be secured, on an equal and ratable, first priority basis with the obligations under our Senior Credit Facilities Agreement, by security interests granted over the Shared Collateral. The value of the Shared Collateral and the amount to be received upon a sale of such Shared Collateral will depend upon many factors including, among others, the condition of the Shared Collateral, the ability to sell the Shared Collateral in an orderly sale, the condition of the international, national, and local economies, the availability of buyers and other similar factors. No appraisal of the fair market value of the Shared Collateral has been prepared in connection with this offering memorandum. You should not rely upon the book value of the Shared Collateral as a measure of realizable value for such assets. By their nature, portions of the Shared Collateral may be illiquid and may have no readily ascertainable market value. In addition, a significant portion of the Shared Collateral includes assets that may only be usable, and thus retain value, as part of our existing operating businesses. Accordingly, any such sale of the Shared Collateral separate from the sale of certain operating businesses may not be feasible or have significant value. There may be insufficient proceeds of Shared Collateral to pay off all amounts due under the Notes and the Senior Credit Facilities and any other debt that we may issue that would be secured on the same basis as the Notes. In addition, to the extent that third parties hold liens (including statutory liens), whether or not permitted by the Indenture, such third parties may have rights and remedies with respect to the Shared Collateral that, if exercised, could reduce the proceeds available to satisfy the obligations under the Notes. Consequently, foreclosing on the Shared Collateral may not result in proceeds in an amount sufficient to pay all amounts due under the notes. If the proceeds of any sale of Shared Collateral are not sufficient to repay all amounts due on the Notes, the holders of the Notes and the creditors under our Senior Credit Facilities (to the extent not repaid from the proceeds of the sale of the Shared Collateral) would have only a senior unsecured claim against our remaining assets and the aassets of the Guarantors and, in the context of a bankruptcy case by or against us and the Guarantors, the holders of the Notes may not be entitled to receive interest payments or reasonable fees, costs or charges due under the notes, and may be required to repay any such amounts already received by such holder. Additionally, applicable law requires that every aspect of any foreclosure or other disposition of Shared Collateral be commercially reasonable. If a court were to determine that any aspect of the Security Agent's exercise of remedies was not commercially reasonable, the ability of you, as holder of the Notes, to recover the difference between the amount realized through such exercise of remedies and the amount owed on the notes may be adversely affected and, in the worst case, you could lose all claims for such deficiency amount.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and the Guarantees will be released automatically, including:

- in connection with any asset sale or disposition or transfer of assets to a person that is not (either before or after giving effect to such transaction) the Issuer or a restricted subsidiary, if the sale or other disposition does not violate the covenant described under the caption "*Description of Notes—Certain Covenants—Limitation on Asset Sales*";

- upon a defeasance or satisfaction and discharge of the Notes that complies with the provisions under "*Description of Notes—Defeasance*" or "*Description of Notes—Satisfaction and Discharge*";

- as described under "*Description of Notes—Amendments and Waivers*" or "*Description of Notes—Certain Covenants—Limitation on Liens*";

- in the case of property and assets and capital stock of a Guarantor, to the extent such Guarantor is released from its Guarantee of the Notes pursuant to the terms of the Indenture;

- to the extent permitted in accordance with the covenant described under the caption "*Description of Notes—Certain Covenants—Impairment of Security Interest*";

- if the Issuer designates any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture (to the extent of such restricted subsidiary's assets and property);

- upon repayment in full of the Notes;

- if the lien granted in favor of the Senior Facility or such other debt that gave rise to the obligation to grant the lien over such Collateral is released;

- as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement (as defined in the *"Description of Notes*"), or as otherwise provided for in the Intercreditor Agreement or any Additional Intercreditor Agreement; or

- as otherwise permitted in accordance with the Indenture.

Under various circumstances, the Guarantee of a Guarantor will be released, including:

- upon the sale or disposition (including through merger, consolidation, amalgamation or other combination) or conveyance, transfer or lease of all or substantially all of the assets of the Guarantor to a person that is not (either before or after giving effect to the transaction) the Issuer or a restricted subsidiary, if such sale or other disposition does not violate the covenants described under the caption "*Description of Notes—Certain Covenants—Limitation on Asset Sales*" or "*Description of Notes—Certain Covenants—Merger, Consolidation or Sale of Assets*";

- in connection with any sale or other disposition of the capital stock of the Guarantor (or capital stock of any holding company of such Guarantor (other than the Issuer)) (whether by direct sale or through a holding company) to a person that is not (either before or after giving effect to such transaction) the Issuer or a restricted subsidiary, if the sale or other disposition does not violate the covenant described under the caption

"Description of Notes—Certain Covenants—Limitation on Asset Sales" and as a result of such disposition such Guarantor no longer qualifies as a Subsidiary of the Issuer;

- upon a defeasance or satisfaction and discharge of the Notes that complies with the provisions under "*Description of Notes—Defeasance*" or "*Description of Notes—Satisfaction and Discharge*";
- upon the designation by the Issuer of the Guarantor (or a holding company thereof) as an unrestricted subsidiary in compliance with the terms of the Indenture;
- upon the liquidation or dissolution of the Guarantor; provided that no default or event of default has occurred and is continuing;
- in connection with the implementation of a Permitted Reorganization (as defined in the *"Description of Notes*");

- as described under "*Description of Notes—Amendments and Waivers*";
- upon repayment in full of the Notes;
- as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement, or as otherwise provided for in the Intercreditor Agreement or any Additional Intercreditor Agreement; or
- as otherwise permitted in accordance with the Indenture.

In addition, the Guarantees and security interests will be subject to release upon a distressed disposal as contemplated under the Intercreditor Agreement. See "*Description of Certain Other Indebtedness—Intercreditor Agreement*."

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under certain applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The security interests in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these security interests. In addition, certain applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified. In particular, pledges over the securities of French subsidiaries in the form a stock company (société par actions) that are governed by French law consist of pledges over a securities account (nantissement de compte de titres financiers) in which the relevant securities are registered. The securities account pledges will be validly established after execution of a statement of pledge (déclaration de nantissement de compte titres financiers) by each security provider in favor of the Security Agent. Each statement of pledge will have to be registered in the relevant shareholder's account (compte d'actionnaire) and shares registry (registre de mouvement de titres) of each French Guarantor. In France, no lien searches are available for security interests which are not publicly registered (such as pledges over securities account), with the result that no assurance can be given on the priority of a security interest if it is not publicly registered.

Any failure to perfect any security interest in the Collateral may result in the invalidity of the relevant security interest or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. The Trustee and the Security Agent will not be under any obligation or responsibility to take any steps or action to perfect, or ensure the perfection of, any such liens. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*."

Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.

Each Guarantee will provide the holders of the Notes with a direct claim against the relevant Guarantor. In addition, the Issuer and certain of the Guarantors will secure the payment of the Notes by granting security under the relevant Security Documents. There can be no assurance that the value of the Guarantees or the Collateral will be sufficient to satisfy claims under the Notes. However, each security interest granted under a Security Document will be limited in scope to the value of the relevant assets expressed to be subject to that security interest or to the secured amount stated in the relevant Security Document (which may be lower than the value of the relevant assets expressed to be subject to that security interest), and the Indenture will provide that each Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor, without rendering the relevant Guarantee or security interest voidable or otherwise ineffective under Norwegian, French, German, Spanish, Dutch, Canadian or other applicable law, and enforcement of each Guarantee or Security Document would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent conveyance or transfer, unfair or voidable preference and insolvent transactions, financial assistance, corporate purpose, capital maintenance, related party transactions, security registration or similar laws, regulations or defenses affecting the rights of creditors generally. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*."

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, Guarantees and security interests can be challenged (for example, by the bankruptcy receiver or insolvency trustee, in the case of bankruptcy of the relevant Guarantor, or by any of the creditors of such Guarantor outside bankruptcy), and a court could declare unenforceable against third parties (including the beneficiaries thereof) and/or void, any legal act performed by a Guarantor (including, without limitation, the granting by it of the Guarantees or the security interests granted under the Security Documents) or by any party granting the security interests and, if payment had already been made under a Guarantee or enforcement proceeds applied under a Security Document, require that the recipient (and possibly, subsequent transferees thereof) return the payment to the relevant Guarantor or to the party granting the security interests, if the court found, *inter alia*, that:

- the amount paid or payable under the relevant Guarantee or the enforcement proceeds under the relevant Security Document was in excess of the maximum amount permitted under applicable law;

- the relevant Guarantee or security interest under a Security Document was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or of the party granting the security interests or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor or the above-referred party was insolvent when it granted the relevant Guarantee or security interest;

- the Guarantor or the party granting the security interests did not receive fair consideration or reasonably equivalent value for granting the relevant Guarantee or security interests and the Guarantor or such party was: (i) insolvent or rendered insolvent because of the relevant Guarantee or security interest; (ii) undercapitalized or became undercapitalized because of the relevant Guarantee/Security Document; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity; or

- the relevant Guarantees or Security Documents were held to exceed the corporate objects of the Guarantor or of the party granting the security interests or not to be in the best interests or for the corporate benefit of the Guarantor or of such party.

We cannot assure you which standard a court would apply in determining whether a Guarantor or a party granting the security interests was insolvent at the relevant time or that, regardless of the method of the valuation, a court would not determine that a Guarantor or such party was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor or such party was insolvent on the date its Guarantee was issued or its security interests were granted, that payments to holders of the Notes constituted unfair or voidable preferences, fraudulent transfers or voidable conveyances on other grounds.

The payment of dividends to the Issuer will reduce the distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents. There can be no assurances that we will have distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents, whether or not we make dividends. In addition, the Guarantors may be subject to certain statutory limitations to the distribution of profits and reserves applicable in the various jurisdictions, such as, inter alia, distributions that imply an equity reduction below certain thresholds or companies benefiting from certain exceptional prerogatives allowed by public authorities or regulations to tackle the negative consequences of the COVID-19 outbreak. The payment of dividends by a Guarantor or by the party granting the security interests to the Issuer to service our debt obligations (including under the Notes) will deplete the distributable reserves available to those Guarantors or parties to satisfy the obligations under the Guarantees or the Security Documents. In addition, the payment under the Guarantees and the enforcement of security interests under the relevant Security Documents may require certain prior corporate formalities to be completed, including, but not limited to, obtaining an audit report, shareholders' resolutions and board resolutions.

In addition, judgments rendered by a U.S. court may not be directly enforceable in certain countries, including Spain where they are generally not directly enforceable. Instead, as a pre-condition to enforcing a U.S. judgment, a local court will subject the judgment to a multi-factor test. Several of the factors the court will consider involving a considerable amount of discretion. Even if the court ultimately finds that the judgment is enforceable, the process may require considerable time to complete. For all of the foregoing, an investment in the Notes involves unique risks that may not apply or may apply differently in a differently structured bond offering. If any of these risks materialize, your ability to collect payments of principal and interest under the Notes may be materially adversely affected. See "*Notice to Certain Investors—Service of Process and enforceability of civil liabilities*" for more information.

The insolvency laws of Norway, Germany, France, Spain, the Netherlands and Canada may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer and certain Guarantors are incorporated under the laws of Norway, Germany, France, Spain, the Netherlands and Canada. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Norway, Germany, France, Spain, the Netherlands and Canada or another relevant jurisdiction. Such local or multi-jurisdictional proceedings may be complex and more costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes, the Guarantees and the Collateral will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in any of these jurisdictions. In addition, pursuant to Council Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast), as amended, in particular by Regulation (EU) 2018/946 of the European Parliament and of the Council of 4 July 2018 (the "EU Insolvency Regulation") the court that shall have jurisdiction to commence insolvency proceedings in relation to a debtor is the court of the Member State (other than Denmark) where the debtor has its "center of main interests". Therefore, to the extent that the center of main interests of the Issuer or any Guarantor is deemed to be in a particular European jurisdiction, the courts of such jurisdiction may have jurisdiction over the insolvency proceedings with respect to it, irrespective of its jurisdiction of incorporation.

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer's and the Guarantors' jurisdictions of organization or incorporation or any other relevant jurisdictions where proceedings are opened may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes and the Guarantees in those jurisdictions or limit any amounts that you may receive. For an overview of certain insolvency laws and enforceability issues, see "*Limitations on Validity and Enforceability of the Guarantees and Security Interests*" with respect to certain of the jurisdictions mentioned above.

Risks Related to Taxation

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

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

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

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

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

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

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

Taxation of the digital economy.

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

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

Within the EU, in March 2018 the European Commission proposed a new 3% tax on gross income derived from certain digital services and applicable to groups exceeding certain revenue thresholds (the "EU DST"). The EU DST was aimed at digital services for which user participation is essential for creating value; namely targeted online advertising and online intermediation services. The EU DST was not adopted due to the lack of unanimous agreement from all EU member states. However, in July 2020, the EU stated its continued intention to implement an EU-wide solution if no global agreement is reached.

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

Norwegian withholding tax

The Norwegian government has, through the state budget of the income year 2021, proposed to introduce withholding tax on, *inter alia*, outbound interest payments. If the proposal is adopted, a Norwegian debtor will be liable to withhold 15 per cent tax on gross interest payments to any creditor who is both (i) a related party to the issuer and (ii) is tax resident in a low-tax jurisdiction. An exemption is made if the related entity is resident in a low tax-jurisdiction within the EEA and is actually established and carrying out genuine economic activities in the EEA state. If the Norwegian debtor does not withhold the withholding tax amount, or if the Norwegian debtor does not pay the withholding amount in full, the creditor and the Norwegian debtor will be jointly liable for the withholding tax amount. Pursuant to the terms of the Indenture and the Senior Credit Facilities Agreement, the Issuer will not be required to pay a gross-up to holders of the Notes or lenders under the Senior Facilities who are subject to such withholding tax.

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

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

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

We face risks in relation to EU state aid laws.

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

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

USE OF PROCEEDS

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

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

Sources of Funds(1)		**Uses of Funds**(1)	
	(in € millions)		
Notes offered hereby(2)	1,060.0	Acquisition of eBay Classifieds(6)	8,805.9
USD Term Facility(3)	430.8	eBay Classifieds Holding B.V.	
EUR Term Facility	900.0	Repayment of existing intercompany	
eBay rollover equity into Adevinta(4)	7,915.2	debt and distribution(7)	1,021.7
Cash on hand(5)	100.8	Refinancing of existing Adevinta debt(8)	487.0
		Fees and expenses for Transactions(9)	92.2
Total sources of funds	**10,406.8**	**Total uses of funds**	**10,406.8**

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

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

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

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

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

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

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

(8) For more information, see "*Description of Certain Other Indebtedness—€600 million multi-currency term loan and revolving credit facility*" and "*Description of Certain Other Indebtedness—Grupo ZAP Bridge Term Loan Facilities.*"

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

CAPITALIZATION

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

	As of June 30, 2020				
(in € millions)	**Actual**	**Adjustments[(1)]**	**Adjustments[(2)]**	**Adjustments[(3)]**	**As adjusted[(4)]**
Cash and cash equivalents[(5)]	**308.3**	**17.0**	**(225.0)**	**(61.3)**	**39.0**
Secured debt					
Notes offered hereby[(6)]	—	—	—	1,060.0	1,060.0
Senior Credit Facilities[(7)]	—	—	—	1,330.8	1,330.8
Total secured debt	—	—	—	2,390.8	2,390.8
Unsecured debt					
€400 million RCF[(8)]	—	—	—	—	—
€200 million term loan[(8)(9)]	195.3	—	—	(195.3)	—
€150 Million Bridge Term Loan[(8)(10)]	149.1	—	—	(149.1)	—
€75 Million Bridge Term Loan[(8)(11)]	74.5	—	—	(74.5)	—
Other Loans[(12)]	3.0	—	—	—	3.0
Lease liabilities[(13)]	104.9	19.0	—	—	123.9
Total unsecured debt	526.7	19.0	—	(418.9)	126.9
Total debt	**526.7**	**19.0**	**—**	**1,972.0**	**2,517.7**
Shareholders' equity[(14)]	**1,397.2**	**1,119.0**	**—**	**6,756.7**	**9,272.9**
Total capitalization	**1,923.9**	**1,138.0**	**—**	**8,728.7**	**11,790.6**

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

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

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

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

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

(5) Adjustments related to cash and cash equivalents of €61.3 million relate to the cash consideration for the acquisition of eCG and cash effects from new financing arrangements and settlement of existing debt. New financing arrangement adjustments relates to the net increase in cash following the draw down under the Term Facilities and the issuance of the Notes, and the repayment of existing debt. In particular:

In EUR millions[(a)]	
Cash consideration paid upon completion of the Acquisition	(1,106.9)

eBay Classifieds Holding B.V. repayment of existing intercompany debt and distribution	(1,021.7)
Settlement of Deal Contingent Forwards[(a)]	(64.8)
Notes offered hereby	1,060.0
Senior facilities arrangements to be entered into	1,330.8
Schibsted Loan	281.0
Arrangement fees	(52.7)
Repayment of existing term loan	(197.0)
Repayment of existing bridge term loan	(225.0)
Repayment of RCF drawn to fund the acquisition of Grupo ZAP	(65.0)
Net cash adjustment	**(61.3)**

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

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

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

In EUR millions	
Net cash adjustment	(61.3)
Add: Transaction costs included as an accrued liability	(39.5)
Cash on hand	(100.8)

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

(7) Refers to the Revolving Facility (assuming no drawings under the Revolving Facility) and the Term Facilities, including the $506 million USD Term Facility and €900 million EUR Term Facility. The amounts are presented prior to the offset of €30 million of debt arrangement costs:

In EUR millions	
USD Term Facility	506.0
FX rate (September 30, 2020)	0.8514
	430.8
EUR Term Facility	900.0
Total Term Facilities	**1,330.8**

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

(8) We intend to use the gross proceeds from this offering, cash on hand, the Term Facilities and the eBay rollover equity into Adevinta to, among others, repay all borrowings under and terminate this facility. For more information, see "*Description of Certain Other Indebtedness*"

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

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

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

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

Carrying value	149.1

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

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

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

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

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

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

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

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

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

- The Acquisition will be completed. The Acquisition has not yet closed at the date of this offering memorandum because the conditions to the closing of the Acquisition, including required regulatory approvals, the approval of our shareholders, customary regulatory and other closing conditions and the completion of the Dutch works Council consultation process for eCG, have not yet been satisfied or waived. The Acquisition is expected to close in the first quarter of 2021;

- The offering of the Notes is completed as set out in this offering memorandum;

- The draw-down under the Senior Credit Facilities is completed as set out under "*Summary—Financing*";

- The entry into the Bridge Facility Agreement is completed as set out under "*Summary—Financing*"; and

- No effect is given of the sale of eBay Scandinavia Aps at the closing of the Acquisition to Schibsted Nordic Marketplaces ASA for $330 million (plus certain adjustments).

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

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

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

- Further commercially sensitive and proprietary information about eCG will only become available after the Completion Date which may materially change the fair values of the identifiable intangible assets from what is disclosed below;

- External and internal factors that influence the fair value of the identifiable intangible may change up until the Completion Date which may materially change the fair values of the identifiable intangible assets from what is disclosed below; and

- The fair value of the share consideration has been determined using the share price as at September 30, 2020 and will be subject to change up until the Completion Date, which will have an impact on the total consideration for the Acquisition and goodwill recognized.

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

€ in millions	Adevinta (unaudited)	eCG (unaudited)	Pro Forma Adjustments (unaudited): Acquisition accounting and transaction cost adjustments	Pro Forma Adjustments (unaudited): New financing arrangements	Pro Forma Statement of Financial Position (unaudited)
	Note 1	Note 2	Note 3	Note 4	
ASSETS					
Intangible assets	1,390.1	711.0	10,177.0	—	12,278.1
Property, plant and equipment and right-of-use assets	117.5	38.0	—	—	155.5
Investments in joint ventures and associates	289.2	—	—	—	289.2
Other non-current assets	24.0	368.0	—	—	392.0
Non-current assets	**1,820.8**	**1,117.0**	**10,177.0**	**—**	**13,114.8**
Trade receivables and other current assets	153.0	162.0	—	—	315.0
Cash and cash equivalents	308.3	17.0	(2,128.6)	2,197.1	393.8
Current assets	**461.3**	**179.0**	**(2,128.6)**	**2,197.1**	**708.8**
Total assets	**2,282.1**	**1,296.0**	**8,048.4**	**2,197.1**	**13,823.6**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent	1,381.3	1,119.0	6,756.7	(3.2)	9,253.8
Non-controlling interests	15.9	—	—	—	15.9
Total equity	**1,397.2**	**1,119.0**	**6,756.7**	**(3.2)**	**9,269.7**
Non-current interest-bearing borrowings	198.2	—	—	2,423.8	2,622.0
Other non-current liabilities	187.8	24.0	1,252.2	—	1,464.0
Non-current liabilities	**386.0**	**24.0**	**1,252.2**	**2,423.8**	**4,086.0**
Current interest-bearing borrowings	223.9	—	—	(223.6)	0.3
Other current liabilities	275.0	153.0	39.5	—	467.6
Current liabilities	**498.9**	**153.0**	**39.5**	**(223.6)**	**467.9**
Total liabilities	**884.9**	**177.0**	**1,291.7**	**2,200.2**	**4,553.8**
Total equity and liabilities	**2,282.1**	**1,296.0**	**8,048.4**	**2,197.1**	**13,823.6**

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

(2) eCG's assets and liabilities as at June 30, 2020 have been extracted from eCG's unaudited condensed combined balance sheet as at June 30, 2020 included in the eCG Unaudited Interim Financial Statements included elsewhere in this offering memorandum, as adjusted to Adevinta's presentation. A reconciliation of eCG's unaudited balance sheet to Adevinta's presentation is presented below:

Reconciliation at June 30, 2020 (unaudited)

€ in millions	eCG Combined Carve-out Balance Sheet June 30, 2020	Adevinta balance sheet line item	eCG balance sheet under Adevinta presentation
	Note a		Note b
eCG balance sheet line items			
Goodwill	681.0	Intangible Assets	711.0
Intangible assets	30.0		

Right-of-use assets	19.0	Property, plant and equipment and right-of-use assets	38.0
Property and equipment, net	19.0		
Long-term investments	27.0	Other Non-current assets	368.0
Deferred tax assets	341.0		
Non-current assets	**1,117.0**		**1,117.0**
Other current assets	33.0	Trade receivables and other current assets	162.0
Accounts receivable, net	129.0		
Cash and cash equivalents	17.0	Cash and cash equivalents	17.0
Current assets	**179.0**		**179.0**
Total assets	**1,296.0**		**1,296.0**
Lease liabilities	12.0	Other non-current liabilities	24.0
Deferred tax liabilities	9.0		
Other liabilities	3.0		
Non-current liabilities	**24.0**		**24.0**
Income taxes payable	52.0	Other current liabilities	153.0
Accounts payable	20.0		
Deferred revenue	4.0		
Accrued expenses and other current liabilities	77.0		
Current liabilities	**153.0**		**153.0**
Total liabilities	**177.0**		**177.0**
Total equity	**1,119.0**		**1,119.0**

Notes:

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

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

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

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

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

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

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

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

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

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

Purchase Price	**10,043.8**

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

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

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

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

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

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

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

(Note a):—Estimated Purchase Price Consideration

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

The following table summarizes the components of the estimated consideration:

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

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

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

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

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

Deal contingent forwards

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

(4) Prior to completion of the Acquisition,

- We expect to enter into the Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of €900.0 million, (b) the USD Term Facility in an aggregate principal amount of $506.0 million (approximately € 430.8 million equivalent) and (c) the Revolving Facility in an aggregate principal amount of up to €450 million (equivalent), which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral;

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

- Adevinta is offering an aggregate €1,060.0 million principal amount of the Notes.

For the purposes of the Unaudited Pro Forma Condensed Consolidated Financial Data, Adevinta have assumed no amounts have been drawn under the existing Adevinta revolving credit facility. The gross proceeds received from debt is equal to €1,060.0 million, €1,330.8 million (€900 million and $506.0 million when translated at the closing rate on September 30, 2020 of €/$ 0.8514) and €281.0 million (Euro equivalent of $330 milliion). The borrowings are assumed to be non-current for the purposes of the Unaudited Pro Forma Condensed Consolidated Financial Data. A total of €52.7 million of estimated debt financing expenses have been offset against the borrowings.

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

The net proceeds following the repayment of the existing interest bearing loans and debt financing expenses of €2,197.1 million has been adjusted through cash and cash equivalents. The following table reconciles the net adjustment to the Pro Forma Statement of financial position:

€ in millions	Cash	Equity attributable to the owners of the parent	Non-current interest-bearing borrowings	Current interest-bearing borrowings
Gross Debt Proceeds................	2,671.8	—	2,671.8	—
Capitalized Fees......................	(52.7)	—	(52.7)	—
Repayment of existing debt.......	(422.0)	—	(197.0)	(225.0)
Loss on repayment of existing debt..................................	—	(3.2)	1.8	1.4

Net adjustment	**2,197.1**	**(3.2)**	**2,423.8**	**(223.6)**

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

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

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

€ in millions	Adevinta (unaudited)	eCG (unaudited)	Pro Forma Adjustments (unaudited) Acquisition accounting and transaction cost adjustments	New financing arrangements	Pro Forma Income Statement (unaudited)
	Note 1	Note 2	Note 3	Note 4	
Operating revenues	**330.6**	**468.0**	**—**	**—**	**798.6**
Personnel expenses	(110.7)	(160.9)	—	—	(271.5)
Other operating expenses	(121.6)	(160.6)	—	—	(282.2)
Gross operating profit (loss)	**98.3**	**146.5**	**—**	**—**	**244.8**
Depreciation and amortization	(21.7)	(13.3)	(85.3)	—	(120.3)
Share of profit (loss) of joint ventures and associates	0.5	—	—	—	0.5
Impairment loss	(0.3)	—	—	—	(0.3)
Other income and expenses	(7.5)	(3.1)	(39.5)	—	(50.1)
Operating profit (loss)	**69.3**	**130.1**	**(124.8)**	**—**	**74.6**
Net Financial items	(1.0)	(0.6)	—	(58.0)	(59.6)
Profit (loss) before taxes	**68.2**	**129.5**	**(124.8)**	**(58.0)**	**14.9**
Taxes	(27.0)	(196.7)	26.1	11.8	(185.8)
Profit (loss)	**41.2**	**(67.2)**	**(98.7)**	**(46.2)**	**(170.9)**
Profit (loss) attributable to:					
Non-controlling interests	1.1	—	—	—	1.1
Owners of the parent	40.1	(67.2)	(98.7)	(46.2)	(172.0)

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

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

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

Pro forma Adjustments (unaudited)

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

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

(2) eCG's profit and loss statements for the six months ended June 30, 2019 and June 30, 2020 have been extracted from eCG's Unaudited Interim Financial Statements and the profit and loss statement of eCG for the year ended December 31, 2019 has been extracted from eCG's Audited Financial Statements included elsewhere in this offering memorandum, as adjusted to Adevinta's presentation. A reconciliation of eCG's unaudited profit and loss statements for all periods to Adevinta's presentation is presented below:

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

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

Notes:

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

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

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

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

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

Notes:

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

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

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

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

eCG profit and loss statement line items	eCG combined carve-out profit and loss statement	Adevinta income statement line item	eCG profit and loss statement under Adevinta presentation

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

Notes:

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

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

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

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

Depreciation and Amortization

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

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

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

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

Deferred taxes

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

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

Transaction costs

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

(4) The adjustment to net financials reflects the pro forma interest expense and amortized upfront loan fees for each period for the Senior Credit Facilities and Notes. The upfront loan fees have been estimated based on Management's current forecast for the total amount of fees. The assumed interest rate for all facilities is LIBOR plus 3.74%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Consolidated/Combined income statement data

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

Owners of the parent	120.6	(7.4)	64.0	40.1	(39.3)	(15.4)

Consolidated/Combined statement of financial position data

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

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

Consolidated/Combined cash flow data

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

Other financial data

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

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

eCG SELECTED COMBINED FINANCIAL INFORMATION AND OTHER DATA

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

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

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

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

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

Combined Carve-out Statements of Profit or Loss

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

Combined carve-out statement of financial position

	As of December 31,			**As of June 30,**
(in EUR million)	**2017**	**2018**	**2019**	**2020**
				(unaudited)
Assets:				
Goodwill	599	598	659	681
Intangible assets, net	18	3	20	30
Right-of-use assets	19	17	17	19
Property and equipment, net	20	22	23	19
Long-term investments	57	61	39	27

Deferred tax assets	642	524	349	341
Non-current assets	**1,355**	**1,225**	**1,107**	**1,117**
Other current assets	11	13	31	33
Accounts receivable, net	98	114	119	129
Cash and cash equivalents	46	42	20	17
Current assets	**155**	**169**	**170**	**179**
Total assets	**1,510**	**1,394**	**1,277**	**1,296**
Invested Equity And Liabilities:				
Net parent investment	1,354	1,228	1,109	1,154
Accumulated other comprehensive income	(5)	(4)	(16)	(35)
Total invested equity	**1,349**	**1,224**	**1,093**	**1,119**
Lease liabilities	14	10	12	12
Deferred tax liabilities	7	8	9	9
Other liabilities	2	3	2	3
Non-current liabilities	**23**	**21**	**23**	**24**
Income tax payable	23	45	53	52
Accounts payable	14	16	19	20
Deferred revenue	5	6	5	4
Accrued expenses and other current liabilities	96	82	84	77
Current liabilities	**138**	**149**	**161**	**153**
Total invested equity and liabilities	**1,510**	**1,394**	**1,277**	**1,296**

Combined Carve-out Statements of Cash Flows

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

Other financial data

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

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

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

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

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

Overview

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

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

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

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

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

Operating reporting segments

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

- *France (€357.4 million in operating revenues for the year ended December 31, 2019 (€356.9 million after eliminations))* comprises our online classifieds operations in France, more specifically the online classifieds sites leboncoin, L'Argus, AgriAffairs, MachineryZone, Truckscorner, Vide Dressing, A Vendre a Louer, Locasun, Paycar and Pilgo;

- *Spain (€182.0 million in operating revenues for the year ended December 31, 2019)* includes the online classifieds sites Coches.net, Motos.net, Milanuncios, Habitaclia, Fotocasa and InfoJobs;

- *Brazil (€86.0 million in operating revenues for the year ended December 31, 2019 (with OLX Brazil presented on a 100% consolidated basis; €7 million after eliminations))* comprises the online classifieds sites OLX Brazil and InfoJobs. OLX Brazil is a 50:50 joint venture with OLX B.V., a subsidiary of Prosus N.V. OLX Brazil is presented on a 100% consolidated basis in the segmental information included in the Adevinta Audited Financial Statements. However, in our combined statement of income OLX Brazil is accounted for using the equity method reflecting our actual ownership in OLX Brazil. The results of operations of OLX Brazil corresponding to the share of equity held by third parties is eliminated in consolidation to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in the combined statement of income. The discussion of changes in the Brazil segment results of operations below is based on the segmental information presented on the basis of 100% ownership. The presentation of this information on the basis of 100% ownership reflects the way in which management monitors this business;

- *Global Markets (€124.2 million in operating revenues for the year ended December 31, 2019 (€123.8 million after eliminations))* comprises primarily the Group's online classifieds operations in 12 countries outside our current core markets. Global Markets comprises Subito and InfoJobs in Italy, Daft, DoneDeal and Adverts in Ireland, Willhaben in Austria, Használtautó and Jófógás in Hungary, Fincaraiz in Colombia, Segundamano in Mexico, Kufar in Belarus, Tayara in Tunisia, Avito in Morocco, Yapo in Chile and Shpock primarily in the UK, Germany and Austria. In October 2020, Adevinta entered into agreements to divest its online classifieds businesses in Morocco, Tunisia and Colombia, see "*Summary—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia.*" The segment figures for Willhaben in Global Markets for 2017-2019 are presented via equity method. Commencing in 2020, the segment figures for Willhaben are presented on a 100% basis to reflect how the business and performance is monitored by management and comparative figures for the year ended December 31, 2019 have been restated accordingly. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated Income Statement and Consolidated Statement of Financial Position; and

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

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

Significant factors affecting results of operations

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

Sale of classifieds products and services

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

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

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

Market position

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

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

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

Macroeconomic conditions

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

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

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

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

COVID-19

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

Shift from desktop to mobile

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

Synergies from operating several sites

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

Seasonality

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

Revenue from advertising

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

- *Traffic.* A key driver for the operating revenues from sale of advertising is the amount of advertising inventory available on our sites (i.e. the amount of advertising space available to be sold), which is directly driven by traffic on the sites. The traffic on Adevinta's sites is in turn be driven by the market position of the sites and indirectly by certain of the factors described in "*—Sale of classifieds products and services.*"

- *Traffic mix.* The general trend is moving towards an increasing portion of visitors accessing our sites using mobile devices to access the sites and applications and a corresponding reduction in visitors accessing the sites by way of desktops. Due to the smaller screens on mobile devices, the available space or listing inventory per page view is reduced compared to desktop. Further, the mobile CPMs (Cost Per Mille i.e. the amount an advertiser pays a website per 1,000 visitors who see its advertisements) remain lower than desktop CPMs. Consequently, the mobile trend is expected to continue to have a negative impact on our sale of advertising going forward.

- *Use of data.* Our ability to collect, utilize and analyze data from our consumers to offer effective options for our advertising customers, is an important factor for the sale of advertising. The ability to use data to create targeting options for advertisers, is in turn affected by various factors, such as technology capabilities and changes or developments in privacy regulations, interpretation and enforcement of these, as well as market reactions and adaptions to such legislation and practice, in addition to evolving industry practice. However, scale is important and larger players in the industry tend to be able to make better use of data.

- *GDPR.* GDPR, which became effective across the EU in May 2018, has complicated the digital advertising market by implementing stricter requirements for processing of personal data, which is a prerequisite for delivering targeted advertising. The implementation of this regulation, including deviating interpretations of the requirements have made it more complex for companies, including us, involved in the selection and delivery of targeted ads to exchange data across advertising technology platforms and technology providers.

- *Competitive landscape.* There is significant competition within the online advertising market, with the global internet giants, Google and Facebook, taking significant market shares. Our operating revenues from sale of advertising is affected by our ability to offer competitive advertising products that can compete with the product offerings from such companies. We have deployed strategic and short-term initiatives to address this. The short-term measures include strengthening the sales teams and collaboration initiatives with our advertising technology partners. In the longer term, we intend to develop new formats and products and capture synergies between the advertising and classifieds business.

- *Shift in digital advertising spending.* The global spend on digital advertising (search, social media, video and display) is increasing and search, social media and video advertising are the main growth drivers whereas overall advertising spend is stagnating. We are predominantly present in display advertising and a further acceleration of this trend may negatively impact our advertising sales.

- *Advertising technology.* The technology for programmatic advertising is constantly evolving and our operating revenues will continue to be affected by our ability and the ability of our technology vendors, such as AppNexus, to adapt to changes in market dynamics.

- *General macro-economic conditions.* The general level of marketing spending is significantly impacted by general economic conditions. Marketing expenses were reduced by more than 50% in the second quarter of 2020, compared to the second quarter of 2019, as cost cutting measures were implemented to mitigate the impact of COVID-19 and campaigns were cancelled or delayed due to the decline in expected returns during the COVID-19 lockdown.

- *Seasonality.* Activity levels vary from quarter to quarter, see "—*Seasonality*".

The relationship between operating revenues and operating expenses

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

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

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

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

Product and technology

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

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

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

Strategic investments and acquisitions

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

Stand-alone Separation Costs

Historically, the business areas comprising the Adevinta business within the Schibsted Group prior to the spinoff have been allocated a share of regional management and corporate costs incurred by the Schibsted Group. These costs are related to services such as IT, human resources services, communication, tax, legal services internal banking systems and cash pool systems. The share of corporate costs historically allocated to the business areas comprising the Adevinta business within the Schibsted Group, as included in the Adevinta Audited Combined Financial Statements for 2018 and 2017, are not necessarily representative of the costs that Adevinta would have incurred had it operated as a separate stand-alone business prior to the separation from Schibsted.

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

Foreign exchange rate exposure

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

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

Recent Developments

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

Description of certain line items

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

Operating revenues

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

Personnel expenses

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

Other operating expenses

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

Gross operating profit (loss)

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

Depreciation and amortization

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

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

Share of profit (loss) of joint ventures and associates

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

Impairment loss

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

Other income and expenses

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

Operating profit (loss)

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

Financial income and expenses

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

Tax

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

Profit (loss)

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

Results of operations

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

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

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

Profit (loss) before taxes	**68.2**	**(19.3)**	(128.3)%
Taxes	(27.0)	(20.8)	(23.0)%
Profit (loss)	**41.2**	**(40.1)**	(197.3)%

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

Operating revenues

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

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

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

(2) The Brazil segment primarily comprises the joint venture OLX Brazil. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil is accounted for using the equity method of accounting. Subsequent adjustments are included in "Eliminations" to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

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

France

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

Spain

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

Brazil

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

Global markets

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

Personnel expenses

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

Other operating expenses

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

Gross operating profit (loss)

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

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

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

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

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

France

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

Spain

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

Brazil

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

Global Markets

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

HQ and other

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

Depreciation and amortization

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

Share of profit (loss) of joint ventures and associates

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

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

Impairment loss

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

Other income and expenses

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

Operating profit (loss)

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

Financial income

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

Financial expenses

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

Taxes

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

Profit (loss)

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

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

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

	Year ended December 31,		
(in EUR million)	**2018**	**2019**	**Change %**
Operating revenues	**594.6**	**680.3**	14.4%
Personnel expenses	(201.3)	(234.8)	16.6%
Other operating expenses	(242.3)	(246.0)	1.5%
Gross operating profit (loss)	**151.0**	**199.5**	32.1%
Depreciation and amortization	(26.5)	(45.3)	70.9%
Share of profit (loss) of joint ventures and associates	6.8	5.9	(13.2)%
Impairment loss	(56.6)	(24.6)	(56.5)%
Other income and expenses	(6.3)	(12.8)	103.2%
Operating profit (loss)	**68.4**	**122.8**	79.5%

Financial income	1.2	1.7	41.7%
Financial expenses	(15.3)	(7.8)	(49.0)%
Profit (loss) before taxes	**54.3**	**116.7**	114.9%
Taxes	(61.3)	(49.6)	(19.1)%
Profit (loss)	**(7.0)**	**67.1**	1,058.6%

Operating revenues

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

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

(1) The Brazil segment primarily comprises the joint venture OLX Brazil. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil is accounted for using the equity method of accounting. Subsequent adjustments are included in Eliminations to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

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

France

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

Spain

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

Brazil

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

Global markets

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

Other/Headquarters

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

Personnel expenses

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

Other operating expenses

Other operating expenses for the year ended December 31, 2019 increased by €3.7 million, or 1.5%, from €242.3 million for the year ended December 31, 2018 to €246.0 million for the year ended December 31, 2019. The increase was primarily due to an increase in expenses related to Product & Technology development, partially offset by the decrease in marketing spend mainly due to the strategic adjustments in Shpock and Mexico. Other operating expenses were significantly impacted by the implementation of IFRS 16. The implementation of IFRS 16 contributed €14.4 million to other operating expenses.

Gross operating profit (loss)

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

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

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

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

France

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

Spain

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

Brazil

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

Global markets

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

Other/Headquarters

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

Depreciation and amortization

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

Share of profit (loss) of joint ventures and associates

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

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

Impairment loss

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

Other income and expenses

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

Operating profit (loss)

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

Financial income

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

Financial expenses

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

Taxes

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

Profit (loss)

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

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

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

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

Operating revenues

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

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

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

(1) The Brazil segment primarily comprises the joint venture OLX Brazil. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil is accounted for using the equity method of accounting. Subsequent adjustments are included in Eliminations to arrive at the amount included under "Share of profit (loss) of joint ventures and associates" in Adevinta's combined income statement.

France

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

Real estate vertical

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

Motor vertical

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

Job vertical

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

Advertising

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

Spain

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

Job vertical

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

Motor vertical

Operating revenues from our motor vertical in Spain increased by 27% during the period, which was primarily driven by a strong online classifieds site traction overall and also improved product bundling on Milanuncios and optimized categorization of classifieds on Coches.net, with an approximate 25% increase in ARPU relating to existing customers with monthly spending above €100 in 2017. However, the number of professional customers buying recurrent classifieds products from the sales force on the sites increased by 24% from 2017 to 2018 due to a strengthened focus to attract such customers. Overall, ARPU increased by approximately 5% from 2017 to 2018.

Real estate vertical

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

Advertising

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

Brazil

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

Real estate vertical

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

Motor vertical

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

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

Advertising

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

Global markets

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

Personnel expenses

Personnel expenses increased by €18.7 million, or 10.2%, from €182.6 million for the year ended December 31, 2017 to €201.3 million for year ended December 31, 2018. The increase in personnel expenses was primarily due to a higher number of FTEs in the Group, which increased from 3,227 in 2017 to 3,637 in 2018, while personnel expenses as a percentage of operating revenues decreased from 35.7% in 2017 to 33.9% in 2018. The increase in the number of FTEs was primarily due to new recruitments as a result of increased activity in existing businesses in France and inclusion of personnel and personnel expenses from the acquisition of A Vendre A Louer in November 2017.

Other operating expenses

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

Gross operating profit (loss)

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

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

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

France

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

Spain

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

Brazil

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

Global markets

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

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

Other/Headquarters

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

Depreciation and amortization

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

Share of profit (loss) of joint ventures and associates

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

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

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

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

Impairment loss

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

Other income and expenses

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

Operating profit (loss)

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

Financial income

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

Financial expenses

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

Taxes

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

Profit (loss)

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

Liquidity and capital resources

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

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

As of June 30, 2020, we had total net debt (which is total debt of €526.7 million net of cash and cash equivalents of €308.3 million) of €218.4 million. As adjusted to give effect to the Transactions, as of June 30, 2020, the combined business' as adjusted total net debt would be €2,478.7 million, consisting primarily of the Notes and the Senior Credit Facilities, net of as adjusted cash and cash equivalents of €39.0 million, see "*Capitalization*."

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

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

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

Dividends and Buybacks

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

Cash flows

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

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

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

	Six months ended June 30,

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

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

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

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

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

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

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

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

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

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

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

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

	Year ended December 31,	
(in EUR million)	2017	2018
Consolidated Statement of Cash Flows		
Net cash flow from operating activities	5.8	73.9
Net cash flow from investing activities	(438.3)	(33.8)

Net cash flow from financing activities	389.8	(22.9)
Effects of exchange rate changes on cash and cash equivalents	0.8	0.4
Net increase (decrease) in cash and cash equivalents	**(41.9)**	**17.7**

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

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

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

Financing arrangements

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

	Payments due by period					
(in € millions)	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**	**Carrying amount**
Notes offered hereby[1]	—	—	660	400	1,060	1,060
Senior Credit Facilities[1]	—	—	—	1,330.8	1,330.8	1,330.8
Other loans[1][2]	0.4	2.6	0.2	—	3.2	3.0
Lease liabilities[1]	22.0	42.7	33.7	36.0	134.4	123.9
Total Debt	**22.4**	**45.3**	**693.9**	**1,766.8**	**2,528.4**	**2,517.7**

(1) See "*Capitalization*."

(2) Includes capital and interest payments.

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

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

Off-balance sheet arrangements

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

Quantitative and Qualitative Disclosures about Market Risks

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

Critical accounting policies and estimates

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

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

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

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

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

Capitalization of development costs

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

Recognition of deferred tax asset for tax loss carried forward

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

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

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

Liabilities measured at fair value

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

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

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

Calculation of present value of defined benefit pension obligations

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

Assessment of contingent liabilities

Management applies judgment when assessing contingent liabilities, by considering the likelihood of occurrence of future events that are uncertain and the valuation of any potential future obligation derived from them. Contingent liabilities require a continued assessment to determine whether circumstances have changed, especially whether an outflow of resources has become probable.

Determination of lease term and estimating the incremental borrowing rate

The group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Adevinta cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. IBR is estimated using observable inputs, such as market interest rates, when available. It is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating.

New and amended accounting standards adopted by the Group

The accounting standards IFRS 2 Share-based payment (amendment), IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers has been implemented from January 1, 2018. For details of nature of change and impact on the Adevinta Combined Audited Financial Statements, see Notes 10, 24 and 7.

Also, Adevinta has implemented IFRS 16 Leases with effect from January 1, 2019. IFRS 16 replaces IAS 17 Leases and related interpretations and sets out the principles for recognition, measurement, presentation and disclosure of leases. At the date of initial application, the right-of-use assets of significant office leases are measured as if IFRS 16 had been applied since the commencement date of the related lease. For other leases, the right-of-use asset is measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments at December 31, 2018. Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application. Certain leases with a remaining lease term of less than 12 months at the date of initial application are accounted for similarly as short-term leases. The Group has, as an alternative to performing an impairment review at the date of initial application, used the practical expedient of IFRS 16 to adjust the carrying amount of right-of-use assets by any provisions for onerous lease contracts recognized under IAS 37 at December 31, 2018. The lease liability related to leases in force at the date of initial application is measured applying the incremental borrowing rate as of that date. The weighted average incremental borrowing rate was 2.67% at the implementation date.

For a description of the planned implementation and the impact of IFRS 16 on the Group's financial statements, see Note 30 "Lease Agreements" to the Adevinta Audited Financial Statements for 2019.

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

General

The following discussion and analysis should be read in conjunction with the "eCG Selected Combined Financial Information and Other Data", the eCG Audited Financial Statements for 2017-2019, the eCG Interim Financial Statements for the six month periods ended June 30, 2020 and 2019 and the related notes included elsewhere in this offering memorandum. eCG's financial statements have been prepared in accordance with IFRS.

Overview

eBay, the parent company of eBay Classifieds is a global commerce leader founded in 1995 in San Jose, California. In September 1998, eBay completed the initial public offering of its common stock. eBay's two reportable segments are the Marketplace and Classifieds platforms. Marketplace includes eBay's online classifieds site located at www.ebay.com, its localized counterparts and the eBay suite of mobile apps.

eBay Classifieds consists of the following eBay subsidiaries: eBay Mobile Labs LLC, eBay Services Mexico, S. de R.L. de C.V. and eBay Classifieds Holding B.V. and its subsidiaries, which includes, among others Mobile.de and excludes the Danish Entity (as it will be acquired by Schibsted Nordic following completion of the Acquisition). Founded in 2004, eBay Classifieds is a leading digital Classifieds brand across 13 countries, including Germany, Denmark, Canada, the Netherlands, Belgium, the United Kingdom and Australia. Headquartered in Amsterdam, the Netherlands, eBay Classifieds consists of multiple platforms offering online classifieds listings across motor, real estate and general classifieds. Germany, the Netherlands and Canada are eBay Classifieds' largest markets, representing 81% of eBay Classifieds' operating revenues for the twelve months ended June 30, 2020. eBay Classifieds' platforms operate under a number of brands, most significantly Mobile.de, eBayK, Marktplaats, Kijiji and Gumtree. The eBay Classifieds platforms enable users to list, buy, sell and pay for items through various online, mobile and offline channels that include retailers, distributors, liquidators, import and export companies, auctioneers, catalogue and mail-order companies, classifieds, directories, search engines, commerce participants, shopping channels and networks.

eCG is among the fastest growing major online classifieds businesses globally, with total operating revenue of €952 million for the year ended December 31, 2019 (€863 million for the year ended December 31, 2018), and EBITDA margin (which equals EBITDA margin incl. JVs, as eCG has no joint ventures) of 34.6% for the year ended December 31, 2019 (34.3% for the year ended December 31, 2018). eCG's portfolio currently includes 17 different online classifieds sites and in the six months ended June 30, 2020 attracted an average of more than 26 million daily users, 1.6 million average listings per day and 1.5 billion average monthly visits across markets with a combined population of 540 million people. For the year ended December 31, 2019, eCG derived 66% of its operating revenues from classifieds, while 34% was derived from advertising. eCG had operating revenues of €892 million, EBITDA of €281.8 million and EBITDA margin of 31.6% in the twelve months ended June 30, 2020. eCG had €408 million in operating revenues in the six months ended June 30, 2020 as compared to €468 million in the six months ended June 30, 2019.

Significant factors affecting results of operation

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

Sale of classifieds products and services

eCG derives most of its operating revenues from sale of classifieds products and services. For the year ended December 31, 2019, revenues from classifieds products and services represented 66% of our operating revenues, of which the verticals (real-estate, motor and jobs) represented 84% of classifieds products and services operating revenues, while generalist online classifieds products and services represented 16% of classifieds products and services operating revenues. Classifieds revenues result from sales of products and services to its customers, including products and services sold to professional customers in the verticals to facilitate listings, such as subscription packages with various features to increase performance and convenience (for example bulk uploads, dealer tools and inventory management for a large number of listings). In general, professional customers' willingness to pay for listings and additional products and services increases when they are offered products and services that help them increase sales (e.g., increased visibility or better pricing) or improve their operations (e.g., better tools for placing new listings or managing existing listings). In addition, the volume of classifieds products and services sold is affected by the sites' market position, general market conditions, the industry shift from offline to online marketing channels and from desktop to mobile.

eCG's classifieds operating revenues are affected by the price paid by customers for the classifieds products and services. Generally, private listers placing listings on eCG's generalist sites are not charged for listings, but can pay for a limited number of features, e.g., for increased visibility.

eCG offers different types of fee structures to its professional customers, although most professional customers, particularly in its motors verticals and categories, contract with eCG through subscription packages with the options to select tiers of pricing with increased features and convenience options. The revenue generated by eCG from professional customers depends, among other things, on the market position of our platforms, the amount of effective leads being delivered by the platform, its ability to develop and improve our products and services, as well as the number and quality of features on its sites, how successful our pricing strategy is and competition.

Market position

Classifieds revenue is driven by various factors such as the amount and type of inventory on the platform, the amount of traffic and buyers visiting the platform, the amount of leads generated for buyers and the pricing applied to sellers for their listings or leads. A factor in driving traffic, listings and the number of buyers and sellers on our sites is network effects. Once a site has reached an important mass of both traffic and listings, the better the site is positioned to attract even more audience and listings.

eCG has sites with leading positions in terms of traffic in key geographies such as Germany, The Netherlands and Belgium, the UK and Canada.

In geographies where eCG does not have leading positions, eCG typically focuses more on measures aimed at increasing traffic and listings on its sites, partly by focusing on developing its classifieds product and service offerings to increase the attractiveness of the site for professional customers, while at the same time implementing marketing efforts to increase visibility of the site and increase traffic.

Macroeconomic conditions

The volumes of classifieds products and services sold to customers on eCG's sites are influenced by general economic conditions, both in the global market or in the regional markets in which we operate. In motors verticals and categories, market conditions within used and new cars, profitability of the dealer channel, the continued shift to online marketing and the number of listings placed on our sites drive the revenue from professional customers.

Germany, Benelux and Canada are the top three markets for eCG. eCG's German businesses, Mobile.de and eBayK, together are the largest contributor to the group, contributing 46%, 42% and 39% of its operating revenues in the years ended December 31, 2019, 2018 and 2017, respectively, and Germany is thus its largest regional market. Germany is Europe's largest economy by GDP, is characterized by a robust macroeconomic climate, and is perceived to have handled COVID-19 relatively well within Europe.

eCG's Benelux businesses (Marktplaats in the Netherlands and 2dehands/2ememain in Belgium) contributed 16%, 17% and 17% of its operating revenues in the years ended December 31, 2019, 2018 and 2017, respectively, and Benelux is its second largest regional market. The Netherlands and Belgium together are the fifth largest economic region in Europe by GDP and have robust economies.

eCG's Canadian business contributed 15%, 17% and 19% of our operating revenues in the years ended December 31, 2019, 2018 and 2017, respectively, and is our third largest regional market. Canada is a large and stable economy. eCG's Canadian business has, next to its strong generalist presence, increasingly focused on the motors category, including through the launch of a dedicated motors vertical, Kijiji Autos.

COVID-19

Recent macroeconomic developments due to COVID-19, protective measures and associated economic downturns have had a profound impact on the current macroeconomic environment, the full effect of which has not been absorbed. However, given that we focus on second hand goods and are pure-play online digital-only, we are less affected by such general economic conditions than traditional offline retail and we are strongly recovering from COVID-19. For further discussion on COVID-19 and related impacts see "*Summary—Recent Developments—COVID-19.*"

Synergies from operating several sites

In the geographic markets where eCG operate several online classifieds sites either through organic launches or acquisitions, eCG focuses on capturing synergies between the platforms through cross-listing of inventory across the platforms, thereby improving reach and generating incremental leads to its sellers. In addition to these synergies, in some markets eCG also leverages common technology platforms such as between Marktplaats and 2dehands and with the MoVe platform, as well as central technology components servicing the group, such as in messaging.

Seasonality

eCG has generally experienced lower levels of operating revenues, both from classifieds and in advertising, in the first and third quarter of each year, compared to the other quarters, which is due to lower activity levels in these quarters. The fourth quarter of each year is typically highest due to higher advertising budgets of customers both in online and advertising and classifieds services and products. For example, operating revenues decreased between the fourth quarter of 2018 and the first quarter of 2019, then increased between the first quarter and the second quarter of 2019, decreased between the second quarter and third quarter of 2019 and increased between the third quarter and the fourth quarter of 2019.

Revenue from advertising

Although revenue from classifieds products and services is eCG's largest revenue component, eCG also derives operating revenues from the sale of advertising on its sites. Sale of advertising represented 34% of eCG's operating revenues in the year ended December 31, 2019, compared to 37% and 39% in the years ended December 31, 2018 and 2017, respectively, with its operating revenues from the sale of advertising being affected by a number of factors, including those described under "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta—Significant factors affecting results of operations—Revenue from advertising.*"

The relationship between operating revenues and operating expenses

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

During the period under review, eCG's operating expenses including marketing as a share of operating revenues decreased from 61% to 58% and to 57% in the years ended December 31, 2017, 2018 and 2019, respectively, principally reflecting the increase in operating revenue during the period.

Marketing expenses are an important element in growing the businesses. During the period under review, eCG's marketing expenses as a percentage of operating revenues were 19%, 20% and 22% in the years ended December 31, 2019, 2018 and 2017, respectively as we focus on driving increased efficiency in marketing. eCG's efforts to strengthen the market position of sites in an existing market are primarily carried out by aiming to build the right product with the right market-fit, developing the right go-to-market strategy and building brand awareness, as well as increasing traffic through marketing investment.

Product and technology

eCG has placed, and will continue to place, significant focus on continuously improving user experience through product innovation and technology investments in order to attract professional customers and drive classifieds operating revenues. eCG has, during the period under review, continued to invest in its products and related technology to improve its offering to consumers, customers and third parties and product and technology costs are, accordingly, important cost items for eCG. Development in products and technology takes place both centrally and locally. Central product development focuses on those areas which are common for the group and/or where synergies can be achieved through deployment across multiple platform such as site operations, common technology components for the group such as a messaging platform, data science and analytics and trust & safety.

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

Strategic investments and acquisitions

Acquisitions and investments have been, and are expected to continue to be, an important driver of eCG's growth, supporting its strategy of maintaining market leading positions and creating value in the verticals. During the period under review, eCG acquired different complementary businesses, including Kapaza! Belgium in 2017, Motors.co.uk in 2019 and Carsguide/Autotrader Australia in 2020. Each of these acquisitions led (or is expected to lead) to an increase in eCG's operating revenues through acquired revenues as well as deal synergies, and an increase in operating expenses, most notably in personnel costs as well as transaction-related expenses.

Foreign exchange rate exposure

The USD is eCG's presentation currency. eCG's carve-out financial statements presented herein are presented in EUR by translating its USD results into EUR. As a result, eCG is exposed to fluctuations in exchange rates in other currencies through its operations in countries outside the United States.

Results of operations

Comparison of the six months ended June 30, 2020 to the six months ended June 30, 2019

(in EUR million)	Six months ended June 30 2019	2020	% Change
	(unaudited)		
Net revenues	468	408	(12.8)
Cost of net revenues	46	52	13.0
Gross profit	**422**	**356**	(15.6)%
Operating expenses	291	269	(7.6)%
Sales and marketing	161	136	(15.5)%
Product development	68	70	2.9%
General and administrative	51	51	(0.0)%
Provision for bad debts	5	8	60.0%
Amortization of acquired intangible assets	6	4	(33.3)%
Profit from operations	131	87	(33.6)%
Interest and other, net	(1)	1	N/A
Profit before income tax	130	88	(32.3)%
Income tax benefit (provision)	(197)	(25)	(87.3)%
Net profit (loss)	**(67)**	**63**	194.0%
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be classified to profit or loss:			
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	(5)	(11)	
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	(1)	(8)	
Comprehensive income (loss)	(73)	44	

Net revenues

Net revenues decreased by €60 million, or 12.8%, to €408 million for the six months ended June 30, 2020, compared to €468 million for the six months ended June 30, 2019. The decrease was primarily due to COVID-19. Due to the pandemic, eCG reassessed the expected credit losses, and as a result, increased its provision rates for credit losses. This influenced receivables and contract assets, as well the timing and amount of revenue to be recognized in the future. To ease the financial impact of the pandemic to eCG's customers, eCG offered extended payment terms to customers by a range of 30-90 days. In addition, eCG offered additional incentives to customers, such as fee waivers and discounts. In aggregate, the amount of the coronavirus incentives offered was approximately €40 million for the six months ended June 30, 2020.

Cost of net revenues

Cost of net revenues increased by €6 million, or 13%, to €52 million for the six months ended June 30, 2020, compared to €46 million for the six months ended June 30, 2019, primarily due to increased site operations costs, growth in customer support services and groupwide expansion into adjacent revenue streams, such as audience extension for dealers, shipping and payments, which have higher associated cost of sales.

Operating expenses

Operating expenses decreased by €22 million, or 7.6%, to €269 million for the six months ended June 30, 2020, compared to €291 million for the six months ended June 30, 2019, primarily due to reduced sales and marketing expense in the six months ended June 30, 2020. This decrease was partially offset by increased provision for bad debt. Certain Operating expenses are further discussed below.

Sales and marketing

Sales and marketing decreased by €25 million, or 15.5%, to €136 million for the six months ended June 30, 2020, compared to €161 million for the six months ended June 30, 2019, primarily due to reduced marketing spend in 2020 during the period impacted by COVID-19.

Sales and marketing expenses primarily consist of advertising and marketing program costs (both online and offline), employee compensation and contractor costs. Online marketing expenses represent online traffic acquisition costs in various channels such as paid search, affiliates marketing and display advertising as well as online brand spend. Offline advertising primarily includes brand campaigns, buyer/seller communications and public relations spend.

Product development

Product development increased by €2 million, or 2.9%, to €70 million for the six months ended June 30, 2020, compared to €68 million for the six months ended June 30, 2019, primarily due to growth in Germany.

Product development expenses primarily consist of employee compensation, contractor costs, facilities costs and depreciation on equipment.

General and administrative

General and administrative remained stable at €51 million for the six months ended June 30, 2020 and the six months ended June 30, 2019.

General and administrative expenses primarily consist of employee compensation, contractor costs, facilities costs, depreciation of equipment, employer payroll taxes on stock-based compensation, legal expenses, restructuring, insurance premiums and professional fees.

Provision for bad debt

Provision for bad debt increased by €3 million, or 60%, to €8 million for the six months ended June 30, 2020, compared to €5 million for the six months ended June 30, 2019, primarily due to additional provisions relating to the changed economic environment due to COVID-19. Our expected collection will be lower and have therefore increased our provision.

Provision for bad debt primarily consists of bad debt expense associated with eCG's accounts receivable balance. eCG expects the provision for bad debt to fluctuate depending on many factors, including changes to its protection programs.

Interest and other, Net

Interest and other, net increased by €2 million, or 200%, to €1 million for the six months ended June 30, 2020, compared to a negative €1 million for the six months ended June 30, 2019, primarily due to the higher USD cash exposure in 2020 compared to 2019, where USD had higher interest rates than EUR.

Income tax provision

eCG's income tax provisions will not carry over to the combined business. Income tax provision for the six months ended June 30, 2020 was €(25) million. Income tax benefit (provision) for the six months ended June 30, 2019 were €(197) million.

Net profit for the period

Net profit for the period increased by €130 million, or 194.0%, to €63 million for the six months ended June 30, 2020, compared to a loss of €(67) million for the six months ended June 30, 2019, for the reasons outlined above.

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

	Year ended December 31,		% Change
	2018	2019	
(in EUR million)	(audited)		
Net revenues	863	952	10.3%
Cost of net revenues	90	95	5.6%
Gross profit	**773**	**857**	10.9%
Operating expenses:			
Sales and marketing	281	302	7.5%
Product development	117	138	17.9%
General and administrative	87	94	8.0%
Provision for bad debts	6	13	116.7%
Amortization of acquired intangible assets	15	9	(40)%
Total operating expenses	506	556	9.9%
Profit from operations	267	301	12.7%
Interest and other, net	(1)	—	—
Profit before income tax	266	301	13.2%
Income tax benefit (provision)	(177)	(229)	29.4%
Net profit	**89**	**72**	(19.1)%
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be classified to profit or loss:			
Gains (losses) on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	3	(17)	
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	(2)	5	
Comprehensive income	**90**	**60**	

Net revenues

Net revenues increased by €89 million, or 10.3%, to €952 million for the year ended December 31, 2019, compared to €863 million for the year ended December 31, 2018. This increase was primarily due to growth in classifieds motor revenue streams.

Cost of net revenues

Cost of net revenues increased by €5 million, or 5.6%, to €95 million for the year ended December 31, 2019, compared to €90 million for the year ended December 31, 2018, primarily due to increased service costs for new revenue streams in Germany and the Netherlands. This increase was partially offset by reduced payment processing expense in the Netherlands.

Operating expenses

Operating expenses increased by €50 million, or 9.9%, to €556 million for the year ended December 31, 2019, compared to €506 million for the year ended December 31, 2018, primarily due to growth in sales and marketing spend and product development costs. Certain Operating expenses are further discussed below.

Sales and marketing

Sales and marketing increased by €21 million, or 7.5%, to € 302 million for the year ended December 31, 2019, compared to € 281 million for the year ended December 31, 2018, primarily due to growth in UK marketing driven by the acquisition of Motors.co.uk along with continued expansion in Germany and an increase in sales and marketing expense in Mexico. This increase was partially offset by lower spend in The Netherlands. Sales and marketing expenses primarily consist of advertising and marketing program costs (both online and offline), employee compensation and contractor costs. Online marketing expenses represent traffic acquisition costs in various channels such as paid search, affiliates marketing and display advertising. Offline advertising primarily includes brand campaigns and buyer/seller communications.

Product development

Product development increased by €21 million, or 17.9%, to €138 million for the year ended December 31, 2019, compared to €117 million for the year ended December 31, 2018, primarily due to growth in the technology team driving motor development alongside expansion in the UK following the acquisition of Motors.co.uk. Product development expenses primarily consist of employee compensation, contractor costs, facilities costs and depreciation on equipment.

General and administrative

General and administrative increased by €7 million, or 8%, to € 94 million for the year ended December 31, 2019, compared to € 87 million for the year ended December 31, 2018, primarily due to restructuring expense, market research and facilities costs. This increase was partially offset by lower software maintenance and temporary contractors spend.

General and administrative expenses primarily consist of employee compensation, contractor costs, facilities costs, depreciation of equipment, employer payroll taxes on stock-based compensation, legal expenses, restructuring, insurance premiums and professional fees.

Provision for bad debt

Provision for bad debt increased by €7 million, or 116.7%, to €13 million for the year ended December 31, 2019, compared to €6 million for the year ended December 31, 2018, primarily due to additional bad debt provisions taken in Mexico, the Netherlands and Australia.

Provision for bad debt primarily consists of bad debt expense associated with eCG's accounts receivable balance. eCG expects the provision for bad debt to fluctuate depending on many factors, including changes to its protection programs.

Interest and other, net

Interest and other, net decreased by €1 million, or 100%, to zero for the year ended December 31, 2019, compared to €1 million for the year ended December 31, 2018.

Interest and other, net primarily consists of interest earned on cash, cash equivalents and investments, as well as foreign exchange transaction gains and losses, gains and losses.

Income tax provision

eCG's income tax provisions will not carry over to the combined business. Income tax benefit (provision) for the year ended December 31, 2019 was €(229) million compared to €(177) million for the year ended December 31, 2018.

Net profit for the period

Net profit for the period decreased by €17 million, or 19.1%, to €72 million for the year ended December 31, 2019, compared to €89 million for the year ended December 31, 2018, for the reasons outlined above.

Comparison of the year ended December 31, 2018 to the year ended December 31, 2017

	Year ended December 31,		% Change
	2017	2018	
(in EUR million)	(audited)		
Net revenues	789	863	9.4%
Cost of net revenues	88	90	2.3%
Gross profit	**701**	**773**	**10.3%**
Operating expenses:			
Sales and marketing	300	281	(6.3)%
Product development	102	117	14.7%
General and administrative	72	87	20.8%
Provision for bad debts	6	6	—
Amortization of acquired intangible assets	16	15	(6.3)%
Total operating expenses	496	506	2.0%
Profit from operations	205	267	30.2%
Interest and other, net	—	(1)	100%
Profit before income tax	205	266	29.8%
Income tax benefit (provision)	604	(177)	(129.3)%
Net profit	**809**	**89**	**(89.0)%**
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be classified to profit or loss:			
Gains (losses) on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	(2)	3	
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	(3)	(2)	
Comprehensive income	**804**	**90**	

Net revenues

Net revenues increased by €74 million, or 9.4%, to €863 million for the year ended December 31, 2018, compared to €789 million for the year ended December 31, 2017. The increase was primarily due to growth in Germany and groupwide expansion into motor classifieds.

Cost of net revenues

Cost of net revenues increased by €2 million, or 2.3%, to €90 million for the year ended December 31, 2018, compared to €88 million for the year ended December 31, 2017, primarily due to expansion of site operations and growth in Denmark and The Netherlands. This increase was partially offset by lower costs in Australia.

Operating expenses

Operating expenses increased by €10 million, or 2.0%, to €506 million for the year ended December 31, 2018, compared to €496 million for the year ended December 31, 2017, primarily due to growth in product development and general and administrative costs offset by reduction in sales and marketing spend.

Sales and marketing

Sales and marketing decreased by €19 million, or 6.3%, to €281 million for the year ended December 31, 2018, compared to €300 million for the year ended December 31, 2017, primarily due to the transfer of one of eCG's US businesses to the parent company along with lower spend in The Netherlands and Germany.

Sales and marketing expenses primarily consist of advertising and marketing program costs (both online and offline), employee compensation and contractor costs. Online marketing expenses represent traffic acquisition costs in various channels such as paid search, affiliates marketing and display advertising. Offline advertising primarily includes brand campaigns and buyer/seller communications.

Product development

Product development increased by €15 million, or 14.7%, to €117 million for the year ended December 31, 2018, compared to €102 million for the year ended December 31, 2017, primarily due to expansion in motor technology resources.

Product development expenses primarily consist of employee compensation, contractor costs, facilities costs and depreciation on equipment.

General and administrative

General and administrative increased by €15 million, or 20.8%, to €87 million for the year ended December 31, 2018, compared to €72 million for the year ended December 31, 2017, primarily due to allocations from the parent company, restructuring charges and increased market research, alongside general company employee growth.

General and administrative expenses primarily consist of employee compensation, contractor costs, facilities costs, depreciation of equipment, employer payroll taxes on stock-based compensation, legal expenses, restructuring, insurance premiums and professional fees.

Provision for bad debt

Provision for bad debt remained €6 million for the year ended December 31, 2018, same as for the year ended December 31, 2017.

Provision for bad debt primarily consists of bad debt expense associated with eCG's accounts receivable balance. eCG expects the provision for bad debt to fluctuate depending on many factors, including changes to its protection programs.

Interest and other, Net

Interest and other, net decreased by €1 million, or 100%, to €(1) million for the year ended December 31, 2018, compared to zero for the year ended December 31, 2017.

Interest and other, net primarily consists of interest earned on cash, cash equivalents and investments, as well as foreign exchange transaction gains and losses, gains and losses.

Income tax benefit (provision)

eCG's income tax provision will not carry over to the combined business. Income tax benefit (provision) for the year ended December 31, 2018 was €(177) million compared to €604 million for the year ended December 31, 2017.

Net profit for the period

Net profit for the period decreased by €720 million, or 89%, to €89 million for the year ended December 31, 2019, compared to €809 million for the year ended December 31, 2018, for the reasons outlined above.

Liquidity and capital resources

eCG's liquidity requirements principally relate to the funding of working capital. Its principal sources of funds have historically been from cash flow from operations.

As of June 30, 2020, eCG had cash and cash equivalents of €17 million. As of December 31, 2019, it had cash and cash equivalents of €20 million.

As of June 30, 2020, and December 31, 2019, eCG had no loans or borrowings outstanding.

Set forth below is a discussion of eCG's cash flows for the periods under review.

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

Cash flows from operating activities

For the six months ended June 30, 2020, cash flows provided by operating activities amounted to €83 million as compared to €154 million for the six months ended June 30, 2019. The decrease was mainly due to the COVID-19 related discounts and the extended payment terms given to car dealers during the second quarter of 2020. For the year ended December 31, 2019, cash flows provided by operating activities amounted to €319 million as compared to €269 million for the year ended December 31, 2018, driven by the increase in operating revenue and EBITDA in the year ended December 31, 2019 compared to 2018. For the year ended December 31, 2018, cash flows provided by operating activities amounted to €269 million as compared to €268 million for the year ended December 31, 2017, driven by the increase in operating revenue and EBITDA in the year ended December 31, 2018 compared to 2017.

Cash flows used in investing activities

For the six months ended June 30, 2019, cash flows used in investing activities amounted to €91 million, of which €82 million related to acquisitions and €9 million related to capital expenditures. For the year ended December 31, 2019, cash flows used in investing activities amounted to €100 million, of which €82 million related to acquisition and €18 million related to capital expenditures. For the year ended December 31, 2018, cash flows used in investing activities amounted to €12 million, which fully related to capital expenditures. For the year ended December 31, 2017, cash flows used in investing activities amounted to €34 million, including €12 million related to capital expenditures and €18 million to purchases of intangible assets.

Cash flows used in financing activities

For the six months ended June 30, 2020, cash outflows used in financing activities amounted to €42 million, as compared to cash outflows of €71 million for the six months ended June 30, 2019. For the year ended December 31, 2019 cash flows used in financing activities amounted to €241 million, as compared to €261 million for the year ended December 31, 2018. For the year ended December 31, 2018 cash flows used in financing activities amounted to €261 million, as compared to €217 million for the year ended December 31, 2017.

Capital expenditures

For the six months ended June 30, 2020, capital expenditure was €3 million, comprising of €2 million for computer equipment and software.

For the year ended December 31, 2019, capital expenditure was €18 million, comprising of €17 million for computer equipment and software.

For the year ended December 31, 2018, capital expenditure was €12 million, comprising of €9 million for computer equipment and software.

For the year ended December 31, 2017, capital expenditure was €12 million, comprising of €12 million for computer equipment and software.

eCG did not capitalize any product development costs in any of the periods detailed above.

Financing arrangements

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta.*"

Off balance sheet arrangements

There are no off balance sheet arrangements.

Critical accounting policies estimates

eCG Management has made use of estimates and assumptions in preparing the consolidated financial statements. The most important areas where estimates are having an impact are listed below. Detailed information of these estimates and judgements is included in the relevant notes. The short-term impact of COVID-19 is not expected to have a material impact on significant estimates.

See Note 3(a) to eCG Audited Financial Statements for 2017-2019 for an overview of significant estimates and judgements.

New or amended and recently adopted accounting standards

As a first-time adopter of IFRS, the following accounting pronouncements that have been issued have been adopted by eCG.

Conceptual Framework for Financial Reporting

In March 2018, the IASB published the revised Conceptual Framework for Financial Reporting, which includes a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also issued guidance to support the transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS applies to a particular transaction. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of the standard did not have a material impact on eCG's condensed combined carve-out financial statements.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendment)

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of the standard did not have a material impact on eCG's condensed combined carve-out financial statements.

Amendments to IFRS 3—Business Combinations ("IFRS 3")

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after January 1, 2020 with early adoption permitted. As a first-time IFRS adopter, eCG adopted the standard for annual periods beginning on January 1, 2017. The adoption of the standard did not have a material impact on eCG Audited Financial Statements for 2017-2019.

IFRS 16—New Leases Standard ("IFRS 16")

In January 2016, the IASB issued new guidance related to accounting for leases. The guidance requires the recognition of ROU assets and lease liabilities by lessees for all leases. As a first-time IFRS adopter, eCG adopted IFRS 16 for annual periods beginning on January 1, 2017, the date of transition to IFRS. The adoption of the standard resulted in the recognition of €23 million of ROU assets and €23 million of lease liabilities on eCG's combined carve-out balance sheet at adoption on January 1, 2017 related to office space and data centers.

COVID-19 Related Rent Concessions (Amendment to IFRS 16)

In May 2020, the IASB published "COVID-19 Related Rent Concessions (Amendment to IFRS 16)" amending the standard to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020. The adoption of the standard did not have a material impact on eCG's condensed combined carve-out financial statements.

IFRS 9—Financial instruments ("IFRS 9")

In July 2014, the IASB issued IFRS 9 that provides an update to accounting guidance related to the accounting for financial instruments. IFRS 9 contains three principal measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. A single approach is used to determine the classification and measurement of financial assets which is based on eCG's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

IFRS 9 also provides a new model for the recognition of impairment losses—the expected credit losses ("ECL") model, which requires entities to record a loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. For trade receivables that are short term in nature and do not contain a significant financing component, the simplified approach is required to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

As a first-time IFRS adopter, eCG adopted IFRS 9 for annual periods beginning on January 1, 2017. The adoption of IFRS 9 resulted in the recognition of an additional €33 million of equity investments, an additional €2 million of allowance for doubtful receivables and € 31 million in net parent investment on eCG Audited Financial Statements for 2017-2019 at adoption due to the recognition of the investments at fair value through other comprehensive income or loss, subsequent to adoption.

IFRS 15—New Revenue Recognition Standard ("IFRS 15")

In May 2014, the IASB issued new accounting guidance related to revenue recognition. The revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. As a first-time IFRS adopter, eCG adopted the standard for annual periods beginning on January 1, 2017, the date of transition to IFRS. The adoption of the standard did not have a material impact on eCG Audited Financial Statements for 2017-2019.

Interest Rate Benchmark Reform ("IBOR") Phase 1 Amendments

In September 2019, the IASB issued "Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)" as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of the standard did not have a material impact on eCG's condensed combined carve-out financial statements.

Other standards

As a first-time IFRS adopter, eCG also adopted the following standards and amendments for annual periods beginning on January 1, 2017.

- Disclosure Initiative (Amendments to IAS 7);
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12);
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12);
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2);
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28);
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments;

The adoption of these standards and amendments did not have a material impact on eCG Audited Financial Statements for 2017-2019.

New or amended accounting standards issued but not yet effective

IBOR Reform Phase 2 Amendments

In August 2020, the IASB issued "Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)" with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021. eCG is currently evaluating the new guidance and does not expect it to have a material impact on its condensed combined carve-out financial statements.

Quantitative and qualitative disclosures about market risk

In the course of its operations, eCG is exposed to various types of market risks, including credit risk, liquidity risk and foreign exchange risk. eCG has implemented policies to identify, analyze and monitor these risks and to set appropriate risk limits and controls. Such policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting the company's business.

For more information on credit, liquidity and foreign exchange risk see Note 13 "Financial risk management" in the Notes to the Financials of eCG Audited Financial Statements for 2017-2019.

INDUSTRY

Online Classified Industry Overview

Classified listings have historically been the domain of newspapers, offering cheap, small-type notices of goods and services for sale under specific categories. These listings gave consumers an easy way to browse various local offers, often from private listers who purchased classified listings in printed publications to facilitate sales of their goods and services. However, as internet penetration increased, online classifieds like Craigslist (founded in 1995) grew in popularity and marked the beginning of a new, fast-growing industry.

There are two primary online classified listings business models: (i) the generalist model where the online classifieds site includes listings across a wide range of categories of goods and services; and (ii) the vertical-focused model, which encompasses a single category such as real estate, motor or jobs. Vertical categories can either be an extended feature within a generalist online classifieds site or a separate specialist online classifieds site focusing on the respective category. Examples of generalist online classifieds sites include Craigslist in the United States and leboncoin in France, while Mobile.de and AutoScout24 are examples of online classifieds sites within the motor vertical.

Online classifieds sites involve different stakeholders: (i) consumers who browse the platforms, search for and purchase products and services listed on the online classifieds sites as well as jobseekers who browse the platform for job listings; and (ii) listers who place inventory for sale, including (a) professional listers who post their inventory on the online classifieds sites, such as real estate agents, motor dealers and recruiters and (b) private listers who post their inventory on the online classifieds sites for sale; and (iii) third parties, such as advertisers who use the online classifieds sites to promote their products or services or otherwise generate business from leads.

Online classifieds sites are a fast-growing industry. According to Statista's "2019 Digital Market Outlook," the global online classifieds market generated €19.6 billion in revenues in 2019 and is forecasted to grow to €24.4 billion by 2022, corresponding to a CAGR of 8.6% in this period (Statista).

Online Classified Business Drivers and Model Characteristics

An online classifieds site's ability to generate revenues depends, to a large extent, on the number of listings and traffic on its sites. While listings and traffic on online classifieds sites are affected by the network effects, external factors such as internet penetration, user engagement and the general market conditions of the relevant geographic markets will affect the number of listings. In addition to classified revenues, advertising sales are another revenue source for online classifieds sites.

Online classifieds sites are generally affected by a network effect which is driven by the dynamics between the number of listings and the number of users. Professionals such as motor dealers, real estate agents and recruiters, as well as private listers, typically gravitate towards online classifieds sites with many users and high traffic volume. Another important criterion for users is whether the online classifieds site has a large number of high-quality listings. These dynamics result in listing inventory and user traffic being mutually reinforcing. The volume of data enhanced by these network effects, which is gathered from the online classifieds sites in turn allows online classifieds sites to develop better data analytics and offer improved services to users. This further enhances the value proposition for both customers and consumers.

Online classifieds have also evolved from the mere digital "mirror copy" of a print classified ad connecting supply and demand to a much more sophisticated product. Value-add services improve consumer experiences and help listers better target consumers, as well as increase online classifieds' Total Addressable Market ("TAM") and potential revenue streams. For example, online classifieds are increasingly offering some transactional services, with some offering motors shoppers monthly financing payment options or third party vehicle background checks. Within the real estate vertical, some online classifieds have introduced their own holiday booking platforms, helping directly facilitate the transaction between the renter and property owner.

The general decline in readership and circulation of printed publications, as well as the rise in the audience of online and mobile destinations that are accessible free of charge to internet users, have led listers to increasingly favor digital classifieds platforms to maximize the reach of their marketing spend while targeting the most relevant consumers. Further, digital display advertising offers a wider range of flexibility in the form of advertisements (such as banner ads and commercial videos) and payment models (such as payment by volume, duration or performance-based payments).

Competitive Landscape

The competitive landscape has historically and primarily related to a geographic market's level of development, where developed markets generally exhibit high internet penetration, high mobile penetration and consumer familiarity with the classified business model, while emerging markets typically have lower, but growing, internet penetration and lower consumer familiarity with the classified business model.

Online classifieds sites in the developed markets in which Adevinta is primarily present often have one or more leading generalist online classifieds sites along with developed vertical online classifieds sites, all of which have mature business models and high levels of monetization. On the other hand, emerging markets tend to have generalist online classifieds sites that are scaled at a rapid pace, with significant traffic growth and specialist verticals scaled in conjunction with the generalist online classifieds sites. However, monetization levels are generally relatively low in emerging markets. In emerging markets, such as Brazil, that follow the trajectory of more developed markets, they offer a significant opportunity for growth in listing volumes related to growing GDP per capita and the potential for increased internet penetration.

In recent years, the online classifieds market has, and is continuing to, change dramatically due, in part, to rapid technological change, including introduction and expansion of high-speed internet services and smartphone adoption, evolving industry standards and varying customers' and users' needs and preferences. This change manifests partly in the form of new companies challenging market dynamics with new business models, partly in the form of global internet companies leveraging large user and customer bases, and potential mergers of large online classified companies.

Furthermore, a variety of new categories of companies offering classifieds have formed in recent years, providing consumers and listers with greater selection across alternative channels. The key categories of competitors in the online classifieds sites industry are:

- *Other generalist online classifieds sites* as well as other vertical online classifieds sites, such as SeLoger in France for real estate, AutoScout24 for motor in Germany, Italy, Austria and Belgium, CarGurus for motor in the UK and Canada, Indeed for jobs and Vinted for fashion and other consumer goods, both in multiple jurisdictions. In addition, there are new generalist competitors, such as Wallapop and OfferUp, which are both mobile applications available in multiple markets that are primarily generalists but have recently expanded into verticals, such as motors. Several of the mobile online classifieds sites are run by venture-funded start-up companies or global classified companies and have used, and are expected to continue to use, significant resources in order to gain market share in the online classifieds industry, through innovation and new technology that may enable competitors to offer a more efficient or lower-cost service.

- *Global internet companies and aggregators* that have entered the online classifieds industry in recent years, such as Facebook with Facebook Marketplace, Google with Google for Jobs and LinkedIn. While Facebook Marketplace initially targeted private listers and was therefore not considered to be a direct competitor of our vertical categories, it has partnered with professionals in the motor and real estate verticals, and opened its jobs functionality to third-party companies. Furthermore, we also face competition from Facebook groups for sale and purchase of private inventory, where individuals use Facebook to establish their own online classifieds site, often within a specific geography or category, most commonly with respect to general goods such as clothes and baby supplies. Google for Jobs, which is currently operated in certain selected geographic markets, including Spain, is a competitor within the jobs vertical. Similarly, LinkedIn is a competitor in the jobs vertical. These global internet companies have large user bases, and exhibit significant network effects on their social network that they can leverage in competition with other online classifieds companies.

- *Emerging Specialized Players*, such as Depop for second hand clothing and Asgoodasnew for electronics. These highly specialized online classifieds sites offer user experiences adapted to a narrower usage than the more traditional verticals and generalist online classifieds sites, and differentiate themselves through highly intuitive workflows and alternative consumption models. Similar to generalist mobile online classifieds sites, several of these emerging classifieds sites are run by venture capital-funded start-up companies which have significant resources to gain market share.

- *Generalist search engines* consisting of general-purpose search engines, such as Google and Yahoo, which enable users to search the internet for general information covering a wide range of subjects), general or specialized sites and sites created by working professionals (such as real estate agents, motors dealers and recruiters) who are also increasingly using multiple sales channels, including by paying for search-related advertisements on generalist search engine sites.

The chart below provides an overview of the online classifieds competitive landscape and new entrants from a global internet and Emerging Specialized Players perspective.

	Adevinta / ebay classifieds group	Facebook Marketplace	Emerging Specialized Players (selected examples) depop asgoodasnew reBuy Back Market
Focus	Generalist & Vertical	Generalist	Generalist / Vertical with specific CG focus in general
Platform Positioning	B2C & C2C	C2C with limited B2C	Predominantly C2C
Average Transaction Size $	Full range Low for CG to high for Motors and Real Estate	Generally low	Low
Customer Trust / Safety	Best in class	Low	Unclear (relatively untested given recent emergence)
Customisation & Personalisation	Medium / High	Low	Medium
Monetization Model	Feature + Subscription + Advertising + Emerging Models (transactional)	Feature + Advertising	Feature + Advertising + Limited Emerging Models (transactional)
Reach	National and Local offering and experience	Mainly Anglo-Saxon heritage replicated across countries with limited local angles	National and Local offering

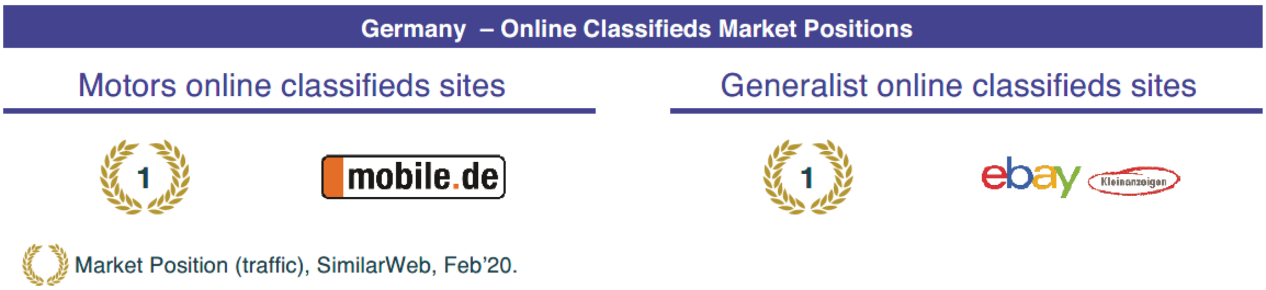
Source: Company Information

Our Markets:

We compete in both generalist and vertical-focused markets, and we have a broad reach with number one market positions across 20 countries covering over one billion people.

Our key markets are outlined below:

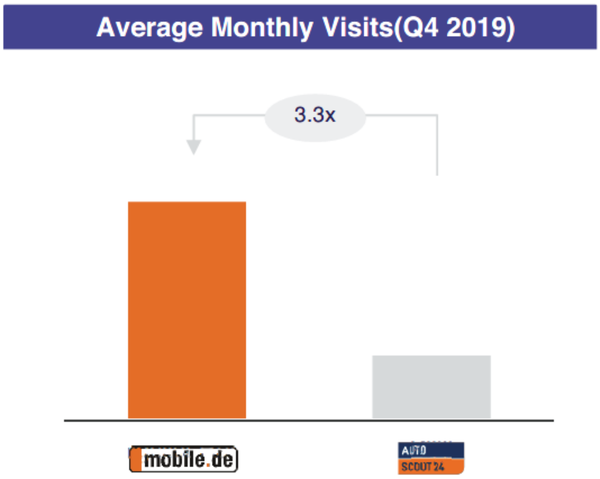
Germany—Germany is our largest market representing about 46% of 2019 eCG operating revenues (27% of pro forma operating revenues). The combined group will operate in both vertical and generalist online classifieds sites through Mobile.de and eBay Kleinanzeigen respectively, where each brand is well-established and highly valued by customers.

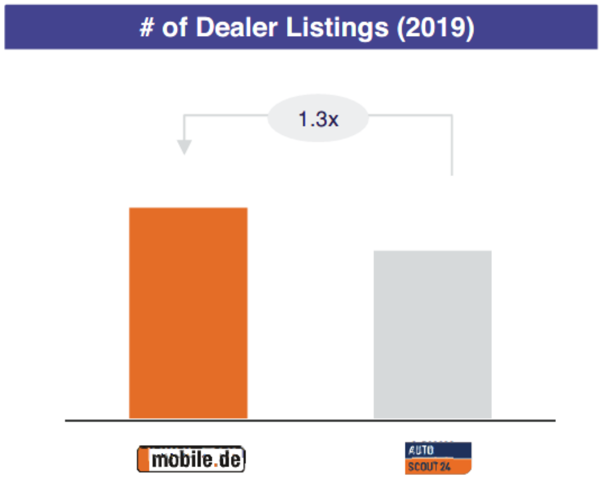


Germany—Motors

Growth in Germany's motor online classified market is largely the result of dealers' increasing reliance on classified marketing as part of overall dealer marketing spend. Even as dealer marketing spend has declined slightly as a share of dealer profits, marketing budgets for online classifieds have increased from an average of approximately 25% to approximately 50% of dealers' marketing budgets, from 2014 to 2019, respectively, primarily as a result of the superior return on investment delivered by online classifieds (OC&C).

Mobile.de's key competitor in the German motor market is AutoScout24. As shown below, across all main operating and performance metrics, Mobile.de has a strong position. Furthermore, since the first quarter of 2018, Mobile.de's position in terms of traffic, as compared to AutoScout24's, has been improving.





Source: Company information.

Germany—Generalist Sites

eBay Kleinanzeigen (eBayK) is the 8th most visited site in Germany (SimilarWeb) in March 2020 and is a leader in generalist online classifieds in terms of both awareness and traffic.

eBayK monetizes its generalist position primarily through advertising revenues by playing in the digital classifieds market, which is worth approximately €0.92 billion in 2020 and expected to grow 4.5% annually to reach €1.10 billion by 2024 (eMarketer, June 2020).

eBayK's key competitor is Facebook Marketplace, which benefits from unrivalled audience and exposure through a unique integration into Facebook's dominant social networking service. eBayK also faces competition from a range of other generalist platforms and vertical players. Currently eBayK remains larger than Facebook Marketplace in terms of listings. eBayK has long held a leading position in online classifieds in Germany and has seen both number of listings and website and app visits increase at an 18% and 19% CAGR respectively, from 2017 to 2019.

Source: Company Information.

eBayK is increasingly verticalizing its offerings, notably within Real Estate, and is considered a top three player in the market, along with Immowelt group and ImmoScout24. The annual value of residential property sales transactions within the German market in 2019 was €176 billion, with sale-price driven growth of 8% annually between 2014 and 2019 (OC&C). Initial traction in Real Estate has been driven by leveraging traffic and brand to scale a C2C-oriented property proposition, and eBayK now broadly matches Immowelt's listing numbers (though both substantially lag behind ImmoScout24); however, eBayK remains significantly skewed towards C2C listings in comparison to both competitors.

France—France is our second largest market. We have built a strong market position in France following our entry into the market in 2006, with leboncoin enjoying a market leading position and continued strong growth. The French competitive landscape has both generalist and vertical platforms, although the majority of the online classifieds sites are verticals. Platforms are based on the traditional classified model which includes insertion fees and premium options and on new business models, such as the "mobile-first" platform of Vinted. Global internet companies also operate in France, most notably Facebook Marketplace, which commenced operations in France in 2017 with a generalist positioning across goods and services, real estate, motor and advertising.

Source: Company information.

Notes: (1) Mediametrie—2019 average from January-November. (2) RE: Autobiz—2019 average online ads (part + pro)—sale & rental categories (excl. offices & retail), Autos: Autobiz—2019 average online ads (part + pro)—autos category only (excl. auto equipment & motos), Jobs: Autobiz—2019 average online ads (only pro). (3) Autobiz—2019 average agents for RE, dealers for Autos and Recruiters for Jobs. (4) Company information.

France—Real Estate

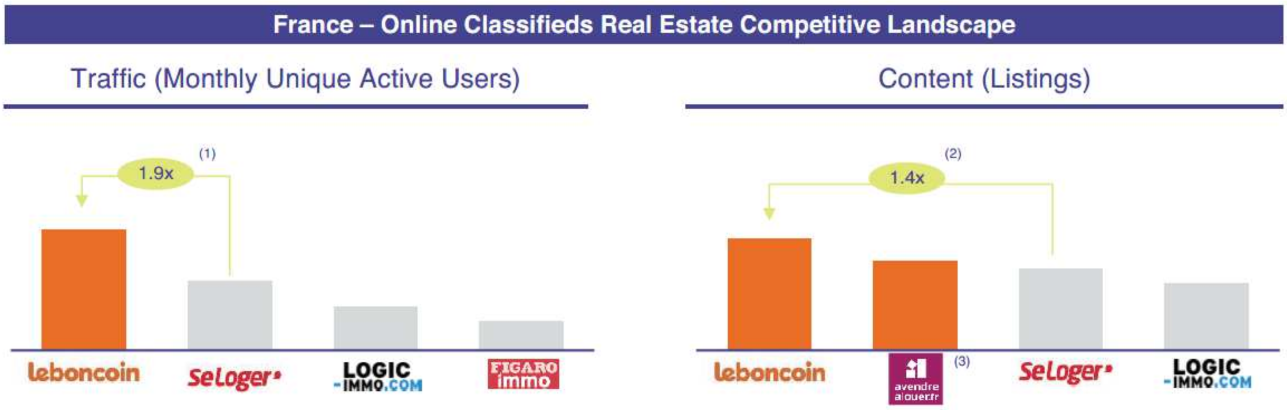
The French online classified real estate market comprises sale and rental of residential and commercial properties. We operate in both segments and our primary focus is on residential properties. We believe that in the long-term the combination of favorable structural trends in the number of housing transactions in France provides an opportunity for growth, with large potential for adjacent products and services (e.g. transactional services including booking rentals, insurance, etc.).

Revenues for the online classified companies in the online classified real estate market are largely driven by listings of properties by professionals (real estate agents). The associated monetization relates to the transaction activity in the Real Estate market through the number of housing transactions.

There were approximately 1,068,000 housing transactions in France in 2019, which represents an increase of approximately ~26% from the approximately 844,000 transactions in 2016. Comparatively, in 1997, there were approximately 589,000 housing transactions in France and this number grew at a CAGR of 2.75% over the 22 years between 1997 and 2019 (INSEE). The total value of property transactions in France in 2018 and 2019 was approximately €157 billion and €178 billion respectively.

In addition to the number of houses sold, the total advertising spending in the online classified real estate market is another indicator of the potential revenues in the market for online classified companies. The overall (private and professionals) real estate related advertising (online and offline) spend in France in 2019 was approximately €1,059 million, of which the online real estate related advertising spend (listings and advertisers) accounted for approximately 53%, with spending of approximately €558 million. Approximately 80% of the online real estate related classified advertising spends (listings and advertisers) in France in 2019 was directed to listings, with spending of approximately €447 million.

Through leboncoin, we have a leading position within the real estate vertical in France. The following figure illustrates the key online classified companies and their market share positions in the French online classified real estate market based on monthly unique active users and number of listings:



Source: Company information.

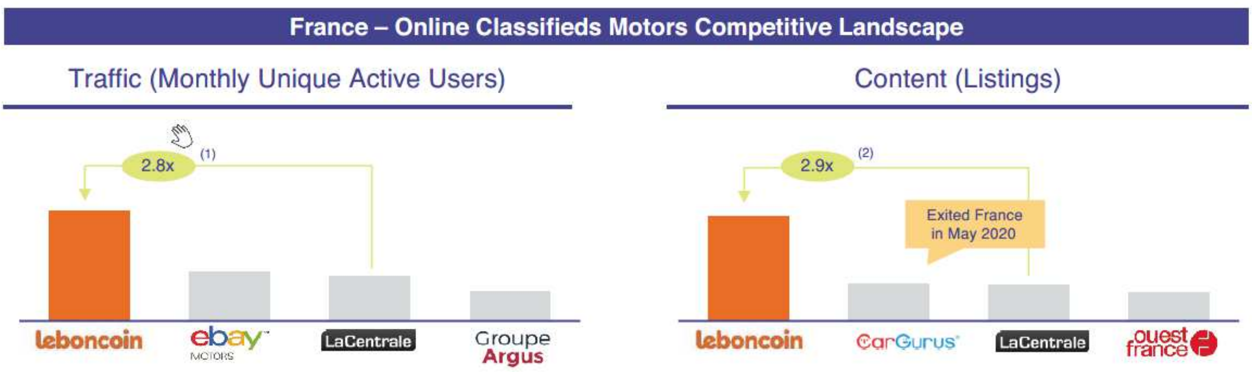
Notes: (1) Mediametrie (data for leboncoin RE only), average jan'-april' 20. (2) Autobiz (data for leboncoin RE only), average jan'-may '20 of online ads (part+pro). (3) AvendreAlouer.fr part of Leboncoin Group.

France—Motors

The French online classified motor market comprises sales of new and used vehicles. Revenues for online classified companies in the motor market are largely driven by motor listings by professionals (motor dealers). The associated monetization relates to the transaction activity in the motor market, an indication of which is the number of used motors registered each year. The registration of used motors in France has increased from approximately 4.8 million in 1990 to approximately 5.8 million in 2019 (CCFA.fr).

Further, the total value of vehicle transactions in France and the advertising spending in the French online classified motor market is an indicator of the potential revenues in the market for French online classified companies. The total value of motor transactions (both online and offline) in France in 2019 amounted to approximately €94 billion. The overall (private and professionals) motor-related advertising spend in France in 2019 (online and offline) was approximately €420 million. The online advertising spend (listings and advertising) in the motor segment in France amounted to €160 million in 2019, which constitutes approximately 38% of the overall motors-related advertising spend in France in 2019. Approximately 72% of the online classifieds advertising spend (listings and advertising) was derived from listings, with an approximate spend of €116 million, while the remaining approximately 28% of the online motors-related classified advertising spend was derived from advertising, with an approximate spend of €45 million. The increase in number of used motor registrations combined with the shift from offline to online advertising spending impacts the size of the online advertising market, both in terms of listings and advertising.

The online classified market for motor in France is competitive, with LaCentrale as leboncoin's closest competitor and eBay Motors focusing mostly on motor equipment items.



Source: Company information.

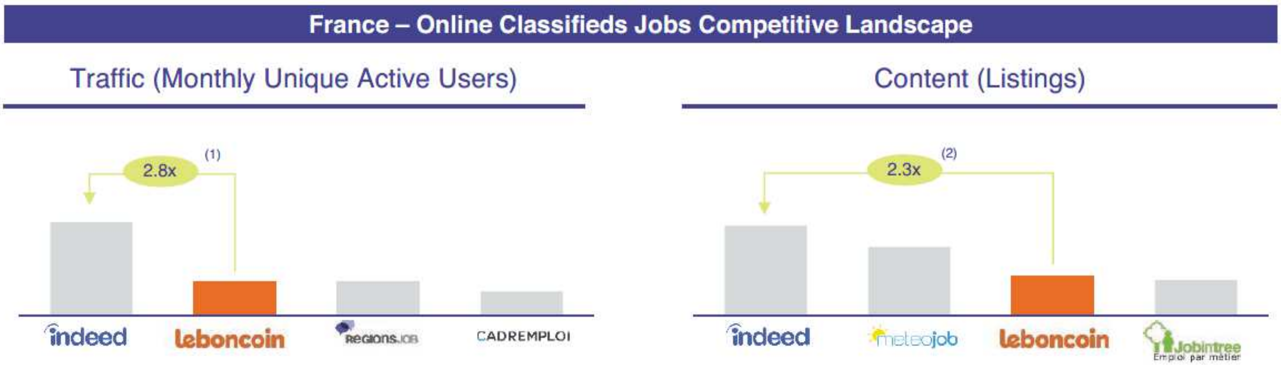
Notes: (1) Mediametrie (data for leboncoin vehicles only), average jan'-april '20. (2) Autobiz (data for leboncoin vehicles only), average jan'-may '20 of online ads (part+pro).

France—Jobs

The total value of the French classifieds job market (paid job listings and recruiting related postings) is an indicator of the potential revenues in the market for French online classified companies and we believe the online classified market for jobs to be dynamic and competitive. In 2019, the French online classified job market was estimated to have a value of €211 million in terms of recruitment related revenues.

Further, revenues for online classified companies in the job market are almost exclusively driven by listings by professionals (such as recruiters). In 2019, approximately 4.3 million jobs were listed on online classifieds sites in France. The associated monetization relates to the activity in the job market, and an indication of such activity is the number of recruitment projects carried out each year.

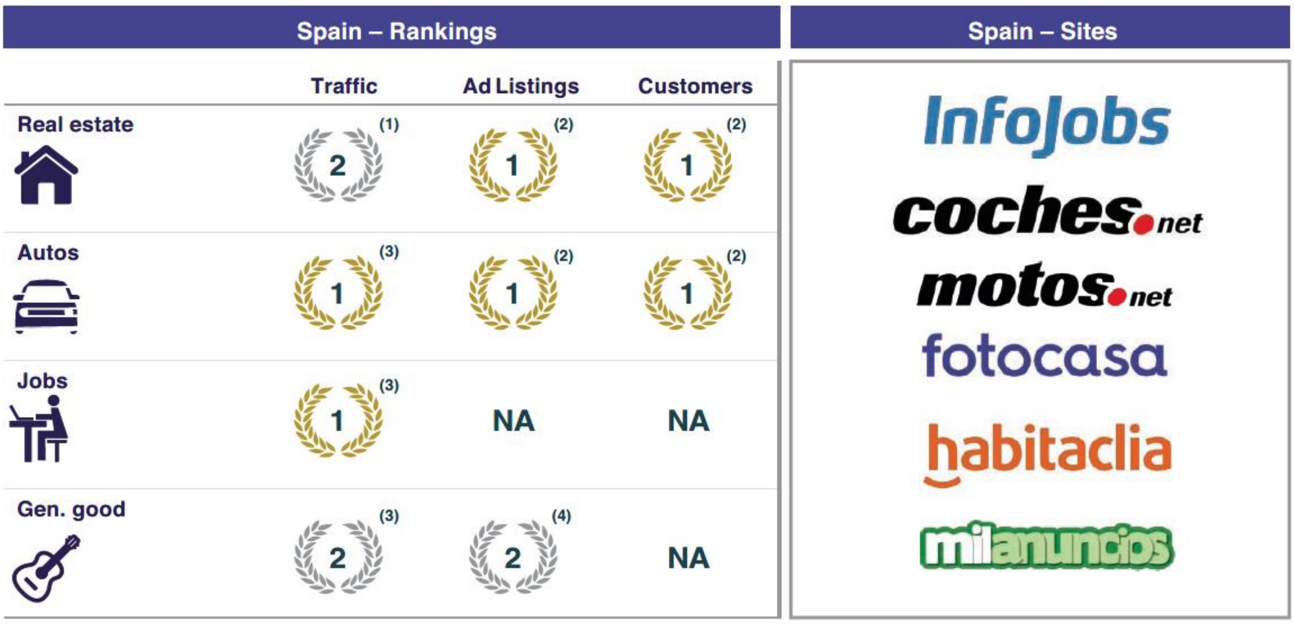
The French online classified market for jobs and recruitment is a competitive landscape. As illustrated below, indeed has a leading position in this vertical based on monthly unique active users and number of listings.



Source: Company information.

Notes: (1) Mediametrie (data for leboncoin jobs only), average jan'-april '20. (2) Autobiz (data for leboncoin jobs only), average jan'-may '20 of online ads.

Spain—Spain is our third largest market with an average of more than 17.9 million monthly views in 2019 according to Comscore, a leading measurement and analytics company. As illustrated below, we have leading positions verticals in the Spanish market through Fotocasa, InfoJobs and Milanuncios.



Source: Company information.

Notes: (1) Insights by SimilarWeb (www.similarweb.com)—2019 average. Desktop & Mobile web; (2) Autobiz: 2019 avg.; (3) Ipsos: 2019 avg. Question "Which of the following online, mobile sites or apps have you visited in the past 6 months" (or "offering jobs and employment opportunities" or "for secondhand cars / vehicles"). Sample avg Jobs 928, Motor 668, Real estate 981, Marketplaces 1,213 (answers "Amazon" considered n/a); (4) Mgmt estimate based on proxy. Question: "Where have you sold second hand goods during the last 6 months" Ipsos: 2019 avg.Sampleavg. 994

Spain—Real Estate

The Spanish online classified real estate market primarily comprises the sale and rental of residential and commercial properties.

The total value of residential property transactions (new and used) in Spain in 2017 was €90 billion according to the Ministerio de Formento. The value of residential property transactions in Spain has increased since 2013, from an estimated €50 billion in 2013 to €90 billion in 2017, corresponding to a CAGR of 15-16%.

The number of houses sold in Spain in 2019 is approximately 570,000 houses. After a decline from 2006 to 2013, the number of houses sold in Spain has increased from 301,000 in 2013 to 570,000 in 2019, corresponding to a CAGR of 11.3% (Ministerio de Fomento).

In addition to property transactions, the total advertising spend in the real estate market is a relevant factor to understanding the dynamics of the online classified market and assessing potential opportunities as well as competition for online classified companies. The marketing spend in the residential market by real estate agents, developers and private listers in Spain in 2017 was approximately €144 million. The spend in online residential classifieds advertising amounted to €103 million in 2017, which constituted 70-75% of the marketing spend in the residential market by real estate agents, developers and private listers in Spain in 2017.

Idealista is a strong competitor in the Spanish vertical category in terms of traffic. We are a challenger in this market and our overall position has been strengthened since our acquisition of Habitaclia in 2017.

The following figure illustrates the competitive landscape within the Spanish real estate vertical based on traffic (% of usage in 6 months) and content (number of monthly new listings/ads).

Source: Company information.

Notes: (1) Survey run by Ipsos, proxy metric for Visitors in an aggregated 6 months period—2019 Q4 avg. (2) Autobiz—2019 Q4 avg.

Spain—Motors

The Spanish online classified motor comprises sales of new and used vehicles. Revenues for online classified companies in the motor market are largely derived from vehicle listings by professionals (motor dealers). The associated monetization relates to the transaction activity in the motor market through the number of motor sales transactions. The value of total consumer used and new motors transactions, excluding Original Equipment Manufacturers ("OEMs") direct motor sales to fleets, and other CH&L business, and other vehicle categories, such as light commercial vehicles/motorbikes, amounted to approximately €32 billion in Spain in 2017, of which approximately €25 billion was attributed to sales by motor dealers, while the remaining approximately €7 billion was attributed to sales between consumers.

In 2018, approximately 2.2 million used cars were sold in Spain (Ideauto), while approximately 1.8 million new cars were sold (Ganvam). Total car sales (comprised of the sum of new and used car sales) in Spain have increased since 2012, from approximately 1.5 million used car sales in 2012 to approximately 2.2 million in 2018, corresponding to a CAGR of approximately 7%, and from approximately 700,000 new car sales in 2012 to 1.8 million in 2018, corresponding to CAGR of 17%.

Furthermore, the total advertising spend in the motor market is a relevant factor to understanding the dynamics of the online classified market and to assess the potential opportunities and competition for online classified companies. The total marketing spend by dealers and private listers within used and new vehicles in Spain in 2017 was approximately €80 million (excluding OEM spend). The online classified advertising spend on motor (excluding commercial vehicles) in Spain amounted to an estimated €35 million in 2017, or 40 to 45% of the total marketing spend by dealers and private listers in Spain in 2017.

Milanuncios and Coches.net have leading positions in the online classified motor market in Spain based on traffic (usage) and content (number of monthly new listings/new ads). The following figure illustrates the competitive landscape in the Spanish motor vertical based on usage and number of monthly new listings:

Source: Company information.

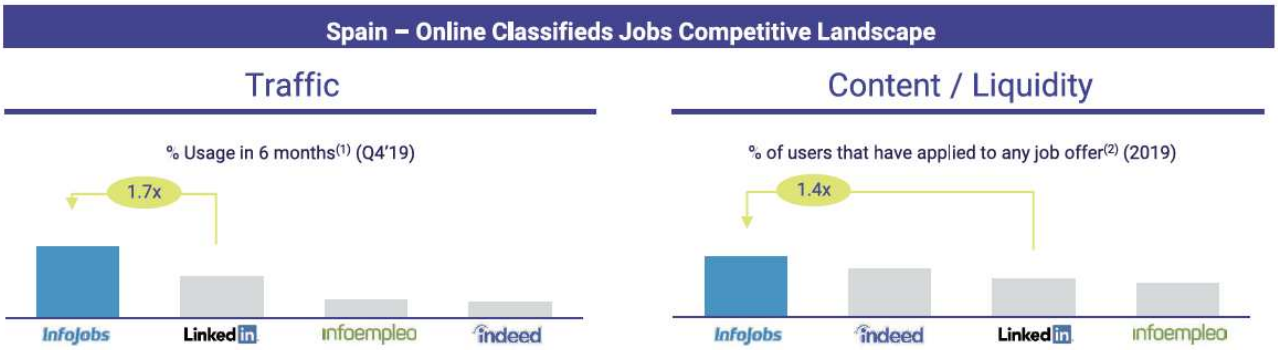
Notes: (1) Survey run by Ipsos, proxy metric for Visitors in an aggregated 6 months period—2019 Q4 avg. (2) Autobiz—2019 Q4 avg.

Spain—Jobs

Revenues in the online classified jobs market are in large part derived from listings by professionals (enterprises and recruitment agencies). The associated monetization relates to the activity in the jobs market, and an indication on such activity is the unemployment rate evolution in Spain. From 2006 to 2013, the unemployment rate in Spain increased from 8% to 26%. Since 2013, the unemployment rate in Spain has declined, from 26% in 2013 to 15% as of the second quarter of 2020 (Bank of Spain).

The overall jobs-related advertising spend in Spain in 2017 (enterprises and recruitment agencies) was approximately €118 million (excluding recruitment events, referral schemes and broader human resources spend on personnel, technology or tools). The online classified advertising spend in jobs in Spain amounted to an estimated €55 to €60 million (including LinkedIn) in 2017, which constituted approximately 50% of the overall relevant jobs-related advertising spend in Spain in 2017.

InfoJobs has a leading position in the jobs vertical in Spain, both in terms of usage and conversion of users to candidates applying for job offers. The following figure illustrates the competitive landscape among the Spanish jobs and recruitment online classifieds sites based on usage over the fourth quarter of 2019 as well as by the share of users that applied to job offers in 2019.



Notes: (1) Survey run by Ipsos, proxy metric for Visitors in an aggregated 6 months period—2019 Q4 avg. (2) Survey run by TNS—2019. One off study with 1,002 individuals. Displayed in chart only top sites.

Brazil—We have built a strong market position in Brazil since our entry in the market in 2011, and our joint venture, OLX Brazil, enjoys a market leading position in motor and in real estate.

We believe there is significant opportunity in Brazil, where the estimated total addressable market for OLX will reach approximately €4.3 billion in 2023.

Brazil – Rankings (prior to Grupo Zap acquisition)

	Traffic[1]	Ad Listings[2]	Customers[3]
Real estate	1 [4]	3 [5]	2 [5]
Autos	1 [6]	1 [7]	1 [7]
Jobs	1 [7]	NA	NA
Gen. good	1 [5,6]	NA	NA

Brazil – Sites

OLX

InfoJobs.com.br

grupo ZAP[8]

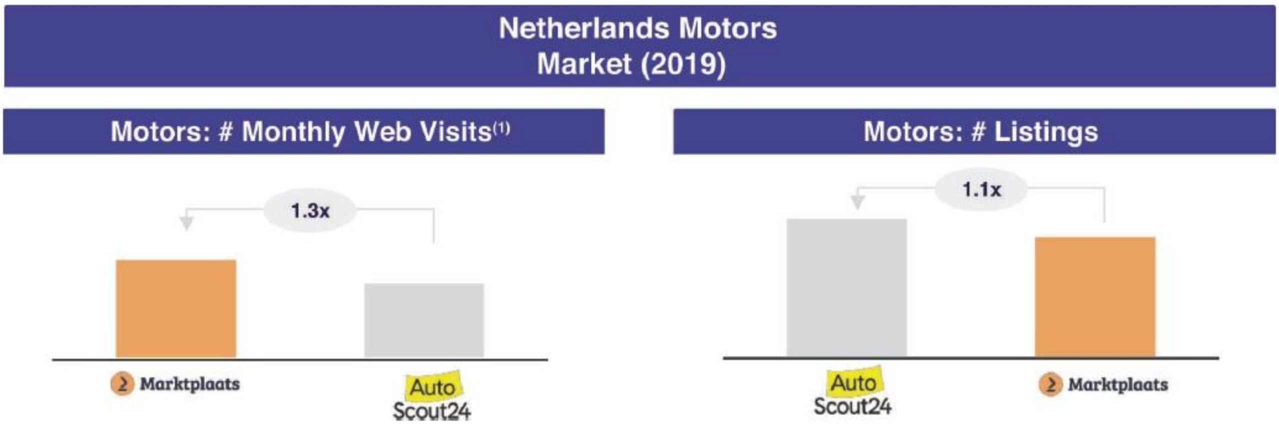
Source: Company information.

Notes: Brazil Rankings do not include GrupoZAP. (1) Mediametrie—2019 average from January-November. (2) RE: Autobiz—2019 average online ads (part + pro)—sale & rental categories (excl. offices & retail), Autos: Autobiz—2019 average online ads (part + pro)—autos category only (excl. auto equipment & motos), Jobs: Autobiz—2019 average online ads (only pro). (3) Autobiz—2019 average agents for RE, dealers for Autos and Recruiters for Jobs. (4) Autobiz—2019 avg. (6) Autobiz February 2019. (5) Excludes MercadoLibre due to lack of business model comparability to OLX Brazil. (6) Comscore January 2019. (7) Autobiz February 2019. (8) Pending closing.

Netherlands—The combined group will operate in the Netherlands through Marktplaats, the number one generalist online classifieds sites in the Netherlands. Marktplaats reaches 56% of the Dutch internet population (International Telecommunication Union, 2019) and has 87% brand awareness (eCG Brand Tracker, 2019) in the country as of 2019. As the fifteenth most visited site overall in the Netherlands (SimilarWeb, March 2020), it has woven itself into everyday Dutch culture, and as illustrated below, is far ahead of its competitors in regards to traffic (with the exception of real estate listings).

Marktplaats competes with Facebook Marketplace in the generalist market, where Marktplaats has superior breadth and quality of inventory to Facebook Marketplace across all categories. Marktplaats has also seen no discernable negative impact on traffic growth since the introduction of Facebook Marketplace in August 2017 and quarterly visits have continued to grow at 7% annually since then (OC&C).

The underlying Dutch motor market is healthy and has seen steady volume (approximately 6% annually) growth from 2017-2019 (OC&C) with a strong bias towards used motors due to high tax and regulation. Dealers in the Netherlands spend approximately 80% of their marketing budgets on online classifieds, with print continuing to decline in share, resulting in a total dealer online classified spend of approximately €71 million in 2019. Consumer-to-consumer (C2C) online classifieds spend was approximately €25 million in 2019, resulting a combined €96 million online classifieds spend in the motor market in the Netherlands in 2019 (OC&C).



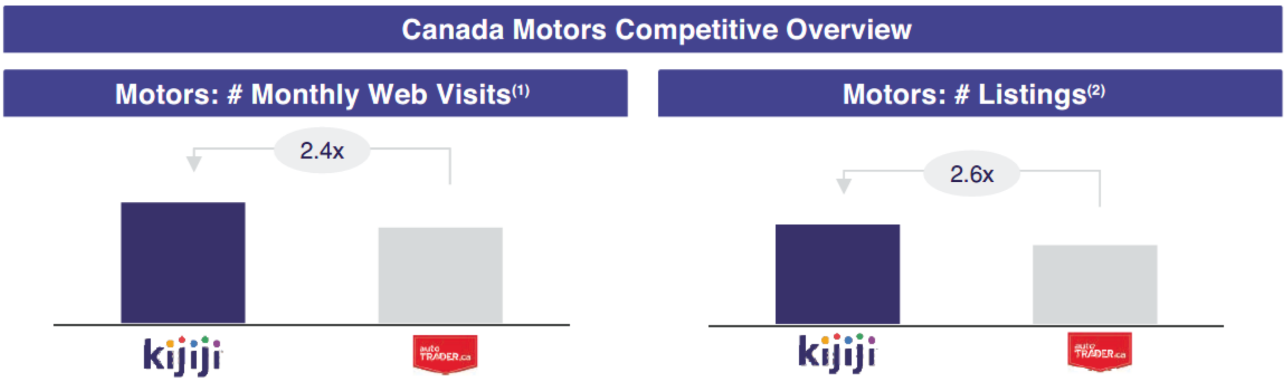
Source: Company Information.

(1) SimilarWeb

Marktplaats competes in the motor market where it is one of three scale automotive classifieds players—including AutoScout24 and AutoTrack—and is the largest site by both revenue and monthly web visits (OC&C).

Canada—The combined group will operate in Canada through Kijiji, the number one generalist online classifieds site in the country. Kijiji has operated in the country for 15 years and has 83% brand awareness (eCG Brand Tracker, 2019). It enjoys number one market positions in generalist, motor (Private Listings) and real estate rentals.

In Motors, Kijiji has two times the monthly visits of its number one competitor, Autotrader.ca, and is still in the early stages of its verticalization strategy, implemented in 2019.



Source: Company information

(1) 2019 average worldwide web visits. For Kijiji, estimated based on Kijiji Media Pack data. (2) Moto-related listings including other vehicles, parts and accessories, 2019.

Facebook Marketplace entered the generalist market in 2017 as a direct competitor to Kijiji. Kijiji has maintained its lead over Facebook Marketplace with 3x the number of unique monthly users as of the fourth quarter of 2019.

Within Real Estate, Kijiji competes with Realtor.ca, which is run by the Canadian Real Estate Association (CREA) and is the dominant player. Realtor.ca is provided for free as part of realtors' CREA membership and has extremely broad market coverage.

BUSINESS

Set forth below is a description of the combined business of Adevinta and eCG after giving effect to the Acquisition. Any references in this section to "we", "our", "us" and "group" refer to the combined group following closing of the Acquisition, which will include Adevinta and its subsidiaries and eBay Classifieds, while (i) "the Company" or "Adevinta" refer to the historic businesses of (i) Adevinta and its subsidiaries and (ii) "eCG" refers to (ii) eCG and its subsidiaries, respectively, prior to the consummation of the Acquisition.

Overview of our Combined Business

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

Our combined business will have six key markets:

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

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

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

History and Development of Adevinta

The Company's business began as Schibsted's division for online classifieds sites operating outside of the Nordics and became a separately public company following its spin-off from Schibsted and listing on the Oslo Stock Exchange in April 2019.

Acquisitions and partnerships have been important in developing the Company's online classifieds sites. Some of the Company's online classifieds sites have been developed in partnership with entrepreneurs or industrial partners, including Willhaben in Austria and leboncoin in France. Willhaben is a 50/50 joint venture with the Austrian media company Styria. leboncoin was originally a 50/50 partnership with the French media company Spir, with Schibsted acquiring full ownership in 2010. OLX is our 50/50 joint venture in Brazil with OLX B.V., a subsidiary of Prosus N.V.

The table below provides an overview of key events in the history of the Group (including pre-separation from Schibsted):

Year	Important events
2006	Launch of leboncoin in France
2014	Establishment of joint venture in Brazil (OLX)
	Acquisition of Milanuncios (Spain) and Avito (Morocco)
2015	Acquisition of Shpock (Germany)
2016	Acquisition of MB Diffusion (France)
2017	Increase of ownership in OLX Brazil from 25% to 50%
	Acquisition of A Vendre A Louer (France), Kudoz (France) and Habitaclia (Spain)
2018	Acquisition of Vide Dressing (France)
2019	Acquisition of 10% interest in Schibsted Classifieds Spain SL (Spain), gaining full ownership
	Acquisition of Argus Group (France), Paycar (France), Locasun (France)
	Listing of Adevinta on the Oslo Stock Exchange
2020	Acquisition of Pilgo (France)
	Agreement by our OLX Brazil joint venture to acquire Grupo ZAP (Brazil)
	Agreement to acquire eBay Classifieds

History and Development of eBay Classifieds

The list below provides an overview of key events in the history of eBay Classifieds:

Year	Important events
1995	Den Blå Avis launches in Denmark
1996	Mobile.de launches in Germany
1997	2dehands and 2ememain launch in Belgium
1998	Bilbasen launches in Denmark
1999	Marktplaats launches in Netherlands
2000	Gumtree launches in the United Kingdom
2004	eBay acquires Marktplaats in the Netherlands
2004	Gumtree launches in Poland
2004	eBay acquires Mobile.de in Germany
2005	Gumtree launches in South Africa. eBay acquires Gumtree
2006	Kijiji launches in Canada and Italy
2006	Vivanuncios (founded as Vivastreet) launches in Mexico
2007	Gumtree launches in Australia
2008	eBay acquires Den Blå Avis and BilBasen in Denmark
2009	eBayK launches in Germany

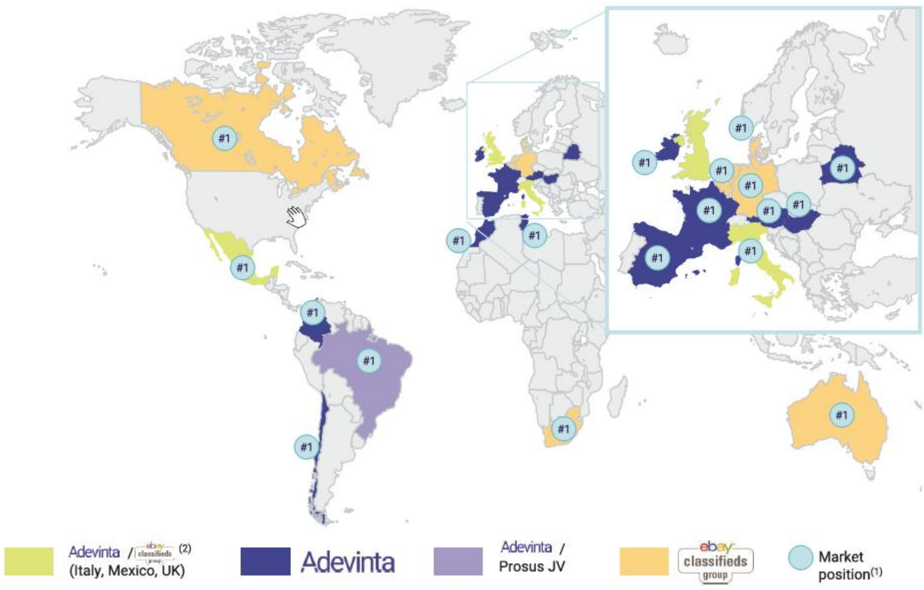
2013	eBay acquires 2dehands.be/2ememain.be in Belgium
2015	eBay acquires Vivanuncios Mexico
2019	eBay acquires Motors.co.uk
2020	eBay acquires Autotrader and CarsGuide Australia

Our Business Strengths

As a combined company, our key business strengths are:

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

Our Countries of Operations with Market Positions*



Source: Adevinta, eBay Classifieds Group.

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

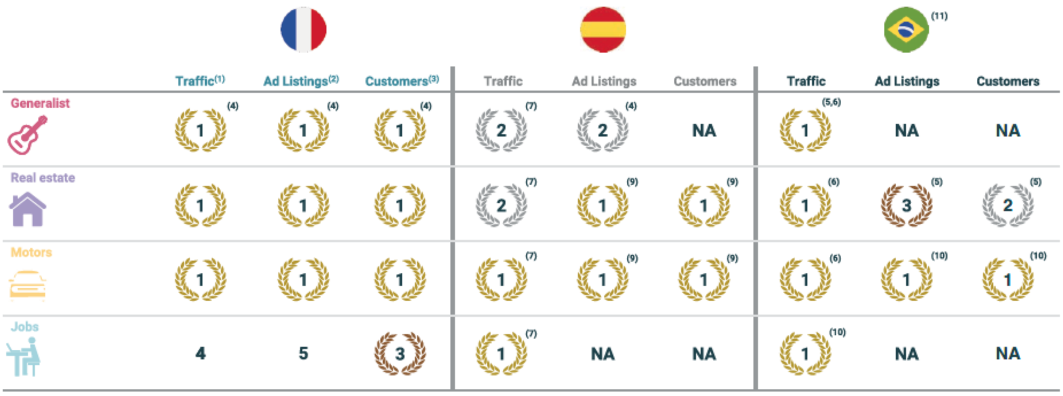
* Includes Morocco, Tunisia and Colombia, which Adevinta agreed to divest in October 2020, see "*Summary—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia*."

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

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

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

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



Source: Company information.

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

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

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

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

(2) eCG operating revenue by geography is calculated based on operating revenues based on management accounts generated by business unit in the relevant country site for the year ended December 31, 2019, which is not a measure prepared in accordance with IFRS. The numbers have been translated from USD to EUR using a rate of

1.1. Total eCG operating revenues for the year ended December 31, 2019 (using the audited combined carve-out financial statements of eCG and its combined subsidiaries for the year ended, December 31, 2019, and not the operating revenues that are based on management accounts) were €952 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- we expect to benefit from approximately €66 million in Product & Technology cost synergies as a result of economies of scale and service consolidation and joint product research and development;

- we expect to realize cost synergies of approximately €31 million in General and Administrative synergies, through the elimination of certain duplicative functions across the two organizations and expected procurement efficiencies in non-personnel costs;

- we expect to benefit from €1 million cost synergies within Advertising through ad serving cost reduction; and

- we expect to benefit from €9 million cost synergies through the in-market consolidation of Italy and Mexico (i.e. overlapping geographies).

We expect to generate operating revenue synergies as a result of know-how sharing across the combined group as well as the ability to leverage (i) eBay Classifieds' motors expertise and its advertising know-how and

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

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

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

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

Source: Company information.

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

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

Strategy

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

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

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

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

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

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

- **Realize Synergies Through Integration.** We intend to implement and realize the cost and operating revenue synergies in connection with the Acquisition (with cost and operating revenue synergy potential in the range of €134 million to €165 million as a result of the Acquisition, of which €50.0 million of cost synergies have been included in our *Pro forma* Further Adjusted EBITDA) for the twelve months ended

June 30, 2020. For more information on the expected Acquisition-related synergies, see "*—Substantial Synergy Potential*." We intend to rationalize the cost base of the combined business by reducing advertising serving costs, integrating technology infrastructure, cloud infrastructure and rationalizing footprint between the combined business initiatives. In addition, we intend to enhance our product offering through transactional services, expansion of classifieds offerings across markets, strengthening display advertising platforms and improving yields. See "*Risk Factors—Risks Related to the Acquisition—We may not realize any or all of the expected benefits and synergies associated with the Acquisition*."

- **Continue to Pursue Profitable Growth Through Disciplined Portfolio Optimization and Management**. We continuously evaluate our portfolio of assets to optimise value creation and we will continue to pursue attractive options for both organic and inorganic growth, including in bolt-on acquisitions and in-market consolidation in our existing markets, as well as by pursuing acquisitions outside our core classifieds business to enhance long-term growth. We will pursue further industry consolidation offering value creation in a financially disciplined manner. We have a strong track record of successfully acquiring and integrating new companies (see "*—Experienced Management Team with Strong Track Record of Completing Strategic Acquisitions"*). We believe our history of acquisitions, our size and geographic reach, combined with a similar technology platform and the ability to deploy our existing products into new online classifieds sites, renders us well positioned to selectively pursue and capitalize on various growth opportunities in a disciplined fashion.

The Transactions

The Acquisition

On July 20, 2020, the Company entered into the Transaction Agreement with eBay, pursuant to which the Company agreed to acquire 100% of eCG, the global classifieds arm of eBay, for approximately $9.2 billion. Under the terms of the agreement, subsidiaries of eBay will receive $2.5 billion in cash, subject to certain post-closing adjustments for indebtedness and cash and approximately 540 million of our shares. The Company will issue to subsidiaries of eBay (i) voting shares representing approximately 33.3% of the total voting rights in Adevinta and (ii) shares of a new class of non-voting shares for the remainder eBay's stake (resulting in a total stake of approximately 44%, representing both voting and non-voting shares).

Following completion of the Acquisition, Schibsted Nordic has agreed to acquire the Danish Entity for $330 million on a debt free cash free basis.

Closing of the Acquisition is expected by the end of the first quarter of 2021, subject to approval by the Company's shareholders, including with respect to the issuance of the consideration shares to eBay and implementation of new governance rights and appointment of eBay nominees to our Board (described below). The Company's two largest shareholders, Schibsted, which currently owns 59.1% of Adevinta's shares (on a fully diluted basis), and Blommenholm Industrier AS, which currently owns 6.3% of Adevinta's shares, have agreed to vote in favor of the transaction. Closing of the Acquisition is also subject to customary regulatory and other closing conditions, and including the completion of Dutch works council consultation procedures with respect to certain of eBay Classifieds' Dutch subsidiaries. For details on key steps for consummating the acquisition see "*Summary—The Acquisition*."

Classifieds Indebtedness

As described in "*Summary—The Acquisition"*, prior to the completion of the Acquisition, eBay Classifieds Holding B.V. will accede to the Senior Credit Facilities Agreement as a borrower and will drawdown $1.2 billion (or EUR equivalent) under the Term Facilities, the cash proceeds of which will be used to repay existing indebtedness of eBay Classifieds Holding B.V. with the remainder distributed to eBay Classifieds Holding B.V.'s sole shareholder at that time. As described in "*Summary—The Acquisition,"* the Senior Credit Facilities will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral and guaranteed by certain subsidiaries of Adevinta (including subsidiaries of eBay Classifieds Holding B.V.).

Governance of Adevinta upon closing of the Acquisition

At closing of the Acquisition, the Company will issue, subject to shareholders' approval, to subsidiaries of eBay voting shares representing one-third of the total number of issued and outstanding voting shares. Separately and subject to our shareholder's approval, a class of non-voting shares will be created and issued to subsidiaries of eBay, which will be exchangeable for voting shares on a one-for-one basis so long as eBay (or any other holder of the non-voting shares) does not hold voting shares in excess of one-third of the total number of voting shares, unless such holder has already triggered a mandatory offer obligation under the Norwegian Securities Trading Act and publicly announced that it intends to put forward a mandatory offer, provided that such offer has not already been completed at the time of the request for exchange.

From and after the closing of the Acquisition, Shareholders holding (i) at least 25% of our outstanding Class A (voting) shares (initially eBay and Schibsted) shall have the right to appoint two directors to the Board, one representative to the Company's nomination committee and one member to each of the Company's other board committees; and (ii) at least 10% of our outstanding Class A (voting) shares shall have the right to appoint one director to the Board. The aggregate number of directors appointed pursuant to the foregoing shall however not exceed six and the majority of the Board shall always be elected by the Company's shareholders at the Company's general meeting. At closing of the Acquisition, the size of the Board is expected to increase to eight, with two directors appointed by eBay and one director appointed by Schibsted. Assuming Schibsted has the right to do so at the relevant point in time, Schibsted intends to appoint its second director to the Board at or in connection with the 2021 annual general meeting. It is understood that Kristin Skogen Lund will not present herself for re-election at the 2021 annual general meeting, so as to make herself available as the second direct appointee of Schibsted. See "*Management*."

Schibsted and eBay have also agreed to certain limitations on the sale of the Company's shares. For more information, see *"Certain Relationships and Related Party Transactions—Liquidity and Information Rights Agreement."*

The following is a summary of certain provisions of the Transaction Agreement:

Closing Conditions

Conditions to closing of the Acquisition under the Transaction Agreement include, but are not limited to: (i) receipt of any consents, authorizations and approvals required to be obtained prior to the consummation of the transactions or agreed by the parties to be obtained, and contemplated by the Transaction Agreement, from any applicable governmental entity; (ii) Financial Supervisory Authority of Norway approval of the prospectus for the listing of our voting shares in connection with the Acquisition on the Oslo Stock Exchange and publication of such prospectus by us, pursuant to the relevant rules; (iii) receipt of the approval of the Acquisition and certain related actions, including but not limited to the issuance of shares to eBay and/or its subsidiaries as consideration for the Acquisition, amendments to our articles of association, by the affirmative vote of holders of at least two-thirds of (a) the votes cast and (b) the share capital of our voting shares represented in person or by proxy at an extraordinary general meeting ("EGM") of our shareholders to be held on October 29, 2020 (the "Shareholder Approval"); (iv) completion of consultation in accordance with clause 25.1 of the Dutch Works Councils Act with the competent works council of Marktplaats, a subsidiary of eBay Classifieds, in the Netherlands; and (v) no governmental entity of competent authority and jurisdiction having issued an order or enacted a law that makes illegal or prohibits the consummation of the transactions contemplated by the Transaction Agreement.

Termination Provisions

The Transaction Agreement may be terminated at any time before closing by:

1. mutual consent of the parties;

2. by either party if (i) closing of the Acquisition has not occurred on or before April 20, 2021, subject to a three-month extension if all conditions to the closing of the Acquisition, other than certain conditions relating to regulatory approvals, have been satisfied or waived on such date (as may be so extended, the "Outside Date"); (ii) there is a breach of certain representations, warranties, covenants or agreements under the Transaction Agreement and such breach cannot be cured before the Outside Date or is not cured within 60 days following receipt of notice of breach or (iii) a governmental entity of competent authority and jurisdiction issues an order or enacts a law that remains in effect and makes illegal or prohibits the consummation of the Acquisition; or

3. by eBay if (i) prior to receipt of the Shareholder Approval, we or our Board (x) fail to submit the Acquisition, amendment to our articles of association and other required items for the Shareholder Approval to our shareholders at the EGM or our Board makes an adverse recommendation with respect to the Acquisition (including by recommending our shareholders support a competing proposal), or (y) materially breach our obligations with respect to the EGM or the non-solicitation of competing proposals clauses in the Transaction Agreement; (ii) a takeover bid or offer for any class or classes of our securities representing in the aggregate 15% or more of the

outstanding voting power is commenced and the Board recommends such bid or offer to our shareholders or fails to recommend against it within a certain time period; or (iii) the Shareholder Approval is not received at the EGM.

The Transaction Agreement also includes the following $92,000,000 break fees which may be payable by us to eBay International Holding GmbH (or another designee of eBay):

- Fiduciary break fee—payable to eBay if (i) eBay terminates the Transaction Agreement under the circumstances described under (3) above, or (ii) after the date of the Transaction Agreement, a competing proposal is made and (A)(x) either party terminates the Transaction Agreement due to closing not having occurred by the Outside Date and without having obtained the Shareholder Approval or (y) eBay terminates the Transaction Agreement due to our breach and (B) we enter into a competing proposal within one year following termination; and

- Regulatory break fee—payable to eBay if the Transaction Agreement is terminated due to the failure to obtain regulatory approvals.

Representations, Warranties and Covenants

eBay has provided customary title, capacity and authority representations and warranties, as well as customary representations and warranties on eBay Classifieds and its business to us. Except for the customary title, capacity and authority representations and warranties, eBay's representations and warranties will not survive the closing of the Acquisition. Additional coverage for representations and warranties relating to eBay Classifieds and its business as well as a customary tax indemnity is provided by representations and warranty insurance we procured, in respect of which claims are subject to customary limitations. eBay has also given certain covenants applicable until closing, including in connection with the operation of eBay Classifieds and certain covenants with respect to contracts and leases shared by eBay Classifieds and eBay's retained business which may continue after closing.

We have provided customary title, capacity and authority representations and warranties to eBay. In addition, we have provided certain representations and warranties on our business and the availability of funds to satisfy the total cash consideration payable to eBay or its subsidiaries at closing. Except for the customary title, capacity and authority representations and warranties, our representations and warranties will not survive the closing of the Acquisition. We have also given certain covenants applicable until closing, including in connection with the operation of our business and with respect to obtaining regulatory approval of the Acquisition.

Employee Non-Solicitation

For a period of twelve months following closing of the Acquisition, eBay is prohibited from directly or indirectly soliciting for employment certain employees of eBay Classifieds. We have the same obligation with respect to certain eBay employees.

See also "*Risk Factors—Risks Related to the Acquisition*."

Financing of the Acquisition

Prior to completion of the Acquisition,

(a) we expect to enter into the Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of €900 million, (b) the USD Term Facility in an aggregate principal amount of $506 million and (c) the Revolving Facility in an aggregate principal amount of up to €450 million, which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral; and

(b) we are issuing €1,060 million aggregate principal amount of the Notes.

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

Prior to completion of the Acquisition, eBay Classifieds Holding B.V. will accede to the Senior Credit Facilities Agreement as a borrower and draw down $1.2 billion (or EUR equivalent) under the Term Facilities. The cash proceeds of that loan will be used to repay existing indebtedness of eBay Classifieds Holding B.V. with the remainder of the loan being distributed to eBay Classifieds Holding B.V.'s sole shareholder. See, "*Use of Proceeds*."

Prior to completion of the Acquisition, it is also expected that a member of the Schibsted Group will provide a short-term loan to Adevinta or one of its subsidiaries in a principal amount not less than the principal amount of the Bridge Facility (the "Schibsted Loan") to replace the Bridge Facility.

Following completion of the Acquisition, it is expected that Schibsted Nordic will purchase the Danish Entity from a subsidiary of Adevinta (the "Danish Acquisition"), the proceeds of which will be applied (directly or indirectly) in repayment of the Schibsted Loan in full. Upon completion of the Danish Acquisition, the Bridge Facility will be cancelled in full (there is no intention to draw down under the Bridge Facility).

Overview of Our Operations

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

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

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

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

Source: Adevinta, eBay Classifieds Group.

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

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

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

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

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

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

(3) Excl. JVs.

Products and product offering

Set forth below is an overview of our product offering for each primary class of consumers as well as an overview of our product development function.

Consumer offering

Consumers, such as buyers, renters and job seekers, searching for products and services listed on our online classifieds sites, have free access to our online classifieds sites to search for a wide range of products and services listed by professional and private listers. Consumers can search the online classifieds sites without prior registration and have access to a large volume of listings in numerous categories such as real estate, motor, jobs, fashion, household equipment and sport equipment, amongst others. Filtering functionalities allow for more precise searches by category, geography and price and whether the inventory has been listed by a private or professionals. Most listings are moderated with the aim of preventing listings of illegal and counterfeit goods and fraud. For example, in Spain, we combine algorithm tools with manual review. Specific moderation features which are applied vary site by site. In addition, consumers have the option to pinpoint suspicious ads and that feedback is directed to our teams. In addition, the online classifieds sites publish guidelines and tips on how to safely buy and sell on the online classifieds sites.

Typically, consumers can save their favorite items for later consultation and save specific searches to receive alerts when new products matching their requirements become available.

The online classifieds sites also typically have additional product features such as messaging, which allows consumers to easily contact private listers to obtain more information about the item for sale and to negotiate and agree on a sale. We are also developing transactional features in several online classifieds sites, which will allow for secured payment and delivery.

Customer offering for private listers

Individuals placing inventory for sale on our online classifieds sites (private listers) may post products and services free of charge on our online classifieds sites. Our online classifieds sites are designed to ensure a simple and easy-to-use listing creation process and include tools to update, modify and remove listings. By posting listings on our online classifieds sites, private listers gain access to a wide audience of consumers searching for products and services.

Private listers typically have access to basic statistics for their listings, including the number of times a listing has been viewed, the number of times someone has clicked to view their phone number and the number of emails that have been sent by consumers. Private listers can also typically purchase premium options, including changes to their existing listings and improving the visibility of their listings, for example by displaying it at the top of the online classifieds site, adding an 'urgent' logo or adding additional photos.

Customer offering for professionals

We offer a wide range of products and services to professionals placing their inventory for sale on our online classifieds sites. Professionals can choose from multiple packages to list their inventory in a way that is adapted to their volume, size and needs, such as options to increase visibility of their listings. They can usually choose to upload their listings manually or through an automated interface.

The majority of our online classifieds sites also offer dedicated "virtual" shops or profile pages for professionals in the core verticals such as car dealers, real estate agents and professionals from other categories, such as furniture and sports equipment. These profile pages allow professionals to showcase their products on a dedicated page on our online classifieds sites, as well as the option to display their logo on each of their listings and tools to manage their budget and increase the performance of their listings.

Professional customers also typically have access to tools such as a performance dashboard, which is aimed at enabling them to monitor and optimise their portfolio of listings and maximize the professional customers value for money and, on certain online classifieds sites, a car pricing tool that helps car dealers optimise the price for their cars based on make, model, year, mileage, fuel and gearbox type.

Advertising sales and other products and services for advertisers

We also generate operating revenues from the sale of advertising space on our online classifieds sites either sold directly to companies, via media agencies, or through a sales process with automated bidding on the online classifieds sites advertising inventory in real time, which gives the advertiser the opportunity to show an advertisement that resonates with each individual. These advertising spaces include a number of traditional formats such as banners, skyscrapers, skins and wallpapers, as well as integrated video advertisements and native advertisements, which are paid advertisements that match the look and function of the media format in which they appear. Advertising on our online classifieds sites is sold through different models, including by volume (Cost per Mille—pay per view/cost per thousand impressions), duration (pay for the advertisement to be displayed for a specific period of time) or through a performance-based model (where the advertiser is charged for specific leads).

Advertisers on our online classifieds sites range from companies selling consumer goods or services, such as airlines aiming to reach a wide audience, to advertisers seeking to target a more specific audience, such as car manufacturers. Our online classifieds sites may also be attractive to other third parties, such as consumer finance and insurance companies and other providers that sell aftermarket products and services particularly to the motors and real estate verticals.

For advertisers, our online classifieds sites offer access to a wide audience with buying intent and the ability to display advertisements according to a large selection of tailored categories such as motors, real estate and jobs, as well as multimedia products, fashion and household appliances, targeting by geography, operating system or more specific elements such as brand, price or keywords. Advertisers are offered several targeting possibilities to help improve the performance of campaigns, such as targeting by geography, category, operating system and further customized targeting such as by brand, internet service provider or mobile operator and key words.

Product Development

We develop products and services aimed at improving the overall user experience for all users. Development of new products and features takes place both on local level, i.e. on an individual site and country basis, as well as by central teams developing shared products targeting verticals and specific user groups across jurisdictions and sites. The primary purpose of central product development is to develop products that can be deployed on several sites group-wide, independent of jurisdiction, such as messaging, response notification, performance dashboards and image recognition. The central product development team also works to ensure group-wide synergies within technology and product development, ensuring that products and features developed locally are also considered for use in other online classifieds sites.

Product development is primarily carried out internally by our employees. Our products relate to making the process of placing listings as easy and efficient as possible, with access to products and add-on for monitoring and tracking listings placed on the online classifieds sites, as well as features to ensure safe and efficient transactions between buyers and sellers.

Key Markets

Adevinta Key Markets—*France*

Overview

Our operations in France are primarily carried out through leboncoin, which is a leading generalist online classifieds site in France, in terms of listings, monthly unique active users, professional customers and operating revenues. In addition to its generalist offering, leboncoin operates across several verticals.

The Company has strengthened its vertical positions in France through acquisitions carried out with the aim to build a portfolio of complementary brands, such as A Vendre A Louer, MB Diffusion, Kudoz, Vide Dressing, PayCar, the Argus Group (which also has operations in Italy and Spain), Locasun and Pilgo SAS. Certain key highlights in the Company's France segment's history are:

2006: Launch of leboncoin using the technical platform of Blocket in Sweden;
2008: leboncoin became profitable;
2010: leboncoin became the market leader of online private listings with 10 million listings;
2012: leboncoin was for the first time voted the third favorite brand in France according to OC&C Strategy Consultants' Study, 2012 and was ranked in Great Place To Work Institute's list of top companies;
2016: leboncoin reached 500 employees, launched a fully responsive online classifieds site and acquired MB Diffusion;
2017: leboncoin was voted as the fourth most useful company in France according to an international market research group, IFOP S.A. and acquired A Vendre A Louer and Kudoz;
2018: leboncoin launched peer-to-peer payments as a feature and acquired Vide Dressing;
2019: Acquisition of Locasun, PayCar and the Argus Group; and
2020: Acquisition of Pilgo SAS.

France is the largest segment within the Company's portfolio. In 2019, the segment had €357.4 million in operating revenues and 1,312 FTEs as of the end of 2019. The Company's France segment operating revenues grew by a 17% CAGR from 2017 to 2019. The France segment reported EBITDA margin of 54% in 2019 (55% in 2018 and 58% in 2017) (see "*Presentation of Financial Information—Non-IFRS Financial Measures*"). Our total marketing expenditure in France was €36 million in 2019, with 36% of advertisement spending consisting of online advertising spend.

In terms of brand awareness and recognition, our online classifieds sites have strong positions, particularly leboncoin which in 2017, was viewed as one of the most useful brands in France, in fourth position behind only La Poste, SNCF and EDF Energy, according to 2017 IFOP study.

France online classifieds sites

leboncoin (generalist)

With 28.7 million monthly unique active visitors in 2019, leboncoin is a leading generalist platform in France and was also the sixth largest website in France in terms of monthly unique active users in 2019, behind Google, Facebook, YouTube, Wikipedia and Amazon. Leboncoin represented 48.7% of our operating revenue in 2019, and is a leader across motors and real estate.

In 2019, leboncoin had:

- a customer base comprising approximately 342,000 professionals, which comprises approximately 7% of French companies;
- approximately 171 million listings placed;
- an average of approximately 700,000 new listings posted daily;
- an average of approximately 2.4 million messages being exchanged on leboncoin each day;
- approximately 713,000 job positions filled; and
- approximately 112 million transactions were carried out through leboncoin, the sum of which represented approximately 0.9% of the French GDP in that period.

We continue to invest in growth and explore new opportunities to strengthen our positions, increase operating revenues through more competitive pricing and value-added services (such as in jobs and recruitment) and enter into new verticals. In addition to leboncoin, the Company has strengthened its vertical positions in France by building a portfolio of complementary brands through bolt-on acquisitions of the following online classifieds sites:

A Vendre A Louer (Real estate)

A Vendre A Louer is a vertical online classifieds site within real estate that leboncoin acquired in 2017. In 2019, A Vendre A Louer had a 37% market share of real estate listings in France and was the number four classifieds website in terms of number of monthly unique active users. For the period of January through April in 2020, A Vendre A Louer was number five in terms of number of monthly unique active users.

A Vendre A Louer targets professionals offering properties for sale, rentals and new constructions and offers a wide range of listing services, including features to help professionals work on their leads and manage their mandate agreements with the real estate sellers to market the property more easily. Through these services, professionals can see the number of searches performed by consumers and the number of times consumers have contacted their real estate agency. Through access to a dedicated space called "Espace Pro", professionals also have access to a selection of mandates similar to the properties in their portfolio.

For consumers, A Vendre A Louer offers advanced search options, notifications, simulations and quotes for financing, insurance and moving services through its partners and practical advice for consumers across all stages of their real estate project, whether it is buying, selling or renting.

MB Diffusion (Agricultural and construction equipment)

MB Diffusion was acquired in 2016 and operates three vertical online classifieds sites: AgriAffaires, an online classifieds site for new and used agricultural, forestry and winegrowing equipment, MachineryZone, an online classifieds site for new and used construction, transport and handling equipment and Trucks Corner, an online classifieds site for second-hand trucks, semi-trailers and heavy vehicles. MB Diffusion has a physical presence in Italy, France and Germany and billing in more than 60 countries. AgriAffaires has a presence in 20 countries, Machinery Zone is present in 20 countries and Trucks Corner is present in 20 countries. MB Diffusion was also the market leader in France in terms of traffic and number of listings within the agricultural and construction equipment verticals in 2019.

MB Diffusion offers listings of professional equipment either free of charge or on a price-based fee, depending on the listing price of the equipment. In addition, buyers of professional equipment can register "wanted" listings free of charge if they are searching for specific equipment. AgriAffaires and MachineryZone provide listers with a "Price Observatory" where they can search for international price trends for used equipment for more than 5,747 models in 61 categories to assist them in determining the price for their equipment.

LeBonCoin Emploi Cadres (jobs)

Kudoz was originally a mobile application vertical online classifieds site covering jobs and recruitment of white-collar workers. Leboncoin first acquired a stake in Kudoz in 2015, and subsequently acquired a further stake in 2017 to gain control. In 2018, Kudoz was rebranded as “leboncoin Emploi Cadres” and a dedicated online classifieds site was launched to complement the mobile application offering.

“leboncoin Emploi Cadres” uses a matching algorithm to provide recruiters with profiles that correspond to their listing. Recruiters can limit the visibility of their listing to a certain population through filtering, for example by type of education. Recruiters also have access to key performance indicators, such as the number of views and number of candidates per job listing.

“leboncoin Emploi Cadres” enables job applicants to rapidly register their profile and select criteria for the positions that may be of interest, such as function, geography, type of contract, salary expectations, industry and company size. The job applicant receives jobs matching their search criteria and can apply for the job by sending a short application text and CV via the leboncoin Emploi Cadres interface. Once a job application has been sent, the job applicant receives notifications regarding the progress of their application.

Vide Dressing (general goods within second-hand fashion)

Vide Dressing is a general goods vertical online classifieds site within second-hand fashion and luxury goods that leboncoin acquired in 2018.

Vide Dressing connects sellers and buyers of second-hand fashion and luxury goods and enables them to list and search on its online classifieds site based on various search criteria, such as brand, size, price, color and condition. Individual profiles and ratings provide information about the number of transactions and other users’ experience with the seller and allows other users to be notified when they list new items for sale. Vide Dressing offers payment and delivery services and sellers also have the option to purchase authenticity certificates for high-end and luxury items.

Locasun (holiday rental and specialist travel)

In June 2019, the Company completed a bolt-on acquisition of Locasun, a holiday rental and travel specialist online classifieds site operating across Europe (mainly in France (37%), Spain (19%) and Italy (13%)), through the acquisition of 100% of the shares of Locasun SARL and 100% of the shares of Locasun Spain SLU. The Locasun acquisition was also a value-chain expansion for us, adding services such as payment, guarantee, private sales and other services to our range of products and services.

PayCar

PayCar is a startup specializing in peer-to-peer payment for second-hand vehicle purchases founded in 2015 and acquired by leboncoin in June 2019. This acquisition generated synergies for us, through the launch of C2C payment on motor on leboncoin, as a result of Paycar’s expertise and product adaptation.

PayCar’s platform verifies both sellers and buyers and ensures seamless transaction between the two parties along with offering a payment portal, enabling buyers to deposit the purchase amount with the company where the transfer to the seller takes place only when the buyer authorizes it. Approximately 100,000 users that are registered on the platform have bought or sold their car with PayCar. The service is rated $9.{}^{8}/_{10}$ based on verified reviews.

Argus group

Argus group is one of France’s leading players in digital marketing services to the automotive industry. Leboncoin acquired Argus in October 2019.

Argus group offers a range of products aimed at professionals in the automotive industry, including manufacturers, distributors, dealers and auctioneers. These products include vehicle classifieds ad sites (l’Argus.fr and neowebcar.fr), quality editorial content and press articles written by journalists, a user-generated forum (auto-evasion.com) and a number of complementary products and services including, among others, Argus Repository (a database that allows users to identify precisely a new or used vehicle by its generation, engine size, finish, price, technical features), VO check (a vehicle history database) as well a number of car valuation software products and management software solutions for professional car dealers (CardiffVO, JDKLog, PlanetVO, PlanetVO^2) which can be accessed by professionals in the automotive industry for purposes of buying, selling, trading and valuing goods and services. Originally established as a trade publication more than 100 years ago, the group has diversified and digitalized its services to cover key aspects of the sector and offers three main products: dealers’ software, valuation tool and websites (including editorial information and classifieds). The group has created the number one market reference in valuing second-hand cars in France, through the Cote Argus® that has a 83% market share. The Argus group employs approximately 256 employees in Paris, Nantes, Toulouse and Casablanca (Morocco).

Pilgo SAS

Pilgo SAS is a digital hotel distribution platform directly connected to hotel reservation systems. Leboncoin acquired Pilgo in January 2020. Pilgo's integration into leboncoin is expected to complete in the second half of 2020.

Created in 2015, Pilgo SAS through its digital hotel distribution platform is connected to the reservation systems of independent hotels, including Fastbooking and Availpro (under the D-Edge brand), Reservit and SynXis by Saber, as well as hotel chains such as AccorHotels, Logis de France, Best Western, B&B Hotels, Les Collectionneurs, Hôtels & Préférence, Contact Hotel, Brit Hotel, Oceania Hotels, Ace Hotel. It lists more than 11,000 hotels in France and has developed its direct marketing vis-à-vis online travel agencies (OTA). With this service, Pilgo enables the hotel industry to develop its direct marketing by providing an alternative technical solution to search engines and OTAs. Hoteliers have live access to the traffic of the most popular travel sites and the solution connects directly to their reservation system, where customer transactions are carried out. Other tourism players can connect directly to thousands of hotels across France, allowing them to offer additional service to their customers.

Adevinta Key Markets—*Spain*

Overview

Our business in Spain is the largest online classifieds business in Spain based on revenues and audience. The Spain segment comprises a leading group of complementary online classifieds sites, including InfoJobs, a leading job vertical in terms of traffic in 2019, Coches.net and Milanuncios, which are among the market leaders in the car vertical in terms of traffic, content and paying customers in 2019, Fotocasa, which also holds a strong position in the real estate vertical in terms of traffic, content and revenue in 2019 and the generalist Milanuncios, which holds a leading position in real estate in terms of content in 2019. Milanuncios is our main generalist online classifieds site in Spain and serves as a source of consistent content for the real estate and car verticals.

The Company has built a multi-brand presence in Spain, through a series of acquisitions:

1978: Segundamano (currently Vibbo) was founded as a monthly newspaper of free classifieds ads;
1982: Anuntis was founded;
1998: InfoJobs was founded;
2006: Schibsted entered the Spanish classifieds market in 2006 with the acquisition of 77% of the shares in Anuntis and also had ownership position in InfoJobs (Schibsted indirectly held 72%);
2008: Anuntis closed its paper business and became a pure online company;
2009: Schibsted secured control over InfoJobs by acquiring 98.5% ownership;
2013: Schibsted acquired the remaining shares in Anuntis and the company changed its name to Schibsted Spain;
2014: Schibsted Spain acquired Milanuncios and as a part of the consideration a minority stake in Schibsted Spain was granted to the selling shareholders;
2017: Schibsted Spain acquired Habitaclia; and
2019: In January 2019, Schibsted took full ownership of Schibsted Spain after acquiring the minority stake. During the first half of 2019, we unified most of our products and technology in Spain under the same roof in new offices in Barcelona.

With its combination of generalist and vertical-focused platforms across different targeted brands, our Spain segment is a significant contributor to the Group, generating €182.0 million in operating revenues in 2019, which represented 26.8% of our operating revenues in 2019 growing at a 15% CAGR in operating revenues from 2017 to 2019, with a 33% EBITDA margin in 2019 (29% in 2018 and 25% in 2017). The effect of IFRS 16 implementation on operating expenses and EBITDA for Spain was €3.1 million in 2019.

The Spain segment online classifieds sites had approximately 17.9 million monthly unique active users on average during 2019 and employed more than 1,100 FTEs at the end of 2019.

The Spanish business collects data from private users and from professionals, which may be leveraged in product development to anticipate user needs, customize daily usage, provide relevant advertising, support publishers in their professional activities and deliver mass media relevant insights on market evolutions. We believe that the extent of data collected, in line with applicable privacy and data protection legislation and requirements, from our various online classifieds sites is a competitive advantage for our Spanish operations.

Spain segment online classifieds sites

InfoJobs (jobs)

InfoJobs had a leading market position in the jobs segment in terms of usage in the fourth quarter of 2019 (with an average of 52% of respondents having visited the site in the past six months, which was 1.7 times the usage score to the nearest competitor) and in terms of share of its users that have applied to any job in 2019 (at 1.4 times the share of users of the most used competitor).

Coches.net and Motos.net (motor)

Coches.net was, together with Milanuncios, the market leader in motor car segment in terms of usage in the fourth quarter of 2019 (jointly having an average of 38% of respondents having visited the site in the past six months, which was 1.8 times the usage score of the nearest competitor). In terms of listings, Milanuncios was the market leader in terms of monthly new ads in the fourth quarter of 2019 (representing 1.9 times the number of listings of the nearest competitor). Coches.net is also complemented by Motos.net, which is an online classifieds site dedicated to motorcycles.

Fotocasa and Habitaclia (real estate)

We have two vertical online classifieds sites in real estate: Fotocasa and Habitaclia. In 2019, despite the market slowdown, we grew in terms of traffic, content and revenues. We were second in the market in terms of usage in the fourth quarter of 2019 (with an average of 40% of respondents having visited Fotocasa in the past six months, which was a similar score compared to the market leader).

We believe that we are well-positioned within the real estate vertical category in Spain, with the combination of new listings on Milanuncios and visits to Fotocasa further complemented by Habitaclia and Milanuncios. Milanuncios was the market leader in terms of monthly real estate new listings in the fourth quarter of 2019, slightly ahead of its nearest competitor.

Milanuncios (generalist)

Milanuncios is our main generalist online classifieds site and a significant traffic and listing generator. In 2019, Milanuncios represented approximately 45% of the traffic of our most relevant sites in Spain measured in visits and it was an additional source of listings and effectiveness for our real estate and car verticals. Among generalist online classifieds sites in Spain, Milanuncios ranked second in terms of traffic and, according to our estimate, in listings.

Adevinta Key Markets—*Brazil*

Overview

Our online classifieds in Brazil primarily consists of OLX Brazil, which is a generalist online classifieds site and a market leader in terms of traffic, with approximately 90% of traffic from mobile use in 2019. OLX Brazil represented 10.4% of our operating revenue in 2019 before eliminations. The Brazilian segment also comprises InfoJobs, part of the job vertical.

OLX Brazil is operated through a joint venture company, Silver Brazil JVCO B.V. ("OLX Brazil"), our 50/50 joint venture together with OLX B.V., a subsidiary of Prosus N.V., a global internet and entertainment group that was spun out of Naspers Ltd. (South Africa) in 2019 and listed on Euronext Amsterdam. The ownership in OLX Brazil is governed by a shareholders' agreement, entered into when the joint venture was established in 2015. The agreement has provisions on governance, funding, restrictive covenants, pre-emptive rights in case of sales of shares (directly or indirectly) and exit rights for each shareholder. As part of the joint venture arrangement, OLX Brazil has also been granted an exclusive, non-transferable, non-assignable, royalty-free license to use the OLX-name, certain OLX domains and OLX trademarks.

In August 2019, OLX Brazil acquired Anapro (Facher Tecnologia Ltda.), a company based in Brazil focused on CRM and Sales management solutions for the real estate market.

In March 2020, OLX Brazil agreed to acquire Grupo ZAP, a leading online classifieds site for real estate operating in Brazil, for approximately €580 million. We have entered into a deal contingent hedge to fix the purchase price in EUR and eliminate the currency risk. The transaction is subject to the approval by Brazil's Antitrust Agency (CADE), with approval received in September 2020 and we expect the acquisition to close before the end of 2020 or in early 2021. In the interim period, both businesses continue to operate independently. We intend to use a portion of the proceeds of the Notes offered hereby to, among others, repay debt we incurred to pay for our share of the consideration for this acquisition.

The key events in the Company's Brazil segment's history are:

2010:	Launch of OLX;
2011:	Naspers acquired OLX Brazil and Bomnegócio (Schibsted's Brazilian site) opened in Brazil;
2013/2014:	Major investments made to build up OLX;
2015:	Merger between OLX and Bomnegócio (a site that was launched by Schibsted), thereby acquiring 25% stake in OLX Brazil; Start of monetization;
2016:	OLX became the number one platform for car sales in Brazil;
2017:	Storiaimóveis, a premium site targeted at real estate developers, agents and agencies, was launched;
2017:	Acquisition of Telenor's 25% stake in OLX Brazil, thereby increasing ownership interest to 50%;
2018:	First profitable year for OLX Brazil and launch of Autoshift, an exclusive site in motor for professional retailers for both new and used cars;
2019:	Acquisition of Anapro (Facher Tecnologia Ltda.) (Brazil); and
2020:	Agreement to acquire Grupo ZAP.

In 2019, the Company's Brazil segment had €86.0 million in operating revenues (representing 11.3% of our operating revenues before eliminations (Brazil segment primarily comprises the joint venture OLX Brazil which is accounted for using the equity method of accounting with subsequent adjustments are included in eliminations, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Adevinta*")) and 758 FTEs. The Company's Brazil segment had CAGR in operating revenues of 27% in the period from 2017 to 2019. The EBITDA margin in Brazil has improved from negative 10% in 2017 to positive 7% in 2019. Total marketing expenditure in Brazil was €11.5 million in 2019, with 71% of advertisement spending consisting of online advertising spend.

Brazilian online classifieds sites

OLX (generalist)

OLX is a market leader in Brazil and has strong brand recognition among Brazilian internet users. OLX also operates across several verticals and was the market leader in the car vertical in terms of visits (2.1 times more visits than number two competitor), number of listings in 2019 (2.7 times more listings than the number two competitor) and in the real estate vertical in terms of visits in 2019.

In 2015, OLX introduced listing fees for its motor and real estate verticals. In 2017, OLX extended its real estate offer with the launch of "Storiaimóveis", a premium site targeted at real estate developers, agents and agencies. In 2018, as OLX launched Autoshift, an exclusive site in motor for professional retailers for both new and used cars. Since 2018, OLX has also entered into partnerships with various banks to offer financing and other services. These partnerships enable OLX to become further involved in the transaction value chain by being part of the end to end user experience. In 2020, OLX introduced a new transactional model (OLX Pay), with a full-escrow model (Compra Segura) via digital wallet and offering delivery services.

InfoJobs (jobs)

InfoJobs was launched in Brazil in 2007 following its success in Spain. InfoJobs is a market leader in the job vertical in terms of visitor traffic to its classifieds site in 2019. Between 2013 and 2019, InfoJobs has experienced increased monthly visits and resumes registered on its sites.

We own 76.23% of InfoJobs, while the remaining share is owned by RedArbor, an online classifieds group that specializes in employment.

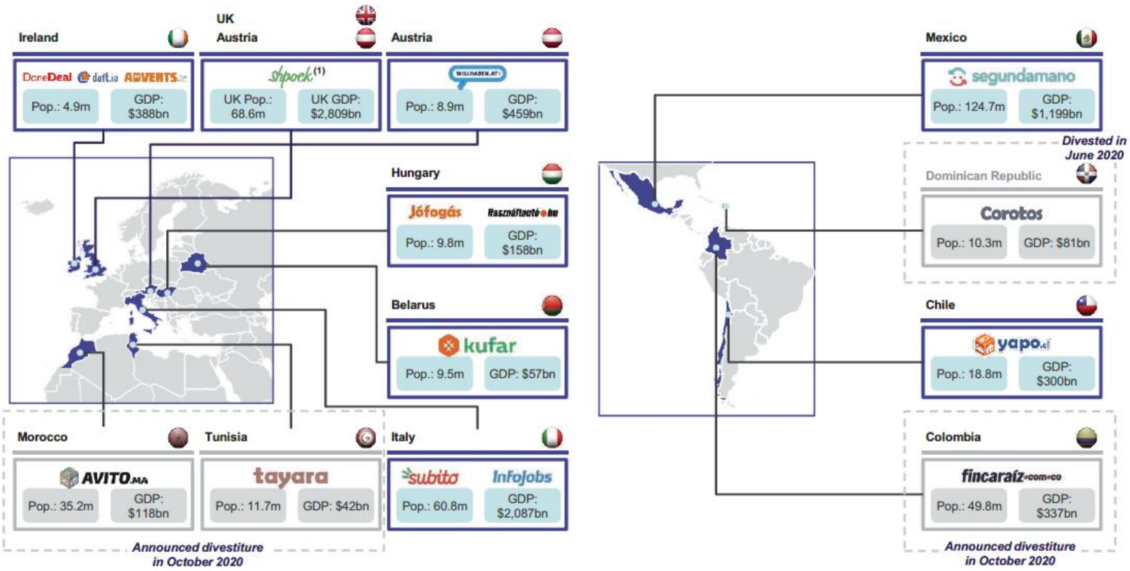
Adevinta Key Markets—*Global Markets*

Overview

Adevinta's Global Markets comprise a global portfolio of online classifieds sites with well recognized brands across Italy, Austria (50/50 joint venture, Willlhaben), Ireland (50/50 joint venture, DistilledSCH), UK (via Shpock), Hungary, Colombia, Mexico, Chile, Tunisia, Morocco, Belarus. In October 2020, Adevinta entered into agreements to divest its online classifieds businesses in Morocco, Tunisia and Colombia, see "*Summary—Recent Developments—Agreement to sell online classifieds businesses in Morocco, Tunisia and Colombia.*"

In 2019, Adevinta's Global Markets segment had operating revenues of €124.2 million, with Italy, Austria (50/50 joint venture, Willhaben), Ireland (50/50 joint venture, DistilledSCH) and Hungary being the largest contributors. The total marketing expenditure for Global Markets was €24.6 million in 2019, with 77% of advertisement spending consisting of online advertising spend. Global Markets had a CAGR of 7.7% in operating revenues from the year 2017 to 2019 and an improvement in EBITDA margin from negative 48% in the year ended December 31, 2017 to positive 8% in 2019.

The following chart shows the online classifieds sites that comprise our Global Markets portfolio:



Notes: (1) Shpock is also present in Italy and Germany.

The Global Markets portfolio includes brands in both generalist and vertical categories.

Set forth below is an overview of some of our key markets within Global Markets.

Italy

Italy represents a mature economy, with internet penetration of 69% in 2019. Our total advertising spending in Italy was €11 million in 2019, with 71% of advertising spend being online advertising spend. We believe that Italy represents significant opportunity with country's total advertising spending of $9.5 billion in 2019 of which 30% of advertising spend being online advertising spend.

Our operations in Italy consist of Subito, a generalist brand, with strong positions in cars and jobs and a challenger position in real estate and InfoJobs, which is a job vertical online classifieds site. Subito is a generalist online classifieds site and a market leader within online classifieds in Italy in terms of traffic in 2019 and was the most recognized online classifieds brand in Italy with a 37% brand awareness score according to Ipsos, a global market research and public opinion specialist ("Ipsos") and with more than 81% of traffic from mobile use in 2019. In addition to its strong generalist brand, Subito was also market leading in the car vertical, number two in the jobs vertical and number four within the real estate vertical, all in terms of traffic in 2019. Within the real estate vertical, Subito's main focus is on private sector, rentals and vacation rentals.

Austria

Austria has a mature economy and high internet penetration of 80% in 2019. Our total advertising expenditure in Austria (excluding Shpock) was €4.8 million in 2019, with 35% of advertisement spending being online advertising spend.

We operate two brands in Austria: Willhaben, which is a 50/50 joint venture that was founded by Schibsted and Styria Medien AG in 2006 and Shpock (see "—*Shpock*"). Willhaben is a generalist online classifieds site with strong growth in terms of visits and live listings between 2017 and 2019 and with approximately 77% of traffic from mobile use in 2019. Willhaben was Austria's seventh largest online classifieds site in terms of traffic in 2019, as well as a market leading operator in the motor and real estate verticals in terms of traffic in 2019.

In 2019, Willhaben was the most recognized brand in Austria within the real estate and motor verticals, scoring 54% and 56% respectively on brand awareness in a survey conducted by Ipsos in 2019.

Ireland

We believe that Ireland offers a strong growth opportunity with 82% internet penetration in 2019 and 5.6% year-on-year real GDP growth between 2018 and 2019. Our total marketing expenditure in Ireland was €1.6 million in 2019 with 57.8% of advertisement spending being online advertising spend.

We operate three online classifieds sites as part of DistilledSCH, our 50/50 joint venture with the Irish-owned company Distilled Media:

- *DoneDeal*, a generalist online classifieds site with a strong presence in the car vertical, enjoying the market leading position in terms of traffic in 2019, with a 34% top of mind brand awareness among online classifieds for motor in 2019; and

- *Daft* is a market leader in the real estate vertical in terms of traffic in 2019 which had above 50% top-of-mind brand awareness among online classifieds for real estate in 2019.

- *Adverts*, which is a generalist online classifieds site with a strong market position within online classifieds in Ireland in 2019 and has a particularly strong presence in the Dublin area;

Hungary

We believe that Hungary is an attractive market with total advertising expenditure in 2019 of €767 million, internet penetration of 80% in 2019 and a real GDP growth of 4.9% between 2018 and 2019. Our total marketing expenditure in Hungary was €1.9 million in 2019 with 70% of advertisement spending being online advertising spend.

Our online classifieds sites in Hungary consist of Jófogás and Használtautó. Jófogás is a market leading generalist online classifieds site in Hungary in terms of traffic and brand recognition in 2019, with a top-of-mind (ToM) brand awareness score (which is a marketing metric measuring the percentage of customers for whom a given brand comes to mind first when a customer is asked an unprompted question about a category) among generalist online classifieds sites of 43%. Használtautó is market leading within the car vertical in terms of traffic and brand recognition in 2019, with a top-of-mind (ToM) brand awareness score among car online classifieds sites of 42%, where Jófogás has a 14% score. Használtautó has been fully integrated with Jófogás, selling bundles of a number of listings and add-on products to further strengthen its leading position within motor. Jófogás and Használtautó had 66% of traffic from mobile in 2019.

Shpock

Shpock is a generalist (app-first) mobile online classifieds site that was acquired by Schibsted in 2015. The mobile online classifieds site is turning its focus from location-based discovery to a transactional classifieds site, with categories ranging from electronics, fashion and furniture to specialized verticals such as motor and real estate. Shpock is focusing its efforts on the UK as it is winding down its activities in and will exit two other countries: Germany and Austria.

In 2019, Shpock had approximately 26 million listings in the UK and since its launch in July 2015, Shpock has had 105 million total downloads worldwide and had approximately 92% of traffic from mobile in 2019.

eCG Key Markets—*Germany*

Overview

eCG's operations in Germany consists of Mobile.de, a leading online classifieds site for vehicles and a market leader in Germany and eBayK, the eighth most visited site in Germany and a leader for generalist online classifieds in terms of both awareness and usage/traffic.

A key highlight in the eCG's Germany market's history is the acquisition of MotorTalk by Mobile.de in September 2015.

Germany is the largest geography within eCG's portfolio in terms of revenue. In 2019, the Germany operating businesses (Mobile.de and eBayK) had €438 million in operating revenues (with approximately 60% of revenues deriving from Mobile.de and approximately 40% from eBayK), and 338 FTEs (excluding variable workforce) as of the end of 2019. The German businesses grew revenues by 18% CAGR from 2017 to 2019. The total marketing expenditure in Germany was €71 million in 2019.

In terms of brand awareness and recognition, eCG's' Germany online classifieds sites have strong positions in all of its key markets.

Germany Market Online classifieds sites

Mobile.de

As of December 2019, Mobile.de had circa 42,000 dealer customers across Germany, 1.7 million average live listings, 1.1 million monthly unique active users and a 67% brand consideration and an average of 33 million monthly unique visitors in 2019. Mobile.de represented 29% of eCG's operating revenue in 2019. The site features the largest range of cars, commercial vehicles and motorcycles in Germany. The wide selection of new and used vehicles and the coverage achieved by Mobile.de ensure a balance between supply and demand lead to a high rate of successful sales. Mobile.de also helps its users find financing and insurance deals and it offers highly efficient online advertising options. For example, Mobile.de introduced a motor financing product/service in 2018 which generates a referral fee for introducing motor buyers to lenders.

Mobile.de has continuously delivered a strong growth track record. Today, Mobile.de remains mainly a B2C platform, with significant potential to expand further into the C2C space, leveraging its partnership with eBayK as well as C2B/B2B by leveraging both its audience and deep dealer relationships.

eBayK

eBayK is a leading generalist classifieds ads platform in Germany. eBayK is a destination for German locals to connect and fulfil the core need of finding immediate value across a range of categories—goods, motor, real estate and more. The primary categories in 2019 were goods categories, led by the Family, Kids and Baby and the Home and Garden categories. As of December 2019, eBayK had 65.2 million monthly unique visitors, 34 million live listings and 82% brand consideration. eBayK represented 17% of eCG's operating revenue in 2019.

eBayK is one of Europe's largest generalist classifieds sites and is the preferred platform for users. eBayK has achieved a strong growth track record resulting from verticalization and monetization efforts.

eBayK and Mobile.de have an arrangement whereby motor listings can be syndicated on both platforms. Dealers are given the option to cross-list between the platforms either through a pay-per-listing model or as part of their dealer subscription package. This arrangement has contributed positively to eBayK's motor growth. eBayK has also gained significant traction in real estate, where it has now become the second largest destination by traffic. eBayK leads in the

C2C real estate classifieds and on this basis successfully launched and scaled a professional offering to German real estate agents.

eCG Key Markets—*Benelux*

Overview

Benelux comprises the Netherlands (Marktplaats) and Belgium (2dehands and 2ememain). The two businesses are managed by the same general manager. Benelux purchased the Kapaza domain names and platform in Belgium in 2018, increasing operating revenues with little incremental operating costs and thereby improving margin.

Benelux has the highest operating income margin of the eCG's business segments due to its mature business profile, operating leverage and marketing cost reductions in 2019. Higher yields were realized through successful transition of customers from text to PLA advertising and the transition of API partner relationships to direct billing. Next to this, marketing spend was considerably reduced in the Netherlands over the past three years. The Netherlands accounted for 87% of total Benelux operating revenue in 2019. In 2019, the Benelux segment market generated €151 million in operating revenues and had 144 FTEs as of the end of 2019. The total marketing expenditure for the Benelux segment market was €14 million in 2019.

In terms of brand awareness and recognition, eCG's Benelux online classifieds sites have strong positions in terms of traffic, particularly Marktplaats.

Marktplaats

Marktplaats is a leading classifieds ads platform in the Netherlands, reaching 56% of the Dutch internet population. It was founded in 1999 and acquired by eBay in 2004. Marktplaats is also a leading motor classifieds site in the Netherlands, with approximately 7,352 dealers live on site by the end of 2019. Marktplaats is the strongest generalist in eCG's portfolio by multiple measures. As of December 2019, Marktplaats had 22.6 million monthly unique visitors, 10.8 million live listings and 87% brand recognition. Marktplaats successfully added transactional services, such as payments, escrow service and shipping to its platform in 2018-2019. The Marktplaats operating business represented 14% of eCG's operating revenue in 2019.

2dehands and 2ememain

2dehands was founded in 1997 in the Netherlands, was launched in Belgium in 2000 and is a leading generalist classifieds destination in both the Flemish regions (2dehands) and the Walloon regions (2ememain). Both these sites were acquired by eBay in 2013. In 2018, eBay subsequently acquired the key assets from Kapaza (Schibsted) and directed Kapaza's traffic to 2dehands/2ememain for additional scale. The Belgium site was moved on to the multi-tenant Marktplaats platform in 2019 to improve product experience and realize synergies.

eCG Key Markets—*Canada*

Overview

eCG Classifieds operations in Canada are carried out through Kijiji Canada. Kijiji Canada was founded in 2005 and is headquartered in Toronto, Canada. In 2018, eCG developed a multi-tenant new motor vertical that was introduced in 2018 as Kijiji Autos next to the existing Kijiji generalist platform. Kijiji Canada represented 15% of eCG's operating revenue in 2019.

Kijiji Canada is a leading generalist classifieds platform in Canada with strength in motor, real estate and goods, with 83% in brand awareness. Through the fourth quarter of 2019, Kijiji Canada had monthly unique visitors of 31.5 million and 92% brand recognition. The wide selection of new and used vehicles and the coverage achieved by Kijiji Canada ensures a balance between supply and demand and leads to a high rate of successful sales. At the end of 2019, approximately 4,600 car dealers in Canada listed on Kijiji's vehicle online classifieds site.

In 2019, Kijiji Canada generated €144 million in operating revenue. Kijiji Canada had 124 FTEs as of the end of 2019. Between 2017 and 2019, operating revenues of Kijiji Canada remained broadly stable.

eCG Key Markets—*Other Markets*

United Kingdom

eCG's operations in the United Kingdom are primarily carried out through Gumtree.com and Motors.co.uk. Gumtree.com is one of the United Kingdom's largest general classifieds sites, with 23 million monthly unique visitors, over 2 million overall live listings and 276,000 total motor live listings. In February 2019, as part of its strategy to verticalize further and focus on the motor categories, Gumtree.com fully acquired Motors.co.uk. Motors.co.uk is the number two motor vertical in the UK and, as of the end of 2019, had 2,764 dealers, 391,000 motor live listings and a large direct and field-sales team. During 2019, Motors.co.uk was subsequently fully integrated with Gumtree.com. Gumtree.com and Motors.co.uk go to market with a joint proposition together with eBay UK (jointly, the "eBay Motors Group"), allowing car dealers to cross-list across the three properties and gain access to the largest reach in the UK.

Gumtree.com has a 48% brand recognition and 168 FTEs as of the end of 2019. Gumtree.com had nearly 8,000 car dealers and over 640,000 live dealer listings in 2019.

Australia

eCG's operations in Australia are carried out through Gumtree Australia. Gumtree Australia generates operating revenue mostly from motor and general classifieds. In June 2020 and as part of its strategy to focus on motor, Gumtree Australia acquired a 100% stake in Cox Automotive Media Solutions, a company duly organized under the laws of Australia with key brands Carsguide and Autotrader Australia. Gumtree Australia is a leading generalist classifieds destination for Australian locals to connect and fulfil the core need of finding immediate value across a range of categories—goods, motor, jobs and more. Together with Carsguide and Autotrader, the company is the number two motor classifieds vertical destination in Australia.

South Africa

eCG's South African activities are carried out through Gumtree South Africa. Gumtree is a leading general classifieds site in South Africa and also has a strong position in the motor vertical. At the end of 2019, Gumtree South Africa had an unaided brand awareness of 83%.

Italy

eCG's operations in Italy are carried out through Kijiji Italy and Automobile.it. Kijiji was launched in 2005 and is one of the largest general classifieds sites in Italy. Automobile.it was launched as a separate local platform in 2016 and is the second largest motor classifieds vertical in the country. During 2019, Kijiji Italy had 7.0 million average monthly unique visitors (13.1 million average visits per month) and 3.1 million average live listings on the platform. Automobile.it has experienced significant growth and at the end of 2019 had approximately 2,900 car dealers live on the platform and approximately 173,000 live listings.

Mexico

eCG's operations in Mexico are carried out through Vivanuncios. Vivanuncios is one of the leading real-estate online classifieds sites in Mexico. Vivanuncios in 2018 shifted its focus from a multi category approach to a dedicated focus on the real-estate category and is now the supply-side leader amongst agents and developers. With approximately 380,000 live listings as of December 2019, Vivanuncios is well-positioned to continue commercializing. As one of the demand-side traffic leaders, Vivanuncios continues to evolve its leading user experience with a focus on providing differentiated customer experiences including virtual viewings and neighborhood insights.

Marketing and sales (combined business)

We have a multi-brand marketing strategy and operate with independent brands by country. Over the years, the various brands have built strong positions with high brand recognition in their local markets.

Our online classifieds sites benefit from a high share of direct traffic, particularly for our established online classifieds sites. Our brands use a combination of communication and marketing approaches with the aim of driving audience growth and increasing brand awareness and reputation, directed at both professional and consumer buyers and sellers. Our brands typically use a combination of online and offline channels and advertise in a variety of media, including offline channels such as TV, radio, print, outdoor advertising and events, as well as online channels such as social media and search engines. Paid digital advertising includes search engine marketing (SEM) where we pay for listings generated from search engine queries. In addition, our brands engage in search engine optimization (SEO) to increase organic traffic from search engines and promote our online classifieds sites to ensure that they benefit from free exposure offered through channels such as social media and blogs.

Our sales activities are organized independently for each country, enabling our sales force to benefit from its strong local brands and traffic position, all while having close proximity to the customers in the local market. Sales to professionals are typically segmented by verticals (car, real estate, jobs) using a combination of in-field sales agents and tele-sales. Our various brands have built strong partnerships both in local markets and across these markets. For example, we have a global partnership with Google, as well as synergies with eBay through the TreeBay commercial arrangement in Germany, the UK and Australia. These partnerships are expected to continue post-closing of the Acquisition.

Information Technology

Adevinta

The Company's online classifieds sites platforms are designed to provide private listers and professionals with real-time access to listings made available through our online classifieds sites and mobile applications. The Company's online classifieds sites are based on group-wide technology and are maintained independently as platforms by the various online classifieds sites in the local markets that are tailored to meet local demands, all while integrating increasing levels of shared technology and components that are developed and operated by our global teams. The Company is dependent on both its own technology, as well as technology provided by third parties, such as Amazon Web Services (AWS) and AppNexus.

The platforms imbedded on each online classifieds site rely on a common foundation including the data platform and platform services. The data platform collects data by capturing behavioral, content and transaction events that are used by the user-facing components.

Platform Services (PS) provide the core infrastructure services and tooling on top of public cloud infrastructure used to deliver, run and secure our online classifieds sites. The objective of platform services is to enable online classifieds sites' engineers to deliver maximum business impact at a quicker pace, through:

- *Delivery@PS:* empowering engineering teams across online classifieds sites to enhance adaptability, quality and productivity in the phases of the engineering process that go from writing to deploying code and drive automation across the entire organization including continuous integration and deployment.

- *Run@PS:* providing a robust, transparent, seamless and comprehensive runtime environment across online classifieds sites allowing our programmers to test our platforms and programs while running to bring stability and scalability for services and applications, including monitoring, logging and incident management.

- *Secure@PS:* enabling online classifieds site engineers to achieve the highest security standards and includes services, such as automated vulnerability scanning, penetration testing and log auditing.

The user-facing parts of the platform include the online classifieds site itself, as well as the shared technology components and the advertising platform. The online classifieds sites integrate shared components such as messaging, notification and rankings and reviews.

The Company's advertising platform consists of a combination of third-party technology such as AppNexus and Google Ad Manager and internal technology including our data management platform, a self-service advertising solution and a common booking API abstraction layer. Following our separation from Schibsted, the Company continued to use AppNexus, initially through a Group agreement between Schibsted and AppNexus which covers the use of the AppNexus advertising technology stack, including ad serving, programmatic buying and selling services, analytics and forecasting.

In the Company's technology development, the Company uses available off-the-shelf technology when appropriate. This includes open-source technology, as well as third-party providers of infrastructure such as logging and monitoring. Platform Services' solutions are built on industry-standard open-source infrastructure technology such as Kubernetes and Kafka, but also leverages third-party offerings such as Travis (test and deployment automation), Artifactory (engineering artefacts repository) and Datadog (monitoring and metrics).

All of the global technology is built and deployed in the cloud, with AWS as the main provider. The Company's online classifieds site platforms historically were entirely on-premises and co-located, but several are now fully migrated to AWS and most are in a hybrid, transitional state with both on-premises and AWS-hosted systems. The Company has entered into an enterprise agreement with AWS which governs the AWS service across the Group. The general enterprise agreement is supplemented by local agreements in certain markets. All agreements contain customary contractual provisions for cloud services.

The Company has several initiatives to encourage learning and knowledge sharing among its employees, including shared documentation and gatherings that brings together technical staff working on similar topics such as the Data Engineering Day and Messaging gathering.

eBay Classifieds

eBay Classifieds' online classifieds sites run on local technology platforms or on a number of scalable multi-tenant global platforms. All platforms are supported by globally built services and infrastructure. eBay Classifieds' strategy is to leverage its scale in technology and therefore has developed three key international platforms in-house—Horizon, MoVe and Bolt:

- *Horizon*, is an end-to-end general classifieds platform that is designed to support high traffic requirements in established markets. It was not originally designed as a multi-tenant platform, but is in the process of adaptation to scale to many markets. Horizon is currently used for the Netherlands and Belgium online classifieds sites.

- *MoVe* is a vertical multi-tenant platform for motor online classifieds sites, providing a clean user experience for both web and mobile and a dealer tool solution to cater for inventory management and reporting. The platform is configurable by market, allowing for different category structures and is built on international vehicle standards. www.kijijiautos.ca in Canada is live on this platform and it is also being rolled out in Australia under the Autotrader.com.au brand. More markets will follow.

- *Bolt* is a multi-tenant general classifieds platform that supports emerging markets with different languages and is specialized around the real-estate vertical. The main online classifieds sites are Gumtree South Africa and Vivanuncios Mexico.

For its desktop and smartphone web traffic, eBay Classifieds hosts responsive web applications. A significant portion of eBay Classifieds' online classifieds sites traffic is on native mobile applications for iOS and Android. All platforms run on top of either a centrally managed infrastructure hosted in eBay Classifieds' private cloud, or in some cases on public cloud. The user-facing components of the eBay Classifieds platforms contain a full user journey of user acquisition and activation, to buying and selling with capability to close the transaction. These core flows on all platforms are supported by global services e.g. search functionality, chat functionality, notification center, push notifications, personalization features and identity management to name but a few.

eBay Classifieds has implemented a 'Journey to Cloud' strategy with the long-term goal of full public cloud hosting. Currently, eBay Classifieds has been transitioning from bare metal to a majority on-premise cloud so that it is cloud-ready (i.e. data hosted in such a way on-premise that will allow it to easily transfer to public cloud), but there is no fixed date to transition to public cloud. eBay Classifieds uses Google Cloud Platform, Microsoft Azure and Amazon AWS. The current preferred cloud provider is Google Cloud Platform.

eBay Classifieds as a division of eBay group relied on its parent for Corporate IT services as well as infrastructure such as a data warehouse and picture service, which is not partitioned and is not within the scope of the Acquisition and is hosted by eBay Inc. eBay Classifieds owns the underlying data in these systems.

eBay Classifieds has invested in big data initiatives since 2015. These systems include data collection and governance. Data is used to create customer-facing innovations such as image search, price prediction, recommendation services, ranking and profiling. Currently, eBay Classifieds is expanding its big data initiatives in marketing and advertising built around a customer 360 degree view.

In relation to IT security, eBay Classifieds has implemented all policies and practices as laid out through eBay governance guidelines. There is a strong security and governance team that ensures these practices are adhered to and continue to strengthen and harden the security posture of the group to protect the assets of the company.

Intellectual property

Trademarks and domains

Our combined business' online classifieds sites operate under different brands, including key brands such as leboncoin, Milanuncios, InfoJobs, Fotocasa, Habitaclia, Subito, Gumtree, Motors.co.uk Ltd, Marktplaats, Mobile.de, Kijiji and eBayK. Building and maintaining strong brands is an important part of our strategy and we are to some extent dependent on the ability to protect our brands through trademark registrations and domain registrations. We have protected our key brands through national and international trademark registrations, as well as through registration of relevant domain names related to its brands. Consequently, we have built up an extensive portfolio of registered trademarks and domain names. In addition to trademarks we own, we have certain trademark licenses, including OLX Brazil's license to use the OLX name.

Proprietary technology

Our combined business operates our sites based on a combination of technology platforms and components we develop and technology provided by third parties. The platforms and components we develop contain technology which is proprietary to us. Schibsted has granted us a perpetual license to certain technology components. We also utilize off-the-shelf technology from various third parties. In addition, as part of our separation from Schibsted, we have granted Schibsted the right to use certain technology components.

Property, plant and equipment

The Company

The Company's property, plant and equipment comprises office buildings, which had no net carrying amount as of December 31, 2019. (€2.1 million as of December 31, 2018). In addition, the Company has equipment, furniture and similar assets, which had net carrying amount of €25.3 million as of December 31, 2019 (€17.6 million as of December 31, 2018). The Company's equipment, furniture and similar assets mainly comprise furniture and IT equipment used in the Group's offices across all jurisdictions.

The Company mainly has lease contracts for office buildings and vehicles used in its operations. The company's office buildings lease terms range between three and 15 years, while motor vehicles generally have lease terms between one and three years. For an overview of the impact of IFRS 16 on the Company's Consolidated income statement for the year ended December 31, 2019, see Note 30 "Lease Agreements" to the Adevinta Audited Financial Statements for 2019. The most significant leases relate to the leases of Schibsted France's premises in Rue du Faubourg Saint-Martin in Paris (the agreement expires 2026), Subito's premises in Via Benigno Crespi in Milan (the agreement expires in 2025), Adevinta Spain's premises in Calle de Hernani, Madrid (the agreement has been extended to October 2020 and is expected to be further extended) and Calle Ciudad de Granada, Barcelona (the agreement expires in 2028), Adevinta France's premises Rue Des Jeuneurs in Paris (the agreement expires in 2029) and Adevinta Product and Technology's premises in Oxford street (the agreement expires in 2027). These leases contain rights to extensions.

eCG

eCG's property, plant and equipment comprises equipment, furniture and similar assets, which had a book value of €23 million as of December 31, 2019. eCG's equipment, furniture and similar assets mainly comprise furniture and IT equipment used in eCG offices across all jurisdictions.

eCG leases all of its office premises pursuant to long-term lease agreements as operating leases. As of December 31, 2019, eCG's current lease liabilities were €5 million.

Employees of Adevinta

As of June 30, 2020, the Company had 4,242 FTEs. The following table shows the number of the Company's FTEs (excluding OLX Brazil and Willhaben) for the periods indicated:

	As of December 31,			As of June 30,
	2017	**2018**	**2019**	**2020**
France	702	852	1,312	1,350
Spain	952	1,002	1,104	1,141
Brazil	110	102	131	114
Global Markets	1,114	1,260	1,248	1,252
HQ	349	420	375	386
Total FTEs	**3,227**	**3,637**	**4,169**	**4,242**
Of which are hired-in/temporary employees	103	148	125	87

Employees of eCG

As of June 30, 2020, eCG had 1,443 FTEs. The following table shows the number of eCG's FTEs for the periods indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
Germany BUs	334	314	338	356
Canada BU	114	114	124	129
Benelux BU	168	148	144	148
Other Markets & Central*	577	695	799	810
Total FTEs**	**1,193**	**1,271**	**1,405**	**1,443**

* Note: Includes FTEs physically based in Germany, Canada and Benelux.

** Note: Excludes fixed-term contractors.

Regulations

Our businesses are impacted by the laws and regulations of the various jurisdictions in which we operate, including competition and antitrust, foreign investment, labor, data protection and privacy, telecommunications, online content, intellectual property, corporate, tax, financial services, anti-money laundering, anti-bribery and anti-corruption and sanctions and export controls.

We are also subject to regulation by competition authorities in developed markets interested in the digital commerce platform, including the UK Competition Authority, the Australian Competition & Consumer Commission and the US Department of Justice.

Legal proceedings (Company)

We are from time to time involved in litigation, disputes or other legal proceedings arising from the normal conduct of its business. We are currently not, and have not in during the six months ended June 30, 2020, been a party to any material legal proceedings and our properties and assets are not currently, and were not during the same period, the subject of material legal proceedings.

Legal proceedings (eCG)

eCG is from time to time involved in litigation, disputes or other legal proceedings arising from the normal conduct of its business. eCG is currently not, and has not in the six months ended June 30, 2020, been a party to any material legal proceedings and its properties and assets are not currently, and were not during the same period, the subject of material legal proceedings.

MANAGEMENT

Directors and executive officers

Our board of directors (the "Board") is responsible for supervising the general and day-to-day management of our business, ensuring proper organization, preparing plans and budgets for its activities, ensuring that our activities, accounts and asset management are subject to adequate controls and undertaking investigations necessary to perform its duties.

Our CEO with assistance from the management team is responsible for the day-to-day management of our operations in accordance with Norwegian law and instructions set out by the Board.

The size of the Board is regulated by our Articles of Association.

Articles of Association (giving effect to the Acquisition)

As part of the Acquisition, the parties have agreed to make certain changes to our governance structure, subject to Shareholder Approval, including by way of amendments to our articles of association (the "Articles"), which will take effect upon completion of the Acquisition. Pursuant to the amendments, following completion of the Acquisition:

- The Board will be comprised a minimum of five and maximum of thirteen directors ("Board Members").
- The Board is expected to consist of eight Board Members, five of whom have been elected by our general meeting of shareholders, two of whom shall be appointed by eBay and one of whom shall be appointed by Schibsted.
- Shareholders holding (i) at least 25% of our outstanding Class A (voting) shares (initially eBay and Schibsted) shall have the right to appoint two directors to the Board; and (ii) at least 10% of our outstanding Class A (voting) shares shall have the right to appoint one director to the Board. If a shareholder who has appointed one or two directors falls below the relevant ownership threshold(s) described above for such number of appointments, such that the number of directors who were appointed by such shareholder and sit on the board of directors exceeds the number of directors that the shareholder has the right to appoint (such excess directors, the "Excess Directors"), the service period for the Excess Director(s) shall immediately expire (without limiting the ability of such Excess Director to be re-elected as a director elected by a general meeting). If the shareholder has appointed two directors and only one director's service period shall expire pursuant to the foregoing, then the shareholder shall have a period of two weeks from the date of which the ownership threshold was passed to determine and notify the Company which director shall be an Excess Director. If such shareholder does not notify the Company within the two-week period, then the Board shall have the right to determine which director is the Excess Director, with both directors of such shareholder recusing themselves from such vote.
- The total number of directors appointed directly by shareholders to the Board shall not exceed six directors. If such shareholders are entitled to appoint more than six directors in aggregate, the shareholders with the largest shareholdings shall be entitled to appoint the directors in accordance with the foregoing provisions up to the maximum limit of six directors. If there are two or more shareholders with equal holdings, the appointment right shall defer to the shareholder(s) that reached the threshold first. The size of the Board shall be increased as necessary so that the majority of its members will be elected by our shareholders in a general meeting.

With respect to our shares, pursuant to the amendments, following completion of the Acquisition:

- We will have two classes of shares: Class A (voting) and Class B (non-voting shares).
- Class A shares will carry one vote per share and Class B shares will have no voting rights.
- Class B shares are exchangeable into Class A shares on a 1:1 exchange ratio, provided that such exchange does not result in the holder, taken together with close associates of the holder (as defined in section 2-5 of the Norwegian Securities Trading Act), including for any avoidance of doubt any Affiliate (as defined below), exceeding a shareholding of one-third of the total number of Class A shares. The foregoing exchange restriction will not apply if the holder has already triggered a mandatory offer obligation under the Norwegian Securities Trading Act and publicly announced that it intends to put forward a mandatory offer, provided that such offer has not already been completed at the time of the request for exchange.

The following table sets forth the name, year of birth and position of each of our Board Members as of October 12, 2020 (prior to completion of the Acquisition).

Name	Year born	Title
Orla Marie Noonan Boulman	1970	Board Chair
Kristin Skogen Lund	1966	Board Member
Peter Alan Brooks-Johnsson	1972	Board Member
Sophie Constance Chantal Javary	1959	Board Member
Terje Seljeseth	1960	Board Member
Fernando Abril-Martorell Hernandez	1962	Board Member

The following table sets forth the expected composition of our Board, including the name, year of birth and position of each of our Board Members, following completion of the Acquisition(1).

Name	Year born	Title
Orla Marie Noonan Boulman	1970	Board Chair
Kristin Skogen Lund(2)	1966	Board Member
Peter Alan Brooks-Johnsson	1972	Board Member
Sophie Constance Chantal Javary	1959	Board Member
Fernando Abril-Martorell Hernandez	1962	Board Member
Mark Solomons(3)	1973	Board Member
Marie Oh Huber(3)	1961	Board Member
Aleksander Rosinski(4)	1973	Board Member

(1) The number of Board members is expected to increase to nine following the Annual General Meeting in 2021. Assuming Schibsted has the right to do so at the relevant point in time, Schibsted intends to appoint its second director to the Board at or in connection with the 2021 annual general meeting.

(2) It is understood that Kristin Skogen Lund will not present herself for re-election at the 2021 annual general meeting, so as to make herself available as the second direct appointee of Schibsted.

(3) Appointed by eBay.

(4) Appointed by Schibsted.

Certain biographical information about each of our Board Members, management and executive officers and certain other key employees is set forth below.

Board Members

Orla Marie Noonan Boulman has served as our Board Chair since February 2019. Ms. Noonan is a director of AFP, Iliad / Free, Schibsted Media Group and SMCP. Ms. Noonan has 23 years of experience in content and media at Groupe AB Paris, holding various management positions including CEO until 2018. Before joining Groupe AB in 1996, Ms. Noonan was in investment banking at Salomon Brothers UK Ltd. Ms. Noonan holds a BA in Economics from Trinity College, Dublin and a degree in Finance from HEC, Paris. Ms. Noonan's business address is Grensen 5, 0159 Oslo (Norway).

Kristin Skogen Lund has served as a Board Member since February 2019. Ms. Skogen Lund also serves as chairman of Stiftelsen Oslo-Filharmonien. Ms. Skogen Lund became CEO of Schibsted on December 1, 2018. Ms. Skogen Lund's previous experiences include Director General of the Confederation of Norwegian Enterprise (NHO), EVP of the Nordic region and digital services at Telenor, CEO at the Schibsted companies Aftenposten, Scanpix and Scandinavia Online, Director of the Coca-Cola Company, as well as positions at Unilever and the Norwegian Embassy in Madrid. Ms. Skogen Lund has also previously served as president of the Confederation of Norwegian Enterprise and as a member of the board of Ericsson and Orkla among others. Since 2015, Ms. Skogen Lund has been a member of the Global Commission on the Economy and Climate and the ILO Global Commission of the Future of Work. Ms. Skogen Lund holds an MBA from INSEAD and a Bachelor's degree in International Studies and Business Administration from the University of Oregon. Ms Skogen Lund's business address is Schibsted ASA, Akersgata 55, 0180 Oslo, Norway.

Peter Alan Brooks-Johnsson has served as a Board Member since February 2019. Mr. Brooks-Johnsson has also served as CEO of Rightmove since 2017. Mr. Brooks-Johnsson has held several managing positions in Rightmove, including head of the Agency business, Managing Director of rightmove.co.uk and COO. Before joining Rightmove in 2006, Mr. Brooks-Johnsson worked for Accenture UK Ltd and Berkeley Partnership LLP for a total of 10 years. Mr. Brooks-Johnsson holds a degree in Microelectronics from Newcastle University. Mr. Brooks-Johnsson's business address is 2 Caldecotte Lake Business Park, Caldecotte Lake Drive, Caldecotte, Milton Keynes, MK7 8LE, UK.

Sophie Constance Chantal Javary has served as a Board Member since February 2019. Ms. Javary is also Vice-Chairman CIB Europe Middle East Africa (EMEA) in BNP Paribas, director of Elior SA, director of Euroclear and a board member of the think tank EuropaNova. Ms. Javary has over 30 years of experience in investment banking, including positions at Bank of America and Banque Indosuez (Paris), Head of ECM origination in France in Baring Brothers France, positions at Rothschild & Co (including as General Partner) and managing positions in BNP Paribas, such as Senior Banker and Head of Corporate Finance EMEA. Ms. Javary has been decorated with the French "Legion d'Honneur." Ms. Javary holds a Diploma from HEC Paris, with certificates from international management programs entailing six months at the Fundacao Getulio Vargas of Sao Paulo, Brazil and six months at New York University, USA, graduate school of business administration. Ms. Javary's business address is BNP Paribas, 37 place du Marche. Saint Honore, 75001 Paris (France).

Terje Seljeseth is expected to resign from the Board following completion of the Acquisition. Ms. Seljeseth has served as a Board Member since February 2019. Mr. Seljeseth is chairman and director of Videocation.no and Chief Analyst at the Tinius Trust. Mr. Seljeseth also serves as an advisory board member of TA-Media's classifieds division and headhunter.ru and is a director of Gjensidige Forsikring. Mr. Seljeseth has held several managing positions in Schibsted, including IT-development manager and CTO of Aftenposten AS well as founding Finn.no in 1999 and holding the position as CEO until 2009. Mr. Seljeseth was part of Schibsted's top management team as the CEO of Schibsted Classifieds Media AS and the Schibsted CPO. Mr. Seljeseth has a degree in computer science from Datahøgskolen in Oslo and additional studies in informatics from the University of Oslo. Mr. Seljeseth's business address is Solveien 33c 1177 Oslo.

Fernando Abril-Martorell Hernandez has served as a Board Member since February 2019. Mr. Hernandez is chairman and CEO of Indra and a director of Energía y Celulosa, S.A. Before joining Indra in 2015, Mr. Hernandez was CEO of Grupo Pisa, CEO of Credit Suisse in Spain and Portugal (2005-2011) and CEO and CFO in Grupo Telefonica, having spent ten years in different positions at J.P. Morgan. Mr. Hernandez is a Graduate in Law and Business Administration from ICADE (Madrid). Mr. Hernandez's business address is INDRA, Avda. De Bruselas 35, 28108, Alcobendas, Madrid, Spain.

Mark Solomons is expected to serve as a Board Member following the closing of the Acquisition. Mr. Solomons serves as Vice President, Corporate and Business Development at eBay. Mr. Solomons assumed his current role at eBay in February 2016. Prior to joining eBay, Mr. Solomons spent 19 years as an investment banker at Morgan Stanley, and J.P. Morgan, respectively. Mr. Solomons' most recent role at Morgan Stanley prior to leaving for eBay was Head of West Coast Technology M&A, based in Menlo Park, CA. Prior to his investment banking career, Mr. Solomons worked for Deloitte in various positions for three years. Mr. Solomons has a Bachelor of Commerce in Economics from University of Melbourne (Australia).

Marie Oh Huber is expected to serve as a Board Member following the closing of the Acquisition. Ms. Huber serves as Senior Vice President, General Counsel and Secretary of eBay. Ms. Huber assumed her current role at eBay in July 2015. Prior to joining eBay, Ms. Huber spent 15 years at Agilent Technologies, a technology and life sciences company, most recently as Senior Vice President, General Counsel and Secretary. Prior to Agilent, Ms. Huber spent ten years at Hewlett-Packard Company in various positions and started her career at large law firms in New York and San Francisco. Ms. Huber has a B.A. in Economics cum laude from Yale, studied at the London School of Economics and received her J.D. from the Northwestern Pritzker School of Law.

Aleksander Rosinski is expected to serve as a Board Member following the closing of the Acquisition. Mr. Rosinski has held the position of Vice President and Senior Advisor to Schibsted management since September 2019. In the last two decades, Mr. Rosinski has accumulated experience from online marketplaces including Telenor ASA, where he served as Vice President and oversaw online classifieds investments in Asia and South America, Vice President Vacation Rentals TripAdvisor, and Managing Director of Travel and General Goods at FINN.no. Mr. Rosinski has also previously served on the board of directors of several companies including Inkclub AB, Blocket.se and OLX Brazil. Mr. Rosinski holds a Master's Degree in International Business from the Gothenburg School of Economics.

Executive Officers and Management

Rolv Erik Ryssdal has served as our CEO since December 2018. He is also director of Finn No AS and has previously held the position of CEO of Schibsted. Mr. Ryssdal has been employed by the Schibsted group since 1991, holding several management positions including CEO of Aftonbladet, CEO of Verdens Gang AS, CEO of Schibsted Classifieds Media and CEO of Schibsted Media Group. Mr. Ryssdal was also previously at ABN AMRO Bank. Mr. Ryssdal holds a Master's degree in Business and Economics from BI Norwegian Business School and an MBA from INSEAD.

Uvashni Raman has served as our CFO since April 2019. Ms. Raman was previously Global CFO of the Video Entertainment segment of Naspers Holding, CFO Australia Region South32 and has held several leadership roles in BHP Billiton, including Vice President Finance of Global Iron Ore and Manganese Divisions. Ms. Raman has also held positions in Xstrata and Deloitte. Ms. Raman holds a Bachelor and Honors Degree in Accounting and Finance from the University of Natal, South Africa and is a CA(SA)—Chartered Accountant in South Africa.

Antoine Jouteau has served as the CEO of the leboncoin Group since 2015. Mr. Jouteau is a board member of Mobile Marketing Association France. He has held several management positions at leboncoin, including Director of Business Development (Product & Sales & Marketing) and Deputy General Manager. Before joining the Schibsted Group in 2009, Mr. Jouteau was Marketing Manager at TDF and at PagesJaunes (pagesjaunes.fr). Mr. Jouteau holds a Master's degree in Marketing Research from Université Paris Dauphine.

Gianpaolo Santorsola has served as CEO of Adevinta Spain since July 2018. Mr. Santorsola is also a member of the board of OLX Brazil and InfoJobs. Mr. Santorsola has been employed by the Schibsted Group since 2011, holding positions including Senior Vice President of online classifieds division (SCM) and Executive Vice President of Emerging Markets at Schibsted. Prior to joining the Schibsted Group, Mr. Santorsola was Engagement manager at McKinsey & Company. He has a degree in Business and Finance from Bocconi University and holds an MBA from INSEAD.

Ovidiu Solomonov has served as SVP for Global Markets since July 2018. Mr. Solomonov also serves as director of Willhaben internet service GmbH & Co KG and Distilled SCH. Mr. Solomonov has been employed by Schibsted since 2014, holding various management positions including serving as a Board Member in Schibsted Spain. Mr. Solomonov has experience from management consulting, private equity and telecoms and is the founder of Binovate and Partner, Prevyou and ZiciAici.ro. Mr. Solomonov holds an MBA from INSEAD and studied in the Stanford Executive Program in General Management and Executive Program at Singularity University.

Renaud Bruyeron has served as our Chief Product & Technology Officer since 2019. Mr. Bruyeron also serves as a board member of OLX Brazil. Prior to joining the Schibsted Group, as CTO of leboncoin in 2013, Mr. Bruyeron was CTO at Ekino and held various positions at Fullsix France including CTO. Mr. Bruyeron holds an MSc in General Engineering from Ecole Centrale Paris, MSc in Computer Science from UCLA and an MBA from INSEAD.

Management minimum shareholding requirements

Our executive management team is subject to the following shareholding requirements:

- CEO: 300% of base salary (within 5 years of April 10, 2019)
- Other members of the executive management team: 200% of base salary (within 5 years of April 10, 2019)

For details of the share ownership of the executive management team, see "*Principal Shareholders.*"

Compensation of Board Members, executive officers and management

For information on the compensation of the Company's Board Members, executive officers and management for the year ended December 31, 2019, see Note 9 to the Adevinta Audited Financial Statements for 2019.

Options

No options exist to purchase any of our securities from us.

Board Committees

Each shareholder, for so long as it holds Class A (voting) shares representing at least 25% of the total number of Class A (voting) shares, has the right to designate at least one representative to each committee of the board of directors. The designee for each committee shall be one of the directors appointed by such shareholder pursuant to the revised Articles of Association that will be effective from the time of closing of the Acquisition. The majority of the directors on each committee of the board of directors shall at any time be directors elected by the general meeting and if required the total number of directors on such committee shall be increased to such higher number required to achieve this.

Audit and risk committee

The audit and risk committee is composed of the following three Board Members: Fernando Abril-Martorell Hernández (chair), Peter Brooks-Johnsson and Terje Seljeseth. The composition of this committee is subject to change at the discretion of the Board chair, following completion of the Acquisition. Pursuant to Section 6-42 of the Norwegian Public Limited Liability Companies Act the audit and risk committee is elected by the Board and must consist of members of the Board. At least one member of the audit and risk committee shall be independent from the operations of the Company and shall also have qualifications within accounting or auditing. Board members who are senior employees in the Company may not be elected as members of the audit and risk committee. The audit and risk committee shall collectively have the competence which is necessary from the perspective of the organization and operation of the company in order to fulfill its tasks.

Pursuant to Section 6-43 of the Norwegian Public Limited Liability Companies Act, the primary purposes of the audit and risk committee are to:

- prepare the Board's supervision of our financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with our auditor regarding the audit of the annual accounts; and
- review and monitor the independence of our auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The audit and risk committee reports and makes recommendations to the Board; however, the Board retains responsibility for implementing such recommendations.

Compensation Committee

The compensation committee is composed of the following three Board Members: Orla Noonan (chair), Kristin Skogen Lund and Sophie Javary. The composition of this committee is subject to change at the discretion of the Board chair, following completion of the Acquisition.

The primary purposes of the compensation committee are to assist the Board in its work by, among others, reviewing and making recommendations in relation to (i) our compensation policies for its management and (ii) the terms of employment of our CEO and the other members of our management.

Other Committees

Nomination Committee

The nomination committee is responsible for, among other things, nominating the shareholder-elected Board Members and members of the nomination committee and for making recommendations for remuneration of the Board Members. The Nomination committee's nomination of Board Members shall to the extent possible be announced in the notice of the general meeting.

The nomination committee may otherwise make statements regarding and also make proposals towards the general meeting relating to, the size, composition and working procedures of the board of directors and may make statements regarding matters relating to the company's relationship with its auditor and make proposals regarding the appointment of auditor and auditor's fees.

The current Articles of Association provide for a nomination committee (currently called the *election committee*) composed of 2-3 members which shall be elected by the general meeting. The nomination committee is elected for a period of two years. Following completion of the Acquisition and amendment of the Articles of Association, the nomination committee shall be composed of 3-5 members, with the members elected at the general meeting serving two-year terms and the members appointed by shareholders per the below mechanics serving two year terms.

Following completion of the Acquisition for so long as any shareholder holds Class A (voting) shares in the Company representing, in the aggregate, at least 25% of the total number of our outstanding Class A (voting) shares, it will have the right to appoint one representative to the nomination committee.

PRINCIPAL SHAREHOLDERS

All of our issued and outstanding Class A (voting) shares were owned as follows as of October 12, 2020 (i) on an actual basis and (ii) as adjusted to give effect to the Acquisition:

	Actual[1]		As Adjusted[2]	
Name of beneficial owner	Number of shares	Percentage voting shares	Number of shares	Percentage voting shares
Subsidiaries of eBay	—	—	342,474,251[3]	33.3%
Schibsted ASA	406,050,523	59.1%	406,050,523	39.5%
Blommenholm Industrier AS	43,313,297	6.3%	43,313,297	4.2%
Folketrygdfondet	22,974,563	3.4%	22,974,563	2.3%
State Street Bank and Trust Comp[4]	22,635,020	3.3%	22,635,020	2.2%
JPMorgan Chase Bank, N.A., London[4]	10,150,000	1.5%	10,150,000	—*
Morgan Stanley & Co. LLC[4]	9,495,829	1.4%	9,495,829	—*
Alecta Pensionsförsäkring, ömsesidigt	6,185,326	—*	6,185,326	—*
Goldman Sachs International[4]	6,117,427	—*	6,117,427	—*
The Bank of New York Mellon SA/NV[4]	5,859,240	—*	5,859,240	—*
Goldman Sachs & Co. LLC[4]	4,692,594	—*	4,692,594	—*
JPMorgan Chase Bank, N.A., London[4]	4,345,112	—*	4,345,112	—*
J.P. Morgan Bank Luxembourg S.A.[4]	4,210,207	—*	4,210,207	—*
The Bank of New York Mellon SA/NV[4]	4,051,141	—*	4,051,141	—*
State Street Bank and Trust Comp[4]	3,792,362	—*	3,792,362	—*
JPMorgan Chase Bank, N.A., London[4]	3,755,540	—*	3,755,540	—*
JPMorgan Chase Bank, N.A., London[4]	3,700,435	—*	3,700,435	—*
Pictet & Cie (Europe) S.A.[2]	3,519,695	—*	3,519,695	—*
JPMorgan Chase Bank, N.A., London[4]	3,263,531	—*	3,263,531	—*
Fdty Ivt Tr:Fdty Intrl Discvry Fd	3,126,596	—*	3,126,596	—*
Morgan Stanley & Co. Int. Plc.[4]	3,089,509	—*	3,089,509	—*
Directors and Officers*	171,981	—*	171,981	—*

(1) Unless otherwise noted, this information is based solely on the information contained in our annual report for the year ended December 31, 2019.

(2) Adjustments calculated based on the expected issuance to subsidiaries of eBay of Class A (voting) shares representing approximately 33.3% of our total voting rights.

(3) Subsidiaries of eBay will also hold 197,520,228 non-voting shares (resulting in ownership of approximately 44% of the shares in the combined business, including voting and non-voting shares).

(4) Represents shares held in a nominee account.

* Represents ownership of less than 1% of our outstanding Class A (voting) shares.

Except as set forth above, none of our major shareholders has different voting rights from other shareholders.

We are not aware of any arrangements the operation of which may at a subsequent date result in a change of control.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have entered into various transactions with other companies and individuals, which includes our shareholders. The significant transactions between us and our affiliates are described below. All our transactions with related parties have been conducted in accordance with current internal pricing agreements within the Schibsted group and the Group.

eBay

Following completion of the Acquisition, eBay will indirectly own 44% of our share capital and 33.3% of our Class A (voting) shares and therefore be one of our principal shareholders. In connection with the Acquisition, the following agreements have been entered into with eBay:

Transaction Agreement—this agreement sets forth the terms of our acquisition of eBay Classifieds' business. For an overview of the Transaction Agreement, see "*Business—The Transactions—The Acquisition.*"

The following agreements will be entered into with eBay at closing of the Acquisition:

Transition Service Agreement—this agreement (the "Transition Service Agreement") governs the provision of services from eBay to us for a period of up to 12 months following closing of the Acquisition, subject to extensions of the initial term for the services in one month increments for up to a maximum of three months. Services include IT, human resources, information security and engineering, among others.

Employment Transition Service Agreement—the purpose of this agreement is (i) to enable eBay Classifieds to continue to employ (out of scope) employees in Mexico who would otherwise transfer back to eBay on closing of the Acquisition and provide their services to eBay and (ii) to enable eBay to employ (in scope) employees in China who would otherwise transfer to the Company/eBay Classifieds on closing of the Acquisition to provide their services to the Company/eBay Classifieds, in each case where they do not transfer on closing of the Acquisition because it is not possible to establish the new employing entity and stand up payroll and benefits before closing of the Acquisition. Services include engineering design, analytics solutions, data operations, daily support, among others.

Liquidity and Information Rights Agreement—this agreement will be entered into at closing of the Acquisition, by and between us, eBay, certain subsidiaries of eBay that will receive Adevinta shares in the Acquisition (together with eBay, "eBay Group") and Schibsted, to facilitate the orderly sale, transfer, or other disposition of our shares and to grant certain information rights to eBay Group and Schibsted. Some of the key terms of the sell-down coordination are as follows:

- *Three-Month Lock-up period.* eBay Group and Schibsted will be restricted from transferring voting shares and non-voting shares for a period of 3 months following closing of the Acquisition (the "Three Month Lock-up Period"), except

i. as permitted by the Board, from time to time acting by majority and with at least one director appointed by Schibsted in the case of a transfer by eBay and at least one director appointed by eBay in the case of a transfer by Schibsted; and

ii. that the eBay Group shall be permitted to effect one or more transfers of all or part of its voting shares and non-voting shares up to the aggregate number of shares of no more than 197,520,228 shares (the "Cap") off-market to one or more private equity funds, sovereign wealth funds, or other financial sponsors or institutional investors subject to certain limitations. The exemption which gives eBay a right to transfer voting Shares and non-voting shares up to the Cap during the 3 Month Lock-up Period will also be limited by a restriction on transfers to certain identified third parties ("Specified Persons").

- *Sale to Specified Persons. For a twelve month period following the Three-Month Lock-up Period, neither* eBay nor Schibsted is permitted to transfer voting shares or non-voting shares representing, in one or more transactions, more than 1% of our total number of issued and outstanding shares (including voting shares and non-voting shares) to any Specified Person except as permitted by the Board, from time to time acting by majority and with at least one director appointed by Schibsted in the case of a transfer by eBay and at least one director appointed by eBay in the case of a transfer by Schibsted. Except for this restriction on transfers to Specified Persons, eBay and Schibsted will not be subject to any lock-up undertakings in this period.

- *Right of Way Period.* Until the earlier of (i) 18 months following closing of the Acquisition and (ii) such date when eBay has reduced its direct or indirect ownership of voting and non-voting shares to one-third of the total number of our issued and outstanding voting and non-voting shares:

i. Schibsted will be required to provide written notice to eBay of its and/or its affiliates' intention to sell, exchange or distribute any of our shares to a third party, and eBay will have the right to delay such transfer by Schibsted (or such affiliate(s)) for up to 90 days from Schibsted's notice if eBay is in good faith considering a sale, exchange or distribution of any of its shares of the Company to a third party during such period, provided, however, that eBay will not be permitted to delay any such transfers by Schibsted (and/or any of its affiliate(s)) to the extent that such transfers (through one or more transactions) are of the first 3% of the total number of issued and outstanding shares (including both voting and non-voting shares) of the Company outstanding as of the closing of the Acquisition to be sold by Schibsted (and/or its affiliate(s)) immediately as of closing of the Acquisition.

ii. The Company will be required to provide prior written notice to eBay of its or its subsidiaries intention to make any offering or sale of shares (by issuance of new shares or sale of existing shares), and eBay will have the right to delay such offering by the Company for up to 90 days if eBay (or its such affiliate(s)) is in good faith considering a sale, exchange or distribution of any of its shares of the Company to a third party during such period, provided, however, that eBay will not be permitted to delay such offering to the extent that the offering or sale is being made (i) to finance an acquisition of a business or an entity, merger or similar transaction or series of related transactions by the Company or a subsidiary of the Company that has been approved by the Board, (ii) to meet the Company's debt financial covenants, emergency liquidity needs (as determined by the Board), or long term projections to the market with respect to the Company's capital ratios that are approved by the Board, or (iii) pursuant to the Company's employee compensation program.

- *Tag Along*. For a period of up to 18 months after the end of the Right of Way Period, eBay and Schibsted have agreed between themselves to certain mutual tag-along rights.

- Except as set out above, neither the eBay Group nor Schibsted will be restricted from transferring its shares in the Company.

- Notwithstanding the exceptions set out above, at any time. (i) if a bona fide third party makes an offer for all shares of the Company subject to a minimum acceptance condition of at least 50% of the outstanding voting shares, the eBay Group and Schibsted will be permitted to tender their voting shares and non-voting shares into that offer without any restriction applying and (ii) both the eBay Group and Schibsted may transfer their shares to an affiliate, provided such affiliate becomes party to the liquidity and information rights agreement and if such affiliate ceases to be an affiliate of the eBay Group or Schibsted, as applicable, the shares in the Company will be transferred back to the applicable member of the eBay Group or Schibsted, as applicable.

- The Company has also agreed to certain cooperation covenants in connection with the sale by the eBay Group or Schibsted of any shares in the Company, including providing the eBay Group or Schibsted (or potential acquirers, other than any Specified Person, subject to execution of customary confidentiality arrangements between such acquirer and the Company) with reasonable access to management and information in connection with diligence, assisting in any required regulatory or stock exchange filings, providing customary representations and warranties on a non-recourse basis and otherwise cooperating with the selling shareholder and potential acquirer, in each case, to the extent permitted under applicable law.

- Further, for so long as eBay or Schibsted or any of their respective affiliates are required to include our financial information in their own regulatory filings, we have agreed to (a) provide such shareholder with our annual and quarterly financial statements as promptly as practicable after they are provided to the Board and in any event reasonably in advance of the date on which such shareholder or its affiliate is required to make regulatory filings containing our financial information; and (b) provide reasonable assistance and any required additional information to such shareholder or its affiliate in connection with their financial reporting and compliance requirements relating to their respective investments in our company, including, in the case of eBay and its affiliates, assisting on a timely basis in the conversion of our financial statements to U.S. GAAP, in each case provided that we and the relevant shareholder shall agree on our reporting schedule for each fiscal year, which shall take into account the parties' reporting obligations and timelines.

- In addition, to the extent not prohibited by Norwegian law, we have agreed to grant permission to the appointees of eBay and Schibsted on the Board to provide, and we shall use reasonable best efforts to provide eBay and Schibsted with (a) prompt notice of any developments in our business which would reasonably be expected to have a material impact our company or on our company's share price, and (b) at least 10 days' prior notice before we enter into a binding agreement with respect to a sale to a third party of all or substantially all of our equity or assets, including by means of a merger, consolidation, recapitalization or any other means, or any transaction that would result in a change of control in our company. eBay and Schibsted will be subject to customary confidentiality and no-trading obligations with respect to any such information received.

Certain Required Approvals Process Agreement—this agreement will be entered into at closing of the Acquisition, by and between us and eBay, to establish a mechanism with respect to certain approvals by our Board. Such approvals include:

- Until the earlier of (i) 2 years following Closing and (ii) the point that eBay or its subsidiaries no longer have the right to appoint any directors to the Board, any transaction between the Company or its subsidiaries and certain pre-identified third parties that is material to the Company shall require the prior approval of at least one director appointed by eBay in his or her capacity as director of the Board, which approval or decline shall be given no later than at the Board meeting at which the final decision on the transaction is to be made, provided that the board has been provided with a sufficient advanced notice and an adequate basis for making the decision. This provision shall not apply

- to transactions entered into by the Company (or any of its subsidiaries) in the ordinary course of business;

- to renewals or extensions of existing agreements that the Company (or any of its subsidiaries) is a party to as of Closing; and

- where it would be prohibited by competition law.

- For as long as eBay and/or its affiliates holds at least the lesser of (a) 367,482,894 voting shares and non-voting Shares in the aggregate and (b) 30% of the total number of issued and then outstanding shares of the Company

- any changes in the tax reporting status or tax classification of the Company or any of its material subsidiaries; or

- the making of any tax election by the Company or any of its subsidiaries which adversely affects eBay or its subsidiaries in a material manner,

shall require the prior approval of at least one director appointed by eBay in his or her capacity as director of the Board, which approval or decline shall be given no later than at the Board meeting at which the final decision on the matter is to be made, provided that the board has been provided with a sufficient advanced notice and an adequate basis for making the decision.

Intellectual Property Matters Agreement ("IPMA")—agreement between us and eBay to be entered into at closing of the Acquisition, under which (A) eBay assigns to us certain software rights and grants to us and our subsidiaries (i) non-exclusive licenses to certain software rights for internal use in certain jurisdictions for a limited term; (ii) exclusive licenses to certain eBay marks for a limited term to be used substantially in the manner used by eBay Classifieds as of closing of the Acquisition; (iii) the right to exclusively control certain domains containing eBay marks for a limited term; and (iv) a non-exclusive license to any eBay retained patents or other intellectual property that are used in eBay Classifieds as of closing of the Acquisition and (B) we grant to eBay and its subsidiaries (i) a non-exclusive, perpetual license back to the software that is assigned to us for use in certain jurisdictions and (ii) a non-exclusive license to any other intellectual property owned by eBay Classifieds that is used in eBay's retained business. The term of the IPMA continues until the expiration of the last-to-expire intellectual property license. Pursuant to the Transaction Agreement, in consideration for the transfer of certain intellectual property rights under the IPMA, we shall deliver $5,000,000 to eBay or its designated subsidiary at closing of the Acquisition.

Leases/subleases between eBay and eBay Classifieds

At closing of the Acquisition, with respect to at least one property that was shared between eBay and eCG prior to closing of the Acquisition, eBay as subleasor, and eCG as sublease, will enter into a sublease agreement.

Following completion of the Acquisition, certain pre-existing intercompany commercial arrangements between eBay Classifieds and eBay or its subsidiaries will remain in place, with certain changes implemented by amendments to the agreements underlying such arrangements, or new agreements entered into to replace the pre-existing agreements underlying such arrangements, which amendments or new agreements will become effective as of the completion of the Acquisition. These intercompany arrangements include:

Kijiji Canada Advertising Arrangement. Pursuant to an agreement between Kijiji Canada and eBay Canada Limited, a subsidiary of eBay ("eBay Canada"), eBay Canada will provide online advertising inventory on certain eBay

Canada websites to Kijiji Canada for placement of advertisements from Kijiji Canada's advertising clients, in exchange for a portion of the gross operating revenue earned by Kijiji Canada in respect of such advertisements. The agreement will be for successive one-year terms that renew automatically, unless terminated by either party.

eBay Motors Group Joint Proposition. Pursuant to an agreement between Gumtree.com and eBay (UK) Limited, a subsidiary of eBay ("eBay UK"), Gumtree.com will manage a joint commercial proposition with eBay UK aimed at subscription dealers who list vehicles on the Motors.co.uk website and/or the Gumtree.com website, on the one hand and the www.ebay.co.uk website, on the other hand. Gumtree.com will be required to pay eBay UK a referral fee for qualified leads originating from the www.ebay.co.uk website based on calls, emails, chats or clicks, or other lead generation channels that may be used in the future, in response to a listing from a subscription dealer on the www.ebay.co.uk website. The agreement will be for an initial term of 36 months, following completion of the Acquisition and will automatically renew for successive twelve-month terms, unless terminated by either party.

TreeBay Arrangement. Pursuant to agreements between certain eBay subsidiaries, on the one hand and Gumtree AU, eBayK, Marktplaats and Gumtree.com, respectively, on the other hand (the "Classifieds Entities"), the Classifieds Entities will display advertisements for certain eBay listings on certain websites operated by the Classifieds Entities across web, iOS and android platforms, in exchange for a portion of the fees earned by the eBay subsidiaries from such listings. The agreement to which eBayK will be party will provide for a quarterly minimum fee guarantee payable by eBayK. The relevant agreements will expire on December 31, 2021.

BayTree Arrangement. Pursuant to an agreement between Gumtree AU and eBay Marketplaces GmbH, a subsidiary of eBay ("eBay Marketplaces"), Gumtree AU will incorporate advertisements for and link to https://www.ebay.com.au/ on the listing success page (being the page on the Gumtree AU website that is displayed once a user finishes posting their advertisement) for, certain items listed on the Gumtree AU website. eBay Marketplaces will pay Gumtree certain referral fees if a user clicks through and: (a) lists an item on the eBay website and sells the item (within certain time periods); and/or (b) buys an item within certain time periods. The agreement will expire on December 31, 2021.

Schibsted

Schibsted Acquisition of Danish Entity—In connection with the Acquisition, Schibsted Nordic has agreed to acquire the Danish Entity for $330 million or its equivalent in Euro in cash on a cash-free and debt-free basis. This acquisition is expected to occur following completion of the Acquisition.

Schibsted Denmark TSAs—in connection with our disposition of the Danish Entity to Schibsted, at completion of the Acquisition certain post-separation agreements will be entered with Schibsted, which govern how the separation process and provision of transition services by the parties. The services covered by the transition services agreement include IT, human resource services and legal and professional services.

Software License Agreement between SPT Nordics Limited and Schibsted Products & Technology UK Limited. Under the terms of the agreement, SPT Nordics Limited grants Schibsted Products & Technology UK Limited a perpetual, worldwide, royalty-free, non-exclusive, irrevocable license to use certain of its software, (including advertising, vertical initiatives, marketplace components, data platform, tracking, privacy, etc.) on terms of the agreement for a license fee of £19,651,420. In order to allow the Company and its subsidiaries to continue to use the software after the completion of its spin-off from Schibsted Media Group, the single trade of Schibsted Products & Technology UK Limited was split into two businesses. Schibsted Products & Technology UK Limited continues its trade, but only with respect to the Company and its subsidiaries, while SPT Nordics Limited has taken over the trade with respect to the companies retained by Schibsted Media Group. The agreement is effective from December 21, 2018 and continues indefinitely.

Software License Agreement between Schibsted Products & Technology UK Limited and SPT Nordics Limited. Under the terms of the agreement, Schibsted Products & Technology UK Limited (renamed Adevinta Products & Technology UK Limited) grants SPT Nordics Limited a perpetual, worldwide, royalty-free, non-exclusive, irrevocable license to use certain of its software, (including advertising, vertical initiatives, marketplace components, data platform, tracking, privacy, etc.) on terms of the agreement for a license fee of £23,273,690. In order to allow the companies within Schibsted Media Group to continue to use the software after the completion of the spin off from Schibsted Media Group, the single trade of SPT Nordics Limited was split into two businesses. Schibsted Products & Technology UK Limited continues its trade, but only with respect to the Company and its subsidiaries, while SPT Nordics Limited has taken over the trade with respect to the companies retained by Schibsted Media Group (in May 2020 SPT Nordics Limited novated the agreement with respect to the companies retained by the Schibsted Media Group to Schibsted Products & Technology AS). The agreement is effective from December 31, 2018 and continues indefinitely.

E-tech Agreements. Adevinta and Schibsted continue to use certain common third-party IT-services and infrastructure. Such services are provided through Schibsted Enterprise Technology AB (a wholly-owned subsidiary of

Schibsted), which has entered into direct agreements with certain Adevinta entities for the use of such services. The agreements remain in force until termination by either party. The fees to be paid under the service agreements, consist of costs to third-party providers based on actual use, as well as internal costs, with a 5% mark up.

TSA between Schibsted Products & Technology UK Limited and SPT Nordics Limited. In connection with our spin-off from Schibsted, Schibsted Products & Technology UK Limited (renamed Adevinta Products & Technology UK Limited) has entered into transition services agreements with SPT Nordics Limited. The services covered include operation, maintenance and development of the software licensed under the corresponding Software License Agreements. The transition services agreements will expire in December 2020.

DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

As adjusted to give effect to the Transactions, the Group would have had €2,517.7 million of Total Debt, including €2,390.8 million of Total Secured Debt as of June 30, 2020.

Acquisition Financing

Prior to completion of the Acquisition,

(a) we expect to enter into the Senior Credit Facilities Agreement providing for (a) the EUR Term Facility in an aggregate principal amount of €900 million, (b) the USD Term Facility in an aggregate principal amount of $506 million and (c) the Revolving Facility in an aggregate principal amount of up to €450 million (equivalent), which in each case will be secured by first-ranking security granted on an equal and ratable first-priority basis over the Shared Collateral; and

(b) we are offering €1,060 million aggregate principal amount of the Notes.

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

Prior to completion of the Acquisition, eBay Classifieds Holding B.V. will accede to the Senior Credit Facilities Agreement as a borrower and draw down $1.2 billion (or EUR equivalent) under the Term Facilities. The cash proceeds of that loan will be used to repay existing indebtedness of eBay Classifieds Holding B.V. with the remainder of the loan being distributed to eBay Classifieds Holding B.V.'s sole shareholder. See, "*Use of Proceeds*."

Prior to completion of the Acquisition, it is also expected that a member of the Schibsted Group will provide the Schibsted Loan to Adevinta or one of its subsidiaries to replace the Bridge Facility.

Following completion of the Acquisition, it is expected that Schibsted Nordic will purchase the Danish Entity from a subsidiary of Adevinta (the "Danish Acquisition"), the proceeds of which will be applied (directly or indirectly) in repayment of the Schibsted Loan in full. Upon completion of the Danish Acquisition, the Bridge Facility will be cancelled in full (there is no intention to draw down under the Bridge Facility).

Senior Credit Facilities Agreement

General

The following description is a summary of certain provisions contained in the Senior Credit Facilities Agreement. It does not restate the Senior Credit Facilities Agreement in its entirety. As such, you are urged to read the Senior Credit Facilities Agreement.

Capitalized terms used in this description which are not otherwise defined shall have the meanings given to those items in the Senior Credit Facilities Agreement or otherwise in this Offering Memorandum.

The Facilities

On or prior to the Issue Date, Adevinta ASA (for the purposes of this section, the "Company"; the restricted subsidiaries of the Company being the "Restricted Subsidiaries" and together with the Company, the "Restricted Group") will enter into the Senior Credit Facilities Agreement pursuant to which utilizations may be made for the purposes described in "*—Use of Proceeds*." The Senior Credit Facilities Agreement provides for a senior secured term loan facility consisting of a EUR denominated tranche in an aggregate principal amount of up to €900 million (the "EUR Term Facility") and a USD denominated tranche in an aggregate principal amount of up to $506 million (approximately €430.8 million) (the "USD Term Facility" and together with the EUR Term Facility, the "Term Facilities") and a multicurrency revolving credit facility in a principal amount of €450 million (the "Revolving Credit Facility" and, together with the Term Facilities, the "Senior Facilities") to be made available to the borrowers thereunder (the "Borrowers"), subject to the ability to increase this amount under certain conditions. The original Borrower under the Senior Facilities will be the Company, but the Senior

Credit Facilities Agreement permits additional entities, including eBay Classifieds Holding B.V. and Adevinta Finance AS, to accede as Borrowers subject to satisfaction of certain conditions set out in the Senior Credit Facilities Agreement.

On the signing of the Senior Credit Facilities Agreement, the Senior Facilities will be guaranteed by the Company. On or about the date of completion of the Acquisition, eBay Classifieds Holding B.V. and Adevinta Finance AS will accede to the Senior Credit Facilities Agreement as borrowers of the Senior Facilities and as guarantors of the Senior Facilities. Not later than 90 days after the date the Senior Facilities are first utilized (the "Closing Date"), the Company's wholly-owned Restricted Subsidiaries which have EBITDA representing 5% or more of the Consolidated EBITDA of the Restricted Group and each wholly-owned direct holding company of each such Subsidiary (such companies together with the Company and each other Obligor (as defined below), the "Material Companies") shall accede to the Senior Credit Facilities Agreement as guarantors and provide guarantees in respect of the Senior Facilities, subject to the security principles set out in the Senior Credit Facilities Agreement. Furthermore, additional members of the Restricted Group (if any) (together with the Material Companies, Adevinta Finance AS, eBay Classifieds Holding B.V. and, following the merger between eBay Classifieds Holding B.V. and Adevinta Oak, Adevinta Oak, the "Guarantors" and the Guarantors together with the Borrowers, the "Obligors") shall, subject to the security principles set out in the Senior Credit Facilities Agreement, at the same time, accede to the Senior Credit Facilities Agreement and provide guarantees in respect of the Senior Facilities as are required to ensure that the Guarantors account for not less than 80% of consolidated EBITDA of the Restricted Group (calculated in accordance with the terms of the Senior Credit Facilities Agreement). Thereafter the requirement to accede Material Companies and to satisfy such 80% coverage test shall be tested annually using the audited consolidated annual accounts and the Company has 90 days thereafter to ensure any further required Guarantor accessions are made. In light of the above, we anticipate that within 90 days after the Closing Date, the Senior Facilities will be guaranteed by the Company, Adevinta Finance, Adevinta Oak, eBayK, LBC France, SCM Local, Mobile.de, Adevinta Spain, Marktplaats (subject to Dutch works council approval), Adevinta France SAS, Adevinta Holdco Spain S.L., German Bidco (if incorporated at the time) and Kijiji Canada.

In addition to the Senior Facilities, the Senior Credit Facilities Agreement permits the applicable Borrower(s) to add one or more incremental term loan or revolving facilities documented under the Senior Credit Facilities Agreement (each an "Incremental Facility"), in an aggregate principal amount for all such incremental facilities no greater than the sum of (i) the greater of (a) 75% of Consolidated EBITDA, and (b) € 525 million (the "Cash Capped Incremental Facility"), (ii) an unlimited incurrence-based amount, provided that on a *pro forma* basis after giving effect to the incurrence of any such Incremental Facility, the use of such Incremental Facility (whether directly or indirectly) and certain other adjustments, Consolidated Senior Secured Net Leverage Ratio would not exceed 4.25:1 (the "Ratio Incremental Facility"), (iii) the greater of (a) 25% of Consolidated EBITDA, and (b) €175 million (the "Acquisition Incremental Facility"), and (v) the greater of (a) 50% of Consolidated EBITDA, and (b) €300 million (the "General Incremental Facility").

Such Incremental Facilities are only available if the relevant conditions set out in the Senior Credit Facilities Agreement are satisfied, including a condition that if the effective yield of any term loan Incremental Facility incurred on or before the date falling six months after the Closing Date (other than customary bridge loans, any term loan Incremental Facility maturing one year or more after the Termination Date for the Term Facilities, or any term loan Incremental Facility incurred in connection with an acquisition) denominated in EUR or USD and incurred by way of a Cash Capped Incremental Facility, Ratio Incremental Facility or General Incremental Facility exceeds the effective yield on the applicable Term Facility by more than 100 basis points, the applicable margin for the applicable Term Facility shall be increased to the extent necessary so that the yield on the applicable Term Facility is not less than 100 basis points less than the yield on the Incremental Facility.

Use of Proceeds

The proceeds of the Term Facilities shall be applied towards (directly or indirectly) the following: (i) financing the cash consideration payable under the Acquisition Agreement; (ii) refinancing existing indebtedness of the Group and the Target Group; (iii) financing the payment of all fees, costs and expenses incurred in connection with the foregoing; and (iv) financing eBay Classifieds Holding B.V.'s repayment of existing intercompany debt owed to certain subsidiaries of eBay and funding a cash distribution by eBay Classifieds Holding B.V. to its sole shareholder.

The proceeds of the Revolving Credit Facility shall be used to finance the working capital and general corporate purposes of the Group.

The Term Facilities are expected to be utilized in full on the Closing Date. The Revolving Credit Facility is available for drawing on (and from) the Closing Date until one month prior to its final maturity (as further explained below).

Interest and Fees

Loans under the Term Facilities and the Revolving Credit Facility will bear interest at rates per annum equal to EURIBOR, LIBOR, STIBOR, or NIBOR (as applicable) (in each case, as set out in the Senior Credit Facilities Agreement and subject to a 0.75% floor for loans made under the USD Term Facility and a 0% floor for all other loans) plus a margin which is initially 3.25% per annum for EUR Term Facility, 3.00% per annum for USD Term Facility and 3.50% per annum for the Revolving Credit Facility and varies with effect from the date falling 6 months after the Closing Date and subject to certain events of default not continuing according to the Consolidated Senior Secured Net Leverage Ratio for the most recent testing period as summarized in the tables below.

Consolidated Senior Secured Net Leverage Ratio	EUR Term Facility Margin (% per annum)
Greater than 3.75:1	3.25
Greater than 3.50:1 but equal to or less than 3.75:1	3.00
Greater than 3.25:1 but equal to or less than 3.5:1	2.75
Equal to or less than 3.25:1	2.50

Consolidated Senior Secured Net Leverage Ratio	USD Term Facility (% per annum)
Greater than 3.75:1	3.00
Equal to or less than 3.75:1	2.75

Consolidated Senior Secured Net Leverage Ratio	Original Revolving Facility Margin (% per annum)
Greater than 3.75:1	3.50
Greater than 3.50:1 but equal to or less than 3.75:1	3.25
Greater than 3.25:1 but equal to or less than 3.50:1	3.00
Greater than 3.00:1 but equal to or less than 3.25:1	2.75
Equal to or less than 3.00:1	2.50

Default interest on overdue amounts is set at 1% higher than that which would have applied otherwise.

The Borrowers are required to pay a commitment fee, commencing from the Closing Date and during the availability period, on available but unused commitments under the Revolving Credit Facility at a rate of 30% of the applicable margin under the Revolving Credit Facility. The commitment fee will be payable quarterly in arrears, on the last day of the availability period and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender's commitment under the Revolving Credit Facility is cancelled.

The Borrowers are required to pay a ticking fee payable on the available but unused commitments under the Term Facilities, commencing on the date that is 46 days following the date of the Senior Credit Facilities Agreement at a rate of 50% of the applicable margin under the Term Facilities. The rate of ticking fee increases to 100% of the applicable margin under the Term Facilities from the date that is 91 days following the date of the Senior Credit Facilities Agreement.

Subject to the Closing Date occurring (unless provided to the contrary in a Fee Letter), the Company is also required to pay an arrangement and certain other fees to the underwriters, facility agent (for the purposes of this section, the "Agent") and security agent (the "Security Agent") in connection with the Senior Facilities, and fees related to the issuance of any ancillary facilities and letters of credit issued under the Revolving Credit Facility. The Senior Credit Facilities Agreement also contains other customary cost reimbursement provisions and indemnities.

Security

The Senior Facilities will be secured by first priority security interests over: (i) the entire issued share capital of Adevinta Finance AS and Adevinta Oak (and, if eBay Classifieds Holding B.V. has not merged into Adevinta Oak on or prior to the Completion Date, eBay Classifieds Holding B.V.), (ii) material bank accounts of the Company and (iii) intercompany receivables owing to the Company (together, the "Completion Date Security"). The Completion Date Security will be entered into on or about the date of completion of the Acquisition.

In addition, further security shall be granted by or in each Guarantor at the time of accession such that the Senior Facilities will be secured by first priority security interests over the shares in each Guarantor (other than the Company and any entity which is a Guarantor solely by virtue of being a holding company of another Material Company) in accordance with (and subject to) the agreed security principles set out in the Senior Credit Facilities Agreement.

In light of the above, we anticipate that within 90 days after the Closing Date, the Senior Facilities will be secured by (in addition to the Completion Date Security), first priority security interests over the entire issued share capital of eBayK, LBC France, SCM Local, Mobile.de, Adevinta Spain, Marktplaats (subject to Dutch works council approval) and Kijiji Canada.

Undertakings and Covenants

The Senior Credit Facilities Agreement contains customary negative undertakings (subject to certain agreed exceptions, materiality qualifications, grace periods, baskets, thresholds and other qualifications) including, but not limited to, restrictions on:

- incurring indebtedness except for certain permitted indebtedness;
- restricted payments except for certain permitted payments;
- liens except for certain permitted liens;
- creation of restrictions on distributions from Restricted Subsidiaries except for certain permitted restrictions;
- sales of assets and subsidiary stock except for certain permitted sales;
- affiliate transactions except for certain permitted affiliate transactions;
- mergers and consolidations except for certain permitted mergers and consolidations; and
- impairing security interests with respect to the collateral,

each of which is in all material respects consistent with the equivalent undertaking applicable to the Notes.

In relation to the restrictions on distributions (referred to above), please note that the payment of dividends may be permitted in certain circumstances, including if Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries does not exceed 4.25 to 1.00 on a *pro forma* basis after giving effect thereto, provided that no event of default is continuing or would result therefrom.

Certain of the negative covenants will be suspended if and for as long as the Term Facilities achieve and maintain investment-grade ratings provided that no default is continuing.

The Senior Credit Facilities Agreement also contains positive undertakings (subject to certain agreed exceptions, materiality qualifications, grace periods, baskets, thresholds and other qualifications) including, but not limited to, covenants relating to:

- authorizations subject (where applicable) to certain legal reservations and completion of perfection requirements;
- compliance with laws;
- no amendments to, or waivers in respect of, the Acquisition Agreement which could reasonably expected to materially and adversely affect the interests of the finance parties;
- *pari passu* ranking except for obligations mandatorily preferred by generally applicable law;
- sanctions, anti-corruption and anti-money laundering laws;
- further assurances subject to the agreed security principles;
- restriction on direct ownership of shares by the Company (other than shares in (1) Adevinta Finance AS; (2) Adevinta Oak; (3) eBay Classifieds Holding B.V.; and (4) any other entity incorporated in the Netherlands or Norway provided that all such shares are subject to transaction security); and

- commercially reasonable efforts to obtain and maintain public ratings from at least two of Fitch, Standard & Poors and Moody's for the Restricted Group and the Term Facilities.

The Senior Credit Facilities Agreement contains certain reporting requirements and, in particular, an obligation to provide within agreed time periods audited consolidated annual financial statements and unaudited consolidated quarterly financial statements. Such obligations are consistent in all material respects with the reporting requirements applicable to the Notes (save as noted above) but in addition, the Restricted Group is required to (among other things):

- provide customary quarterly and annual compliance certificates;
- provide details of any meeting, presentation or conference call convened with respect to the Notes;
- provide details of certain material litigation, arbitration, or administrative proceedings;
- provide other material information which the Company is required by law to deliver to its creditors generally;
- notify the occurrence of actual or potential defaults; and
- provide certain "know your customer" related information.

The Senior Credit Facilities Agreement also requires compliance with a consolidated senior secured net leverage ratio (being the ratio of consolidated secured net leverage to consolidated EBITDA, subject to various adjustments as set out in the Senior Credit Facilities Agreement) (the "Consolidated Senior Secured Net Leverage Ratio") of 7.12 :1, such ratio having been set with an agreed headroom built into the covenant threshold from a base case model provided by the Company to the Agent prior to the Issue Date. The Consolidated Senior Secured Net Leverage Ratio is tested quarterly on and after the end of the second complete financial quarter after the Closing Date and only when the aggregate outstanding amount of Revolving Credit Facility utilizations (excluding (i) undrawn letters of credit (iii) any non-cash drawings under the ancillary facilities, and (iii) any amounts utilized for original issue discount, flex, ticking fees, syndication costs or other similar or related payments) and cash borrowings under any ancillary facilities established under the Revolving Credit Facility, net of cash held by the Restricted Group, exceeds on a test date 40% of the total Revolving Credit Facility commitments (the "Revolving Credit Facility Test Condition"). A failure to comply with the Consolidated Senior Secured Net Leverage Ratio covenant when tested (subject to the equity cure provisions described below) results in a default under the Revolving Credit Facility (and any revolving Incremental Facility which is specifically given the benefit thereof) only and does not constitute a default for purposes of any other Senior Facility unless and until the lenders whose Revolving Credit Facility commitments aggregate more than 50% of the total Revolving Credit Facility commitments (or, if applicable, 50% of the total revolving Incremental Facility commitments) have taken acceleration action under the Senior Credit Facilities Agreement in relation to the Revolving Credit Facility (or the revolving Incremental Facility, as applicable).

The Senior Credit Facilities Agreement contains an equity cure provision enabling in the 20 business day period following delivery of the relevant compliance certificate (i) the Borrower of the Revolving Credit Facility (or the relevant revolving Incremental Facility) to repay sufficient utilizations thereunder such that the Revolving Credit Facility Test Condition is no longer met, and/or (ii) the shareholders of the Company to make shareholder injections by way of subordinated debt and/or equity to (at the option of the Company) either to increase consolidated EBITDA or reduce senior secured debt. The equity cure right described in paragraph (ii) above may not be exercised on more than five occasions during the term of the Senior Facilities and may not be utilized in any two consecutive financial quarters.

Repayments and Prepayments

The EUR Term Facility does not amortize and matures 84 months from the Closing Date. The USD Term Facility amortizes at a rate of 1% per annum (payable in installments of 0.25% on each quarter date) and matures 84 months from the Closing Date. The Revolving Credit Facility matures 60 months from the Closing Date, and prior to such final maturity date each advance thereunder will be repaid on the last day of the interest period relating thereto (subject to a customary netting mechanism) and amounts repaid may be redrawn subject to customary conditions.

Upon the occurrence of a change of control or a sale of all or substantially all of the assets of the Restricted Group as detailed in the Senior Credit Facilities Agreement, if a lender in respect of the Senior Facilities so requires and notifies the Agent within 30 days of the Company notifying the Agent of the event, by the Agent giving not less than 10 business days' notice to the Company, the commitment of that lender will be cancelled and the participation of that lender in all outstanding utilizations, together with accrued interest and all other amounts accrued to that lender under the Senior Finance Documents will become immediately due and payable and full cash cover in respect of its participation in each letter of credit shall be immediately due and payable. Change of control is defined in a manner consistent with the equivalent thereof applicable to the Notes.

Additional mandatory prepayments are required to be made out of net cash proceeds received by the Group in relation to certain disposals, to the extent that such net cash proceeds exceed certain agreed thresholds and subject to various exclusions including reinvestment periods. Such mandatory prepayment provisions are generally consistent with the equivalent provisions applicable to the Notes.

The Borrowers may voluntarily prepay amounts outstanding under the Senior Facilities at any time in whole or in part, subject to agreed minimum amounts and multiples, on not less than two business days' notice to the Agent. Amounts prepaid are subject to any break costs and, in respect of a Term Facility, 101% soft call protection during the first six months following the Closing Date for certain refinancings or repricings of that Term Facility the purpose of which is to reduce the all-in yield applicable to that Term Facility (subject to certain customary exceptions).

The Borrowers may voluntarily cancel unutilized amounts of the total commitment under the Senior Facilities, in whole or in part, subject to agreed minimum amounts and multiples, on not less than two business days' notice to the Agent.

In addition, the Senior Credit Facilities Agreement provides for certain customary circumstances in which individual lenders can be repaid including those claiming under tax gross-up/indemnity provisions or increased cost provisions, giving notice under market disruption provisions, constituting defaulting lenders or otherwise under "yank a bank" provisions. Customary illegality provisions also apply.

No amount of the total commitment cancelled under a Term Facility may subsequently be reinstated and any amount of a utilization under a Term Facility that is prepaid shall not be available for re-drawing.

Events of Default

The Senior Credit Facilities Agreement sets out certain events of default (subject to certain agreed exceptions, materiality, grace periods, baskets, thresholds, qualifications and remedy periods where appropriate) including, but not limited to:

- Payment default: payment default in respect of principal amounts under the Senior Credit Facilities Agreement at maturity or when otherwise due, and, subject to a 30 day remedy period, in respect of fees, interest and other amounts under the Finance Documents;

- failure by an Obligor to comply with the merger, consolidation or sale of assets covenant (in the case of the Company only) or, subject to a 60-day cure period, any of its other obligations under the Senior Credit Facilities Agreement (other than the financial covenant);

- cross payment default and cross acceleration on indebtedness by a member of the Restricted Group in excess of a threshold amount;

- insolvency proceedings being taken in respect of the Company or any of its Restricted Subsidiaries that meets certain investment, total asset or consolidated EBITDA thresholds (a "Significant Subsidiary") or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary;

- a court of competent jurisdiction enters certain orders or decrees under bankruptcy law against or in respect of the Company, any borrower or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary;

- final judgment in respect of the Company, any borrower or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary aggregating in excess of a threshold amount and is not discharged or stayed within 60 days after the judgment becomes final;

- any guarantee by any Guarantor that is a Significant Subsidiary ceases to be, or shall be asserted in writing by any Guarantor that is a Significant Subsidiary, or any person acting on behalf of any Guarantor that is a Significant Subsidiary, not to be in full force and effect or enforceable in accordance with its terms (other than as provided for in any finance documents or any guarantee), if such default continues for 10 days;

- with respect to the Revolving Credit Facility (or applicable revolving Incremental Facility) only, failure to comply with Consolidated Senior Secured Net Leverage Ratio when tested (subject to equity cure rights, as summarized above);

- misrepresentation by an Obligor in respect of the Senior Finance Documents in any material respect and if capable of remedy not remedied within 20 business days;
- unlawfulness, repudiation, rescission or inadmissibility of any Senior Finance Document (or a material provision thereof) subject to the legal reservations and perfection requirements, which is materially adverse to the interests of the lenders as a whole and (save with respect to repudiation and rescission) is not remedied within 20 business days (or 10 business days in respect of invalidity of any guarantee of the Company or any Significant Subsidiary);
- material expropriation; and
- breach of, or incorrect representation or warranty given under, the Intercreditor Agreement (subject to a 20 business day cure period) by any member of the Restricted Group.

Where applicable, such provisions are consistent in all material respects with the provisions applicable to the Notes (save as noted above).

The representations, undertakings and events of default will be subject to a "clean-up" period for a period of 120 days following the Closing Date with respect to the Acquisition and 120 days for permitted acquisitions. Any breach which arises with respect to the target of a permitted acquisition and its subsidiaries will not constitute an event of default, drawstop or allow acceleration, provided that such breach or default (i) is capable to remedy and steps are being taken to remedy it (provided that if remedy is not possible, the clean-up period shall be reduced to 30 days provided further that the Company is actively seeking a waiver); (ii) does not have a material adverse effect; (iii) was not procured or approved by the Company or any other member of the Group (which was not the subject of the permitted acquisition); and (iv) does not exist at the end of the clean-up period.

If an event of default has occurred and is continuing, the Senior Credit Facilities Agreement provides that the Agent may, and shall, if so instructed by the relevant majority lenders (being 50% of the lenders by total commitments), accelerate the Senior Facilities and/or declare that all or part of any amount outstanding under the Senior Facilities are immediately due and payable and/or payable on demand. In addition, similar rights are available to the majority lenders under the Revolving Credit Facility in the case of a financial covenant event of default, but with respect to the Revolving Credit Facility only.

Miscellaneous

The Senior Credit Facilities Agreement contains certain other miscellaneous customary provisions for financings of this nature including (without limitation) with respect to conditions of utilization; the mechanics for borrowing loans and (if an issuing bank is approved) issuance of letters of credit; establishment of ancillary and fronted ancillary facilities; the right of lenders of the Term Facilities to refuse certain prepayments; selection of interest periods; changes to the calculation of interest in the event of market disruption; payment of break costs; tax gross-up and indemnities; increased costs; representations (a limited number of which repeat after the Closing Date); assignments, transfers and voting sub-participations by the lenders (including consent rights of the Company with respect thereto which apply in certain circumstances); debt buy-backs of the Senior Facilities by a member of the Restricted Group; Agent, arranger and issuing bank provisions; sharing provisions amongst the finance parties; payment mechanics; notice provisions; amendments and waivers (subject to customary "yank a bank" provisions and provisions which provide that a lender's vote shall not be counted if it has failed to respond within the prescribed response period); and confidentiality.

Governing Law

The Senior Credit Facilities Agreement is governed by English law, provided that without prejudice to the foregoing certain information undertakings, restrictive covenants, events of default and definitions shall be interpreted in accordance with the law of the State of New York.

Intercreditor Agreement

To establish the relative rights of certain current and future creditors (the "Creditors") under certain debt documents, the Issuer (for the purposes of this section, the Issuer and its restricted subsidiaries are hereinafter referred to as the "Group" and any person that is a member of the Group is hereinafter referred to as a "Group Company", and the Issuer, together with any Group Company which accedes to the Intercreditor Agreement as a debtor, the "Debtors") will prior to or on the Issue Date enter into the Intercreditor Agreement as a Debtor and as an intra-group lender (together with any Group Company which provides any financial accommodation to a Debtor or Debtors subject to certain exceptions (the "Intra-Group Liabilities") and which accedes to the Intercreditor Agreement as an intra-group lender, the "Intra-Group Lenders") with, among others, the Security Agent, the Trustee, Barclays Bank plc as facility agent under the Senior Credit

Facilities Agreement (and any agent under any further Senior Finance Document) (the "Senior Agent") and the lenders under the Senior Credit Facilities Agreement or any other agreement designated as a senior facilities agreement pursuant to the terms of the Intercreditor Agreement (a "Senior Facilities Agreement"). The Intercreditor Agreement sets out, among other things, the relative ranking of certain debt of the Debtors, when payments can be made in respect of certain debt of the Debtors, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

On the Completion Date, the Completion Date Guarantors will accede to the Intercreditor Agreement as Debtors. Within 90 days of the Escrow Release Date, the Post-Completion Date Guarantors will accede to the Intercreditor Agreement as Debtors.

By accepting a Note, the relevant noteholder shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement. The following description is a summary of certain provisions contained in the Intercreditor Agreement which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes.

Capitalized terms used in this description which are not otherwise defined shall have the meanings given to them in the Intercreditor Agreement or otherwise in this offering memorandum. For the purposes of this description, the "Company" shall mean the Issuer.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that all present and future, actual or contingent, liabilities owed by the Debtors and any third party security providers (the "Third Party Security Providers") (the "Liabilities") to the Senior Lenders, Cash Management Providers, Second Lien Lenders, the Hedge Counterparties, Agents, Arrangers, Senior Secured Noteholders, Second Lien Noteholders, Intra-Group Lenders and Investors (each as defined below) (together, the "Creditors") under (among others) each of:

- the Senior Credit Facilities Agreement (and certain further senior secured bank debt as may be incurred from time to time as contemplated by the Intercreditor Agreement which ranks pari passu with the Liabilities under the Senior Credit Facilities Agreement);
- the Notes and any other senior secured notes (the "Senior Secured Notes") as may be issued from time to time by the Company or by certain subsidiaries of the Company;
- any second lien facility agreement (the "Second Lien Facility Agreement") as may be entered into from time to time and subject to further conditions set out in the Intercreditor Agreement by (i) the Company or (ii) a wholly-owned subsidiary of the Company which has given a guarantee to all Secured Parties in respect of their Senior Secured Liabilities (as defined below) (the "Second Lien Borrower");
- any second lien notes (the "Second Lien Notes") as may be issued from time to time and subject to further conditions set out in the Intercreditor Agreement by (i) the Company or (ii) a wholly-owned subsidiary of the Company which has given a guarantee to all Secured Parties in respect of their Senior Secured Liabilities (the "Second Lien Notes Company");
- any cash management facility (the "Cash Management Agreement") as may be entered into from time to time and subject to further conditions set out in the Intercreditor Agreement by (i) the Company or (ii) a wholly-owned subsidiary of the Company;
- hedging obligations under certain transaction and cashflow hedging agreements (the "Hedging Agreements", and the counterparties under such Hedging Agreements, the "Hedge Counterparties"),

shall, subject as further provided below, rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking Liabilities as follows:

- first:
    - the Liabilities owed by the Debtors and any Third Party Security Providers to the Senior Agent(s) or Security Agent under the Senior Finance Documents (the "Senior Agent Liabilities");

- the Liabilities owed by the Debtors and any Third Party Security Providers to the facility agent(s) under any Second Lien Facility Agreement (the "Second Lien Agent(s)") under the applicable Second Lien Loan Finance Documents (the "Second Lien Agent Liabilities");

- the Liabilities owed by the Debtors and any Third Party Security Providers to the lenders, issuing banks and ancillary lenders under the Senior Credit Facilities Agreement and any further Senior Facilities Agreements and in each case all related finance documents (each a "Senior Lender" and such liabilities the "Senior Lender Liabilities" and such documents together, the "Senior Finance Documents");

- the Liabilities owed by the Debtors and any Third Party Security Providers to the holders of the Senior Secured Notes, any Senior Secured Notes Trustee (as defined below) and the Security Agent under or in connection with the Senior Secured Notes and all related finance documents (the "Senior Secured Notes Liabilities" and the noteholders to whom such Senior Secured Notes Liabilities are owed, the "Senior Secured Noteholders", and any trustee which accedes to the Intercreditor Agreement in connection with the issue of Senior Secured Notes, the "Senior Secured Notes Trustee(s)" and all such finance documents being the "Senior Secured Notes Finance Documents" and together with the Senior Finance Documents and the Hedging Agreements, the "Senior Secured Finance Documents");

- the Liabilities owed by the Debtors to the providers (a "Cash Management Provider") of any cash management facility (a "Cash Management Facility") under any Cash Management Agreement (the "Cash Management Liabilities");

- the Liabilities (the "Hedging Liabilities") owed by the Debtors under the Hedging Agreements to the Hedge Counterparties; and

- certain amounts due by the Debtors to the Senior Secured Notes Trustee(s) (the "Senior Secured Notes Trustee Amounts") and certain amounts due by the Debtors to the Second Lien Notes Trustee(s) (the "Second Lien Notes Trustee Amounts"),

pari passu and without any preference between them; and

- second:

  - the Liabilities owed by the Debtors and any Third Party Security Providers to the lenders under any Second Lien Facility Agreement and in each case all related finance documents (each a "Second Lien Lender" and such liabilities the "Second Lien Lender Liabilities" and such documents together, the "Second Lien Loan Finance Documents");

  - the Liabilities owed by the Debtors to the holders of the Second Lien Notes, any Second Lien Notes Trustee (as defined below) and the Security Agent under or in connection with the Second Lien Notes and all related finance documents (the "Second Lien Notes Liabilities" and the noteholders to whom such Second Lien Notes Liabilities are owed, the "Second Lien Noteholders", and any trustee which accedes to the Intercreditor Agreement in connection with the issue of Second Lien Notes, the "Second Lien Notes Trustee(s)" and all such finance documents being the "Second Lien Notes Finance Documents" and together with the Second Lien Loan Finance Documents, the "Second Lien Finance Documents"),

pari passu and without any preference between them.

The "Secured Parties" are (subject to required accession to the Intercreditor Agreement) the Security Agent, any receiver or delegate, each Senior Agent, each Cash Management Provider, each Second Lien Agent, each Senior Secured Notes Trustee, each Second Lien Notes Trustee, the mandated lead arrangers with respect to the Senior Lender Liabilities (the "Senior Arrangers"), the mandated lead arrangers under any Second Lien Facility Agreement (the "Second Lien Arrangers" and, together with the Senior Arrangers and the Second Lien Arrangers, the "Arrangers") and the relevant Primary Creditors from time to time.

In this description, "Agent" means each Senior Agent, each Senior Secured Notes Trustee, each Second Lien Representative and the Security Agent.

Priority of Security

The transaction security shall rank and secure the following Liabilities (only to the extent that such security is expressed to secure the relevant liabilities) in the following order:

- first, the Senior Agent Liabilities, the Second Lien Agent Liabilities, the Senior Lender Liabilities, the Cash Management Liabilities, the Hedging Liabilities, the Senior Secured Notes Liabilities, the Senior Secured Notes Trustee Amounts, the Second Lien Notes Trustee Amounts as well as any Liabilities owed by the Debtors to the Security Agent under the Debt Documents pari passu and without any preference between them;

- second, the Second Lien Notes Liabilities and Second Lien Loan Liabilities (together, the "Second Lien Liabilities") pari passu and without preference between them.

Intra-Group Liabilities and Investor Liabilities

The Intercreditor Agreement provides that the Intra-Group Liabilities are postponed and subordinated to the Liabilities owed by the Debtors and Third Party Security Providers to the Senior Secured Creditors and Second Lien Creditors (together, the "Primary Creditors"), and that the liabilities owed to any direct or indirect shareholder of the Company (or affiliate of such shareholder which is not a Group Company) and which accedes to the Intercreditor Agreement as an investor (an "Investor") by a Group Company (the "Investor Liabilities") are postponed and subordinated to the Liabilities owed by the Debtors and Third Party Security Providers to the Primary Creditors and Intra-Group Lenders.

Anti-layering

Notwithstanding anything in any debt document to the contrary, until the Second Lien Discharge Date (as defined below under "*—Restriction on Enforcement: Senior Lenders, Note Holders and Cash Management Providers*"), no Debtor or Third Party Security Provider shall, without the approval of those Second Lien Creditors whose Second Lien Credit Participations (as defined below under "*—Restriction on Enforcement: Senior Lenders, Note Holders and Cash Management Providers*") then aggregate more than 80% of the total Second Lien Credit Participations (the "Super Majority Second Lien Creditors") (unless otherwise permitted by the Second Lien Finance Documents) and any approvals required in accordance with the Senior Secured Finance Documents, issue or allow to remain outstanding any Liabilities that:

- are secured or expressed to be secured by transaction security on a basis (i) junior to any of the Senior Secured Creditor Liabilities but (ii) senior to the Second Lien Liabilities;

- are expressed to rank or rank so that they are subordinated to any of the Senior Secured Creditor Liabilities but are senior to the Second Lien Liabilities;

- are contractually subordinated in right of payment to any of the Senior Secured Creditor Liabilities and senior in right of payment to the Second Lien Liabilities; or

- are expressed to rank or rank senior in right of payment to any of the Senior Secured Creditor Liabilities or are secured or expressed to be secured by transaction security on a basis senior to any of the Senior Secured Creditor Liabilities,

in each case, unless such ranking or subordination arise as a matter of law.

Additional and/or Refinancing Debt

The Intercreditor Agreement provides, subject to certain conditions, for (1) the incurrence of incremental borrowing liabilities and/or guarantee liabilities or new borrowing liabilities and/or guarantee liabilities or (2) the refinancing, replacement, or otherwise restructuring of borrowing liabilities and/or guarantee liabilities, which are intended to rank pari passu with or in priority to (other than in priority to the Senior Secured Liabilities) any existing Liabilities and/or share pari passu with or in priority to (other than in priority to the Senior Secured Liabilities) any existing transaction security and/or rank behind any existing Liabilities and/or share in any existing transaction security behind such existing Liabilities.

In connection with the above, the Creditors confirm that if and to the extent such a financing or refinancing, replacement or restructuring and such ranking and such sharing in the transaction security is permitted or not prohibited by the terms of the debt documents at such time, they will co-operate with the Debtors with a view to enabling such financing or refinancing and such sharing in the transaction security to take place. In particular, but without limitation, they authorize and direct their respective Agent to execute any amendment, confirmation or other relevant document in respect of the Intercreditor Agreement and such other debt documents as is required to reflect such arrangements to the extent such financing, refinancing and/or sharing is permitted or not prohibited by such debt documents.

Restrictions Relating to the Senior Lender Liabilities, Senior Secured Notes Liabilities and Cash Management Liabilities

Permitted Payments in respect of Senior Secured Creditor Liabilities and/or Cash Management Liabilities

The Debtors and Third Party Security Providers may make payments at any time in respect of the Senior Lender Liabilities, Cash Management Liabilities and Senior Secured Notes Liabilities (together, "Senior Secured Creditor Liabilities") and/or Cash Management Liabilities in accordance with the provisions of the Senior Finance Documents, Senior Secured Notes Finance Documents and Cash Management Agreements, provided that following acceleration events under the Senior Secured Finance Documents or following certain insolvency events, unless at such time the only outstanding Senior Secured Creditor Liabilities are Senior Lender Liabilities in respect of the Senior Credit Facilities Agreement, no Debtor or Third Party Security Provider may make (and no Senior Secured Creditor may receive) payments of the Senior Lender Liabilities, Senior Secured Notes Liabilities or Cash Management Liabilities except from enforcement proceeds distributed in accordance with the provisions described under "*—Application of Proceeds*", other than any distribution or dividend out of any Debtor's or Third Party Security Provider's unsecured assets (pro rata to each creditor's unsecured claim) made by a liquidator, receiver, administrative receiver, administrator, judicial manager, compulsory manager or other similar officer appointed in respect of any Debtor or Third Party Security Provider or any of its assets.

Security and Guarantees: Senior Secured Creditors

Subject to certain customary exceptions for ancillary lenders and issuing banks under the Senior Finance Documents, the Senior Lenders, Senior Secured Note Creditors and the Cash Management Providers may take, accept or receive the benefit of:

- any security from any Group Company in respect of the Senior Lender Liabilities or the Senior Secured Notes Liabilities or the Cash Management Liabilities in addition to the shared security granted in favor of the Security Agent on behalf of the Secured Parties if and to the extent legally possible and subject to certain agreed security principles, the other Secured Parties already benefit from such security or at the same time, it is also offered either:
- to the Security Agent as agent or trustee for the other Secured Parties in respect of their secured obligations;
- in respect of any transaction security documents governed by French law ("French Transaction Security Documents"), to the Security Agent acting in its name for the benefit of the Secured Parties identified in such transaction security document in respect of the liabilities identified in such transaction security document; or
- in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as agent or trustee for the other Secured Parties:
    - to the other Secured Parties in respect of their secured obligations; or
    - to the Security Agent under a parallel debt or joint and several creditorship structure or agency structure for the benefit of the other Secured Parties,

and ranks in the same order of priority as set out under "—*Priority of Security*," provided that all amounts received by the Senior Secured Noteholders, the Senior Secured Notes Trustee(s) and the Security Agent (in its capacity as creditor of the claims corresponding to the Senior Secured Notes Liabilities) (together, the "Senior Secured Note Creditors") and the Senior Lenders, Cash Management Providers and the Hedge Counterparties (together, the "Senior Creditors" and together with the Senior Secured Note Creditors, the "Senior Secured Creditors") with respect to such security are immediately paid to the Security Agent and held and applied in accordance with the provisions set out under "—*Application of Proceeds*"; and

- any guarantee, indemnity or other assurance against loss from any Group Company regarding the Senior Lender Liabilities, the Cash Management Liabilities or the Senior Secured Notes Liabilities in addition to those in:

- the Senior Credit Facilities Agreement or (provided that any such guarantee, indemnity or other assurance against loss is no more extensive than in the original form of the Senior Credit Facilities Agreement) the indenture or other debt instrument pursuant to which the relevant Senior Secured Notes are issued (the "Senior Secured Notes Indenture") or any Cash Management Agreement;

- the Intercreditor Agreement; or

- any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to certain agreed security principles, given to all the Secured Parties in respect of their secured obligations (the "Senior Secured Liabilities"),

  if and to the extent legally possible, and subject to certain agreed security principles, the other Secured Parties already benefit from such a guarantee, indemnity or other assurance against loss or at the same time it is also offered to the other Secured Parties in respect of their liabilities and ranks in the same order of priority as set out under "—*Ranking and Priority*".

Restriction on Enforcement: Senior Lenders, Note Holders and Cash Management Providers

The Intercreditor Agreement provides that the Senior Lenders (subject to certain customary exceptions for ancillary lenders and issuing banks under the Senior Finance Documents), Cash Management Providers and the Senior Secured Note Creditors may not take any action to enforce the transaction security (or, to the extent such action is directly related to the enforcement of the common transaction security, any steps towards insolvency or similar processes) without the prior written consent of an Instructing Group (as defined below), subject to certain exceptions following an Insolvency Event (as defined below).

An "Instructing Group" means at any time:

- prior to the Senior Secured Discharge Date, the Majority Senior Secured Creditors; and

- on or after the Senior Secured Discharge Date but prior to the Second Lien Discharge Date, the Majority Second Lien Creditors,

where:

"Majority Second Lien Creditors" means those Second Lien Creditors whose Second Lien Credit Participations at that time aggregate more than 50% of the total Second Lien Credit Participations at that time.

"Majority Senior Secured Creditors" means Senior Secured Creditors whose Senior Secured Credit Participations at any time aggregate more than 50% of the total Senior Secured Credit Participations at that time.

"Second Lien Credit Participations" means the aggregate drawn and undrawn commitments under each Second Lien Facility Agreement and, in relation to holders of Second Lien Notes, the principal amount of outstanding Second Lien Notes held.

"Second Lien Creditor" means the Second Lien Lenders, the Second Lien Agent, the Second Lien Noteholders, each Second Lien Notes Trustee(s) and the Security Agent (in its capacity as creditor of the claims corresponding to the Second Lien Liabilities).

"Second Lien Discharge Date" means the date on which all of the Second Lien Liabilities have been fully and finally discharged.

“Senior Credit Participations” means aggregate drawn and undrawn commitments under the Senior Finance Documents, amounts payable for terminated or closed out hedging obligations and (in certain limited circumstances) amounts that would be payable in respect of hedging obligations if they were terminated or closed out at that time.

“Senior Secured Credit Participations” means (i) in relation to a Senior Creditor, its Senior Credit Participation and (ii) in relation to a holder of Senior Secured Notes, the principal amount of outstanding Senior Secured Notes it holds.

“Senior Secured Discharge Date” means the date on which all of the Senior Secured Liabilities have been fully and finally discharged.

Option to Purchase Senior Liabilities and transfer Hedging Liabilities: Senior Secured Noteholders

Upon acceleration under the Senior Finance Documents, the Second Lien Finance Documents, the Senior Secured Notes or the Second Lien Notes, or enforcement of the transaction security (in each case, excluding any acceleration or enforcement which arises solely by virtue of an acceleration of the Senior Secured Notes, Senior Credit Facilities Agreement, Cash Management Agreement or Senior Finance Documents (as applicable)), the Senior Agent and/or Senior Secured Notes Trustee (on behalf of the Senior Lenders or Senior Secured Note Creditors (or those Senior Lenders or Senior Secured Note Creditors that wish to make that wish to make the relevant purchase)) may elect, subject to certain conditions set out in the Intercreditor Agreement, by not less than 10 days’ notice to purchase the Senior Lender Liabilities, Senior Secured Notes Liabilities or Cash Management Liabilities for the amount that would have been required to prepay such liabilities (including amounts provided as cash cover) on such date plus certain costs and expenses. The Senior Agent or Senior Secured Notes Trustee (on behalf of all of the relevant Senior Lenders or Senior Secured Note Creditors (as applicable)) must also elect for the Hedge Counterparties to transfer their Hedging Liabilities to them at the same time in exchange for the amount that would have been payable under such hedging obligations had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Restrictions Relating to the Second Lien Creditors and the Second Lien Liabilities

The following provisions will only apply in the event that a Group Company incurs any Second Lien Liabilities.

Permitted Payments in respect of Second Lien Liabilities

Prior to the Senior Secured Discharge Date, the Debtors may (and shall procure that each of its subsidiaries and any Third Party Security Provider will) only make payments to the Second Lien Creditors in respect of the Second Lien Liabilities in accordance with the Second Lien Finance Documents (i) if the “Majority Senior Creditors” (being those Senior Creditors whose Senior Credit Participations at that time aggregate more than 50% of the total Senior Credit Participations at that time) and (to the extent prohibited under the Senior Secured Notes Finance Documents) the Senior Secured Notes Trustee(s) consent to the payment or (ii) (among other things and subject to any further conditions set out in the Intercreditor Agreement):

- the payment is:
- of any principal amount of the Second Lien Liabilities in accordance with:
    - subject to further conditions set out in the Intercreditor Agreement, provisions comparable to and no more favorable than those relating to ‘Illegality’, ‘Right of cancellation and repayment in relation to a Single Lender or Issuing Bank’, ‘Exit’, ‘Replacement of a Lender’ or ‘Replacement of a Defaulting Lender’ of the Senior Credit Facilities Agreement but contained in a Second Lien Finance Document; or
    - the provisions set out below under “*—Non-Distressed Disposals*”;
- of cash interest in accordance with the terms of the Second Lien Facility Agreement;
- of non-cash interest made by way of the capitalization of interest or by the issuance of a non-cash pay financial instrument evidencing the same which is subordinated to the Senior Secured Liabilities on the same terms as the Second Lien Liabilities;
- subject to certain exceptions set out in the Intercreditor Agreement, in respect of commercially reasonable work fees and professional fees, costs and expenses for restructuring advice and valuations (including legal advice and the advice of other appropriate financial and/or restructuring advisors) incurred by a Second Lien Representative not covered by the following sub-bullet point in an aggregate amount to all such Second Lien

Representatives under this sub-bullet point not exceeding EUR 1,000,000 (or its equivalent in other currencies) from the date of the Intercreditor Agreement;

- of any Second Lien Agent Liabilities and Second Lien Notes Trustee Amounts, and of any amounts due under any fee letters relating to (and entered into at the same time as) the relevant indenture or other debt instrument pursuant to which any Second Lien Notes are issued (the "Second Lien Notes Indenture(s)") or Second Lien Facilities Agreement;

- made in pursuance of a debt buy-back program in relation to Second Lien that was established with the approval of the Majority Senior Lenders;

- of any consent and/or waiver fee in respect of any consent granted under, or waiver or amendment of any provision of, a Second Lien Finance Document provided that such fee does not exceed the amount of the corresponding consent and/or waiver fee paid to the Senior Secured Creditors whose consent in respect of the same matter was required (in each case, when expressed as a percentage of the principal amount of the relevant liabilities);

- payments where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Second Lien Liabilities during a period when a Second Lien Payment Stop Notice was outstanding;

- following the occurrence of an event of default under a Second Lien Finance Document (which is continuing), all (and not part only) of the Second Lien Liabilities thereunder as a result of those Second Lien Liabilities being released or otherwise discharged solely in consideration for the issue of shares in the Company or any holding company of the Company, subject to further conditions set out in the Intercreditor Agreement;

- to the extent not prohibited by the Senior Finance Documents or the Senior Secured Notes Finance Documents; and

- in the case of any Second Lien Notes, of any of the principal amount thereof at the original scheduled maturity date thereof; and

- no Second Lien Payment Stop Notice is outstanding, and no event of default for non-payment of principal, interest or fees (subject to a de minimis amount) under any Senior Credit Facilities Agreement, Hedging Agreement, Cash Management Agreement or Senior Secured Notes Indenture (a "Senior Secured Payment Default") has occurred and is continuing, at the time of the payment, except in the case of certain payment of amounts referred to above and more fully set out in the Intercreditor Agreement.

On or after the Senior Secured Discharge Date, the Debtors and Third Party Security Providers may make payments to the Second Lien Creditors in respect of the Second Lien Liabilities in accordance with the Second Lien Finance Documents.

Second Lien Payment Blockage Provisions

A Second Lien Payment Stop Notice (as defined below) is "outstanding" during the period:

- from the date on which, following the occurrence of one or more specified events of default under the Senior Credit Facilities Agreement (each a "Material Event of Default"), any Agent of the Senior Secured Creditors (other than the Hedge Counterparties) acting in accordance with the relevant debt documents or the Security Agent (acting on the instructions of any such Agent) issues a notice (a "Second Lien Payment Stop Notice") to any or all of the representatives of the Second Lien Creditors (the "Second Lien Representatives") (with a copy to the Company) advising that a Material Event of Default has occurred and is then continuing and suspending payments of the relevant Second Lien Liabilities (other than those expressly permitted under the Intercreditor Agreement); and

- until the relevant date referred to in the following paragraph.

If a Second Lien Payment Stop Notice is outstanding, payments of the Second Lien Liabilities in respect of which a Second Lien Payment Stop Notice has been served (other than those expressly permitted under the Intercreditor Agreement) shall be suspended until the first to occur of:

- the date which is 120 days after receipt by the Company and the relevant Agent(s) of that Second Lien Payment Stop Notice;

- if a Second Lien Standstill Period (as defined below) commences after the issue of that Second Lien Payment Stop Notice, the date on which that Second Lien Standstill Period expires;
- the date on which a default under the Second Lien Facility Agreement occurs for failure to pay principal at the original scheduled maturity of the relevant Second Lien Liabilities;
- the date on which the Material Event of Default in respect of which that Second Lien Payment Stop Notice was issued is no longer continuing;
- the date on which the Security Agent (acting on the instructions of the relevant Agent of the Senior Secured Creditors) cancels that Second Lien Payment Stop Notice by notice to the applicable Second Lien Representative(s) (with a copy to the Company); and
- the Senior Secured Discharge Date.

No Second Lien Payment Stop Notice may be served by any Agent or the Security Agent in reliance on a particular Material Event of Default more than 90 days after receipt of a notice advising of the occurrence of that Material Event of Default.

No more than one Second Lien Payment Stop Notice (i) may be served with respect to the same event or set of circumstances, and (ii) in respect of any Second Lien Liabilities, may be served in any period of 365 days.

Any failure to make a payment due under the Second Lien Finance Documents as a result of the issue of a Second Lien Payment Stop Notice or the occurrence of a Senior Secured Payment Default shall not prevent (i) the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Second Lien Finance Documents or (ii) the issue of a Second Lien Enforcement Notice on behalf of the relevant Second Lien Creditors.

Payment Obligations and Capitalization of Interest Continue: Second Lien Liabilities

No Debtor or Third Party Security Provider shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under any Second Lien Finance Document by the operation of the provisions set out under each section above under "*—Restrictions Relating to the Second Lien Creditors and the Second Lien Liabilities*" even if its obligation to make that payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest in accordance with the relevant Second Lien Finance Documents shall continue notwithstanding the issue of a Second Lien Payment Stop Notice.

Cure of Payment Stop: Second Lien Creditors

If:

- at any time following the issue of a Second Lien Payment Stop Notice or the occurrence of a Senior Secured Payment Default, that Second Lien Payment Stop Notice ceases to be outstanding and/or the Senior Secured Payment Default ceases to be continuing (as the case may be); and
- the relevant Debtor or Third Party Security Provider then promptly pays to the Second Lien Creditors an amount equal to any payments which had accrued under the relevant Second Lien Finance Documents and which would have been permitted under the terms of the Intercreditor Agreement but for that Second Lien Payment Stop Notice or Senior Secured Payment Default,

then any event of default which may have occurred as a result of that suspension of payments shall be waived and any Second Lien Enforcement Notice which may have been issued as a result of that event of default shall be waived and revoked, in each case without any further action being required on the part of the Second Lien Creditors.

Second Lien Debt Purchase Transactions

The Debtors shall not, and shall procure that no other Group Company or Third Party Security Provider will, enter into any Second Lien Debt Purchase Transaction (as defined in any Second Lien Facility Agreement) or beneficially own all or any part of the share capital of a company that is a Second Lien Creditor or a party to a Second Lien Debt Purchase Transaction unless such action occurs:

- either: (i) on or after the Senior Secured Discharge Date; (ii) with the prior consent of the Majority Senior Lenders and (to the extent prohibited under the Senior Secured Notes Finance Documents) the Senior Secured Notes Trustee(s); or (iii) if not otherwise prohibited by the Senior Secured Finance Documents; and

- in accordance with the relevant Second Lien Finance Documents.

Restrictions on Amendments and Waivers: Second Lien Creditors

Subject to the following paragraph, the Second Lien Creditors may amend or waive the terms of the Second Lien Finance Documents (other than the Intercreditor Agreement or any transaction security document) in accordance with their terms at any time.

Prior to the Senior Secured Discharge Date and save for amendments or waivers pursuant to or resultant from the exercise of any market flex provision, the Second Lien Creditors may not amend or waive the terms of the Second Lien Finance Documents if such amendment or waiver would conflict with the provisions of the Intercreditor Agreement or (unless waived by the Majority Senior Lenders) of any Senior Finance Document or (unless waived by the Senior Secured Notes Trustee(s)) of any Senior Secured Notes Finance Documents.

Security and Guarantees: Second Lien Creditors

At any time prior to the Senior Secured Discharge Date, the Second Lien Creditors may not take, accept or receive from any Group Company the benefit of any security, guarantee, indemnity or other assurance against loss in respect of the Second Lien Liabilities other than:

- the common transaction security;

- any guarantee, indemnity or other assurance against loss contained in:

- the original form of any Second Lien Finance Document;

- the Intercreditor Agreement; or

- any guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, the benefit of which is given to all the Secured Parties in respect of their Senior Secured Liabilities; or

- as otherwise contemplated by the provisions under "*—Security and Guarantees: Senior Secured Creditors*" above,

unless the prior consent of the Majority Senior Lenders and (to the extent prohibited under the Senior Secured Notes Finance Documents) the Senior Secured Notes Trustee(s) is obtained.

Restriction on Enforcement: Second Lien Creditors

Subject to the following paragraph, no Second Lien Creditor shall be entitled to take any Enforcement Action (as defined below) in respect of any of the Second Lien Liabilities prior to the Senior Secured Discharge Date.

Subject to the following paragraphs, each Second Lien Creditor may take Enforcement Action available to it in respect of any of the Second Lien Liabilities if at the same time as, or prior to, that action:

- an acceleration event has occurred under the Senior Secured Finance Documents in which case each Second Lien Creditor may take the same Enforcement Action (but in respect of the Second Lien Liabilities) as taken by the relevant Senior Secured Creditors as constitutes that acceleration event;

- a Second Lien Representative of the Second Lien Creditors has given notice in writing (a "Second Lien Enforcement Notice") to the Security Agent specifying that an event of default under the Second Lien Finance Documents in respect of which it is an agent, representative or trustee has occurred and is continuing; and

- either:

    - a period (a "Second Lien Standstill Period") of not less than:

    - 90 days in the case of a failure to make a payment of an amount of principal, interest or fees representing the Second Lien Liabilities;

    - 120 days in the case of any breach of any financial covenant included in any Second Lien Finance Document or failure to make a payment of any amount (other than principal, interest and fees) representing the Second Lien Liabilities; and

    - 150 days in the case of any other event of default under the Second Lien Facility Agreement or the Second Lien Notes Indenture (a "Second Lien Event of Default") under the relevant Second Lien Finance Documents,

    has elapsed from the date on which that Second Lien Enforcement Notice becomes effective; and that Second Lien Event of Default is continuing at the end of the Second Lien Standstill Period; or

  - in the case of any Second Lien Notes, any default has occurred under the Second Lien Finance Documents by reason of failure to pay principal at the original scheduled maturity date of the Second Lien Notes provided that such maturity date is a date not earlier than twelve months after the original termination date of the latest Senior Secured Liabilities outstanding at the time such Second Lien Notes are issued; or

- the Majority Senior Lenders and (to the extent prohibited under the Senior Secured Notes Finance Documents) the Senior Secured Notes Trustee(s) have given their prior consent.

"Enforcement Action" is defined in a customary manner for transactions of this nature and includes:

- in relation to any Liabilities:

- subject to customary exceptions, the acceleration of any Liabilities or the making of any declaration that any Liabilities are prematurely due and payable;

- the making of any declaration that any Liabilities are payable on demand;

- the making of a demand for payment in relation to a Liability that is payable on demand;

- the making of any demand against any Group Company in relation to any guarantee liabilities of that Group Company;

- subject to customary exceptions, the exercise of any right to require any Group Company to acquire any Liability;

- subject to customary exceptions, the exercise of any right of set-off, account combination or payment netting against any Group Company in respect of any Liabilities; and

- the suing for, commencing or joining of any legal or arbitration proceedings against any Group Company to recover any Liabilities;

- the premature termination or close-out of any hedging transaction under any Hedging Agreement, save to the extent permitted by the Intercreditor Agreement;

- the taking of any steps to enforce or require the enforcement of any transaction security (including the crystallization of any floating charge forming part of the security);

- subject to customary exceptions, the entering into of any composition, compromise, assignment or similar arrangement with any Group Company which owes any Liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities of the Group owed to a creditor under the debt documents; or

- the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator, judicial manager or similar officer) in relation to the winding up, dissolution, administration, judicial management or reorganization of any Group Company which owes any liabilities to a creditor under the debt documents, or has given any security, guarantee, indemnity or other assurance against loss in respect of such liabilities, or any of such Group Company's assets or any suspension of payments or moratorium of any indebtedness of any such Group Company, or any analogous procedure or step in any jurisdiction,

except that certain actions are excluded and shall not constitute Enforcement Action as more particularly described in the Intercreditor Agreement but including:

- the taking of any action falling within the seventh sub-bullet point of the first bullet point above or the bullet point immediately above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods;

- any discussions or consultations between, or proposals made by, any of the Primary Creditors with respect to instructions to enforce the security;

- a Primary Creditor bringing legal proceedings against any person solely for the purpose of (i) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party, (ii) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages, and (iii) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages;

- bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud or to restrain any actual or putative breach of the Senior Secured Finance Documents or the Second Lien Finance Documents or for specific performance with no claims for damages; or

- to the extent entitled by law, the taking of action against any creditor (or any agent, trustee or receiver acting on behalf of such creditor) to challenge the basis on which any sale or disposal is to take place pursuant to powers granted to such persons under any security documentation.

Notwithstanding the above, after the occurrence of certain insolvency events of default, each Second Lien Creditor may (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Second Lien Creditor in accordance with the provisions under "*—Effect of Insolvency Event*") exercise any right they may otherwise have against that Debtor or Third Party Security Provider to:

- accelerate any of that Debtor's or Third Party Security Provider's Second Lien Liabilities or declare them prematurely due and payable or payable on demand;

- make a demand under any guarantee, indemnity or other assurance against loss given by that Debtor or Third Party Security Provider in respect of any Second Lien Liabilities;

- exercise any right of set—off or take or receive any payment or claim in respect of any Second Lien Liabilities of that Debtor or Third Party Security Provider; or

- claim and prove in the liquidation, administration or other insolvency proceedings of that Debtor or Third Party Security Provider for the Second Lien Liabilities owing to it.

No Second Lien Creditor or Second Lien Representative thereof may take any Enforcement Action that is otherwise permitted under the Intercreditor Agreement while the Security Agent is taking such Enforcement Action or such steps to enforce the transaction security, in each case, where such action may be reasonably likely to adversely affect such enforcement or Enforcement Action or the amount of proceeds to be derived therefrom.

Option to Purchase Senior Secured Liabilities and transfer of Hedging Liabilities: Second Lien Creditors

Upon acceleration under the Senior Finance Documents, the Second Lien Finance Documents, the Second Lien Notes Finance Documents or the Senior Secured Notes Finance Documents or enforcement of the transaction security or whilst a Second Lien Standstill Period is continuing or a Second Lien Payment Stop Notice is outstanding or a Senior Secured Payment Default is continuing, the Second Lien Creditors (or a nominee or nominees) may, subject to certain conditions set out in the Intercreditor Agreement, by not less than 10 days' elect to purchase the outstanding Senior Lender Liabilities, Senior Secured Notes Liabilities and Cash Management Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses and provide cash cover in respect of any letters of credit that are outstanding. The relevant Second Lien Creditors must also elect for the Hedge Counterparties to transfer their Hedging Liabilities to them at the same time in exchange for the amount that would have been payable under the relevant Hedging Agreements had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Effect of Insolvency Event

An "Insolvency Event" occurs in relation to any Group Company if (among other things):

- any resolution is passed or order made for its winding up, liquidation, dissolution, administration, judicial management or reorganization (whether under bankruptcy and insolvency legislation, corporations legislation or otherwise, but excluding solvent reorganizations) of that Group Company, a moratorium is declared in relation to any of that Group Company's indebtedness or an administrator or judicial manager is appointed to that Group Company;

- any composition, compromise, assignment or arrangement is made with its creditors generally or any proceeding is instituted seeking a stay of proceedings of creditors generally (or any class of creditors); or

- a liquidator, receiver, administrator, judicial manager, administrative receiver, compulsory manager or other similar officer is appointed in respect of that Group Company or any of its assets,

in each case, which is an event of default under the debt documents or is taken when an event of default is continuing.

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event in relation to any Group Company, any party to the Intercreditor Agreement entitled to receive a distribution out of the assets of that Group Company in respect of Liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that Group Company to pay that distribution to the Security Agent until the Liabilities owing to the Secured Parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under "*—Application of Proceeds*" below.

Generally, but subject to certain limited exceptions, to the extent that any Group Company's Liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that Group Company, any creditor regulated by the Intercreditor Agreement (a "Creditor") which benefited from that set-off shall pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under "*—Application of Proceeds*" below.

If the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any of the Liabilities, the Liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards such Liabilities.

After the occurrence of an Insolvency Event in relation to any Group Company, each creditor regulated by the Intercreditor Agreement irrevocably authorizes the Security Agent, in its name and on its behalf (and to the extent permitted under applicable law) to:

- take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that Group Company;

- demand, sue, prove and give receipt for any or all of that Group Company's Liabilities;

- collect and receive all distributions on, or on account of, any or all of that Group Company's Liabilities; and

- file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that Group Company's Liabilities.

Each creditor regulated by the Intercreditor Agreement will (i) do all things that the Security Agent reasonably requests in order to give effect to the matters disclosed under this section "*—Effect of Insolvency Event*" and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this section or if the Security Agent requests that a creditor regulated by the Intercreditor Agreement take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require, although no notes trustee shall be under any obligation to grant such powers of attorney) to enable the Security Agent to take such action.

Turnover

Subject to certain customary exceptions, the Intercreditor Agreement provides that if any creditor regulated by the Intercreditor Agreement receives or recovers from any Group Company:

- any payment or distribution of, or on account of or in relation to, any of the Liabilities which is not either (i) a payment permitted under the Intercreditor Agreement or (ii) made in accordance with the provisions set out below under "—*Application of Proceeds*";

- any amount by way of set-off in respect of any of the Liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;

- any amount:

- on account of, or in relation to, any of the Liabilities:

  - after the occurrence of an acceleration event or the enforcement of any transaction security; or

  - as a result of any other litigation or proceedings against a Group Company (other than after the occurrence of an Insolvency Event in respect of that Group Company); or

- by way of set-off in respect of any of the Liabilities owed to it after the occurrence of an acceleration event or the enforcement of any security,

other than, in each case, any amount received or recovered in accordance with the provisions set out below under "—*Application of Proceeds*";

- the proceeds of any enforcement of any security except in accordance with the provisions set out below under "—*Application of Proceeds*"; or

- any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Group Company which is not in accordance with the provisions set out below under "—*Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Group Company,

that creditor regulated by the Intercreditor Agreement will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (a) with the exception of the Senior Agent, hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and in all cases, including in respect of the Senior Agent promptly pay such amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (b) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement of Security

Consultation Period

Subject to certain exceptions specified in the Intercreditor Agreement and the procedures more fully set out therein:

- in the case of any action to enforce the transaction security or instigate or effect a Distressed Disposal (as defined below) by the Senior Secured Creditors, prior to commencing such Distressed Disposal; and

- in the case of any action referred to in the second bullet point under "—*Second Lien Debt Protection*" below, prior to commencing the relevant public auction or other competitive sale process conducted and run in accordance with the advice of a financial adviser regularly engaged in such sale processes selected by the

Security Agent in respect of which the Secured Creditors are entitled to participate (the "Competitive Process") or other process referred to in the second bullet point under "*—Second Lien Debt Protection*" below,

the Agent(s) of the Creditors represented in the Instructing Group concerned shall consult with each other Agent and the Security Agent in good faith with respect to the instructions to be given by the Instructing Group for a period of up to ten business days (or such shorter period as each relevant Agent and the Security Agent shall agree) (the "Consultation Period") and, only following the expiry of a Consultation Period (if applicable), shall the Instructing Group be entitled to give any instructions to the Security Agent to take formal steps to enforce the transaction security or to instigate or effect a Distressed Disposal.

Noteholders should be aware that the Intercreditor Agreement sets out various circumstances in which the Consultation Period will not apply including if an Insolvency Event has occurred or the creditors constituting the Instructing Group (or their representative) determine in good faith that to enter into such consultation and thereby delay commencement of enforcement could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the transaction security or take any other action in relation to enforcement or the quantum of the realization proceeds of any enforcement of the transaction security or any other enforcement.

Enforcement Instructions

The Security Agent may refrain from enforcing the transaction security or taking other Enforcement Action unless instructed otherwise by (i) the Instructing Group or (ii) if required under the third paragraph of this section, the Majority Second Lien Creditors.

Subject to the transaction security having become enforceable in accordance with its terms (i) the Instructing Group or (ii) to the extent permitted to enforce or to require the enforcement of the transaction security prior to the Senior Secured Discharge Date under the provisions set out under "*—Restriction on Enforcement: Second Lien Creditors*" above, the Second Lien Representative(s) (acting on the instructions of the Majority Second Lien Creditors), may give, or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the transaction security as they see fit.

Subject to the following paragraphs, prior to the Senior Secured Discharge Date, (i) if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the transaction security or (ii) in the absence of instructions from the Instructing Group, and, if in each case, the Instructing Group has not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the transaction security which the Majority Second Lien Creditors are then entitled to give to the Security Agent under the provisions under "*—Restriction on Enforcement: Second Lien Creditors*".

Notwithstanding the preceding paragraphs, if at any time the Second Lien Representative(s) is then entitled to give the Security Agent instructions to enforce the transaction security pursuant to the preceding paragraphs and the Second Lien Representative(s) either gives such instruction or indicates any intention to give such instruction, then the Instructing Group may give instructions to the Security Agent to enforce the transaction security as the Instructing Group sees fit in lieu of any instructions to enforce given by the Second Lien Representative(s) under the paragraphs above and the Security Agent shall instead act on such instructions received from the Instructing Group.

Subject to certain exceptions, no Secured Party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Manner of Enforcement

If the transaction security is being enforced or other action as to enforcement is being taken as set forth above under "*—Enforcement Instructions*," the Security Agent shall enforce the security or take such other action as to enforcement in such manner (including, without limitation, and to the extent permitted under applicable law, the selection of any administrator (or any analogous officer in any jurisdiction) of any Debtor or Third Party Security Provider to be appointed by the Security Agent) as:

- the Instructing Group;
- prior to the Senior Secured Discharge Date, if (i) the Security Agent has, pursuant to the preceding section, received instructions given by the Majority Second Lien Creditors to enforce the transaction security and (ii) the Instructing Group has not given instructions as to the manner of enforcement of the transaction security, the Majority Second Lien Creditors,

shall instruct or, in the absence of any such instructions, as the Security Agent sees fit.

Exercise of Voting Rights

Each Creditor (other than the Senior Secured Creditors and the Second Lien Creditors) agrees in the Intercreditor Agreement (to the fullest extent permitted by law at the relevant time) with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any Group Company as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group.

Subject to certain exceptions, no party to the Intercreditor Agreement is entitled to exercise or require any Primary Creditor to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for (or change the basis for accrual of any) payment of or reschedule any of the liabilities owed to that Primary Creditor.

Waiver of Rights

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement (including those set out in more detail below), each of the Secured Parties, the Debtors and the Third Party Security Providers waives all rights it may otherwise have to require that the transaction security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the transaction security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

Duties Owed

Pursuant to the Intercreditor Agreement, each of the Secured Parties, Debtors and Third Party Security Providers acknowledges that, in the event that the Security Agent enforces, or is instructed to enforce, the transaction security prior to the Senior Secured Discharge Date, the duties of the Security Agent and of any receiver or delegate owed to any Second Lien Creditors (as applicable) in respect of the method, type and timing of that enforcement or of the exploitation, management or realization of any of that security shall (save as set out under "*—Second Lien Debt Protection*") be no different to or greater than the duty that is owed by the Security Agent, receiver or delegate to the Debtors and Third Party Security Providers under general law.

Security Held by Other Creditors

If any transaction security is held by a Secured Party other than the Security Agent, then such Secured Party may only enforce that transaction security in accordance with the Intercreditor Agreement but otherwise the Secured Parties shall not have any independent powers to enforce, or have recourse to, any of the transaction security or to exercise any right, power, authority or discretion arising under the security documents except through the Security Agent.

Proceeds of Disposals

Non-Distressed Disposals

In this section, "Disposal Proceeds" means the proceeds of a Non-Distressed Disposal (as defined below).

If, in respect of (i) a disposal of an asset by a Debtor, (ii) a disposal of an asset which is subject to the transaction security, (iii) any merger, consolidation, reorganisation or transaction whereby a release of an asset is required to effect such disposal, merger, consolidation, reorganisation or transaction, (iv) any person (and/or any subsidiaries of that person) that has ceased to be (or will, on or about the date of the relevant release, cease to be) a member of Group (including by way of being designated as an Unrestricted Subsidiary (as defined in the Senior Credit Facilities Agreement)), and/or (v) any person that has ceased to be (or will, on or about the date of the relevant release, cease to be) a Debtor or a Third Party Security Provider, and, in each case, such disposal, merger, reorganization or transaction is not prohibited by the Senior Finance Documents, the Senior Secured Notes Finance Documents, Cash Management Agreements or the Second Lien Finance Documents (each, a "Permitted Transaction") (and the Company makes certain certifications in this respect for the benefit of the Security Agent) and that disposal is not a Distressed Disposal (a "Non-Distressed Disposal"), the Security Agent is irrevocably authorized and obliged promptly following receipt of the Company's certification above but subject to the following paragraph:

- to release (or procure that the relevant person releases) the transaction security and any other claim (relating to a debt document) over that asset;

- where that asset consists of shares in the capital of a Debtor, to release the transaction security and any other claim, including without limitation any guarantee liabilities or other liabilities (relating to a debt document) over that Debtor or its assets and (if any) the subsidiaries of that Debtor and their respective assets; and

- to execute and deliver or enter into any release of the transaction security or any claim described in the preceding two bullets and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may be reasonably requested by the Company.

If that Non-Distressed Disposal is not made, each release of transaction security or any claim described in the paragraph above shall have no effect and the transaction security or claim subject to that release shall continue in such force and effect as if that release had not been effected.

If any Disposal Proceeds are required to be applied in mandatory prepayment of the Senior Lender Liabilities, the Senior Secured Notes Liabilities, the Cash Management Liabilities and/or the Second Lien Liabilities (as applicable) then, subject to the terms of the Intercreditor Agreement, the Disposal Proceeds shall be applied:

- prior to the Senior Secured Discharge Date, in accordance with the terms of a Senior Secured Finance Documents; or

- after the Senior Secured Discharge Date but prior to the Second Lien Discharge Date, in accordance with the terms of a Second Lien Finance Documents,

and the consent of any other party to the Intercreditor Agreement shall not be required for that application and this application shall override any requirement for application of such proceeds in any debt documents and no default or event of default shall be deemed to occur to the extent arising from compliance with this provision.

If a Group Company is designated as an Unrestricted Subsidiary (as defined in the Senior Credit Facilities Agreement) in accordance with the terms of each of the Senior Secured Finance Documents and the Second Lien Finance Documents or the required Creditor consent has been obtained, the Security Agent is irrevocably authorised and obliged to:

- release the transaction security or any other claim (relating to a debt document) over that Group Company's assets and its shares; and

- execute and deliver or enter into any release of the transaction security or any claim described in the bullet point above and issue any certificates of non crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable or as reasonably requested by the Company.

Distressed Disposals

A "Distressed Disposal" is a disposal of an asset or shares of a Group Company which is (i) being effected at the request of an Instructing Group in circumstances where the transaction security has become enforceable, (ii) being effected by enforcement of the transaction security or (iii) the subject of transaction security and which is being effected, subsequent to an acceleration event or the enforcement of any transaction security, by a Debtor or Third Party Security Provider to a person which is not a Group Company.

Subject to certain provisions of the Intercreditor Agreement, if a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor, Third Party Security Provider or the Company and without any consent, sanction, authority or further confirmation from any Creditor or other Secured Party, Debtor or Third Party Security Provider):

- to release the transaction security and/or any other claim over that asset subject to the Distressed Disposal or appropriation and execute and deliver or enter into any release of that transaction security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

- if the asset subject to the Distressed Disposal or appropriation consists of shares in the capital of a Debtor, to release:

- that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;

- any transaction security granted by the holding company of that Debtor over the shares in that Debtor or granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

- any other claim of an Intra-Group Lender, an investor, or another Debtor or Third Party Security Provider over that Debtor's assets or over the assets of any subsidiary of that Debtor,

on behalf of the relevant Creditors, the Senior Agent(s), Arrangers, Debtors, Third Party Provider(s), Senior Secured Notes Trustee(s) and Second Lien Representative(s);

- if the asset subject to the Distressed Disposal or appropriation consists of shares in the capital of any holding company of a Debtor, to release:

- that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantees liabilities and its other liabilities;

- any transaction security granted by the holding company of that holding company over the shares being disposed of or granted by that holding company being disposed of or any subsidiary of that holding company over any of its assets; and

- any other claim of an Intra-Group Lender, an investor or another Debtor or Third Party Security Provider over the assets of that holding company and any subsidiary of that holding company,

on behalf of the relevant Creditors, the Senior Agent(s), Arrangers, Debtors, Senior Secured Notes Trustee(s) and Second Lien Representative(s);

- if the asset subject to the Distressed Disposal or appropriation consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the Liabilities or the liabilities owed to any other Debtor (the "Debtor Liabilities") by that Debtor or holding company or any subsidiary of that Debtor or holding company:

- (if the Security Agent (acting in accordance with the second to last paragraph under "*—Second Lien Protection*") does not intend that any transferee of those Liabilities or Debtor Liabilities (the "Transferee") will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those Liabilities or Debtor Liabilities on behalf of the relevant Creditors, Third Party Security Providers and Debtors, provided that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

- (if the Security Agent (acting in accordance with the second to last paragraph under "*—Second Lien Debt Protection*") does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all (and not part only) of the Liabilities owed to the Primary Creditors and all or part of any other Liabilities and the Debtor Liabilities, on behalf of, in each case, the relevant Creditors, Third Party Security Providers and Debtors;

- if the asset subject to the Distressed Disposal or appropriation consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the first paragraph under "*—Second Lien Debt Protection*") decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the Intra-Group Liabilities or the Debtor Liabilities, to execute and deliver or enter into any agreement to:

- agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the relevant Intra-Group Lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

- (provided the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of the Senior Secured Liabilities and Second Lien Liabilities) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of rights in respect of Liabilities or Debtor Liabilities pursuant to the fourth bullet point above) shall be paid to the Security Agent for application in accordance with the provisions set out under "*—Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the transaction security and, to the extent that any disposal of rights in respect of Liabilities or Debtor Liabilities pursuant to the fourth bullet point above or any appropriation of secured shares has occurred, as if that disposal of rights in respect of Liabilities or Debtor Liabilities or any reduction of the secured obligations resulting from that appropriation had not occurred.

Where borrowing liabilities in respect of any Senior Secured Liabilities or any Second Lien Liabilities would otherwise be released pursuant to the Intercreditor Agreement, the Senior Secured Creditor or Second Lien Creditor (as applicable) concerned may (to the extent legally possible) elect to have those borrowing liabilities transferred to the Company or the immediate holding company of the Company, in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Company and without any consent, sanction, authority or further confirmation from any creditor subject to the Intercreditor Agreement or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

Second Lien Protection

In the case of a Distressed Disposal (or a disposal of Liabilities as described above under the fourth and fifth bullet points under "*—Distressed Disposals*") effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market value having regard to the prevailing market conditions (though the Security Agent shall have no obligation to postpone (or request the postponement of) any Distressed Disposal or disposal of Liabilities in order to achieve a higher value).

If prior to the Second Lien Discharge Date, unless the Agents of the Second Lien Creditors agree otherwise, any Distressed Disposal or disposal of Liabilities which results in the release of any borrowing liabilities or guarantee liabilities in respect of Second Lien Liabilities or the release of any transaction security securing the Second Lien Liabilities may, in each case, only be made if (and the requirement under the above paragraph shall be satisfied (and as between the Creditors, Debtors and Third Party Security Providers shall be conclusively presumed to be satisfied) and the Security Agent will be taken to have discharged all its obligations in this respect under the Intercreditor Agreement, the other debt documents and generally at law only if):

- the consideration in respect of such Distressed Disposal or disposal of Liabilities is paid or payable in cash (or substantially all in cash); or

- (only if the consideration in respect of each other cash offer received for those shares and/or assets is less than the aggregate par value of the outstanding Senior Secured Liabilities) the consideration in respect of such Distressed Disposal or disposal of Liabilities does not comprise cash (or substantially all cash) in circumstances where the Security Agent (acting reasonably) determines that the cash consideration payable under the highest of the other bona fide and fully committed offers made in relation to that Distressed Disposal or disposal of Liabilities is less than the outstanding Senior Secured Liabilities, in which case the non-cash consideration can, without limitation, take the form of (x) the Senior Secured Creditors (or any of them acting alone or together) bidding by any appropriate mechanic all or part of their Senior Secured Liabilities (such that the Senior Secured Liabilities would, on completion, be discharged to the extent of an amount equal to the amount of the offer made by the relevant Senior Secured Creditors) or (y) the Second Lien Creditors (or any of them acting alone or together) bidding by any appropriate mechanic all or part of their Second Lien Liabilities (such that the Senior Secured Liabilities would, on completion, be discharged in full and in cash at their par value),

and the proceeds of such Distressed Disposal or disposal of Liabilities are applied in accordance with the provisions under "*—Application of Proceeds*";

- the sale, disposal or transfer is made pursuant to a Competitive Process (which auction or process, without prejudice to the requirements of the first bullet point above, may be (but does not have to be) completed by a process or proceedings approved by or supervised by, or on behalf of, any court of law) or any other process agreed to by the Agent(s) of the Second Lien Creditors in which:

- the Second Lien Creditors (on the basis of equal information and access rights as other bidders and financiers in the process); and

- if such auction or process attracts, or could reasonably be expected to result in attracting, no bidders or a bona fide and fully committed cash bid the cash consideration in relation to which is determined by the Security

Agent (acting reasonably) to be less than the outstanding amount of the Senior Secured Liabilities, the Senior Secured Creditors (or any of them acting alone or together),

are (subject to applicable law) entitled to participate as bidders or financiers to the potential purchaser(s) or, following the sale, disposal or transfer, the Group; and

- the Security Agent (or the relevant Group Company) shall have, in respect of such auction or process, consulted with an internationally recognized investment bank or internationally recognized accounting firm selected by the Security Agent (acting reasonably) with respect to the procedures which may reasonably be expected to be used to obtain a fair market price in the then prevailing market conditions (taking into account all relevant circumstances and with a view to facilitating a prompt and expeditious sale at a fair market price in the prevailing market conditions although there shall be no obligation to postpone any such sale in order to achieve a higher price), and shall have implemented (to the extent permitted by law) in all material respects the procedures recommended by such bank or firm in relation to such auction or process, unless the Security Agent has received an opinion referred to in the bullet below in respect of such auction or process; or

- where the Security Agent (acting in good faith) considers that a sale, disposal or transfer made pursuant to a Competitive Process is not reasonably practicable, taking into consideration all relevant circumstances or following an attempted sale or disposal pursuant to a Competitive Process, the Senior Secured Creditors make the highest final bidding offer of all the offers received pursuant to the Competitive Process but that offer is less than the amount of the Senior Secured Liabilities, the Security Agent has received an opinion (including an enterprise valuation of the Group and which can be relied upon by the Security Agent and disclosed to the Agents of the Senior Secured Creditors and the Second Lien Creditors (but which may be given on the basis that the liability of the relevant bank or firm in giving the opinion is limited to an amount of at least the amount of its fees in respect of such engagement)) from:

- an internationally recognized investment bank or internationally recognized accounting firm; or

- if it is not practicable for the Security Agent to appoint any such bank or firm on commercially reasonable terms (including for reasons of conflicts of interest), another third party professional firm which is regularly engaged in providing valuations in respect of the relevant type of assets but which is not a Senior Secured Creditor of affiliated thereto,

(in each case not being the firm appointed as the relevant Debtor's or Third Party Security Provider's administrator or other relevant officer holder) selected by the Security Agent confirming that the sale, disposal or transfer price is fair from a financial point of view taking into account all relevant circumstances although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price; and

- at the time of completion of the sale, disposal or transfer, (i) the borrowing liabilities, guarantee liabilities and (to the extent permitted by the Intercreditor Agreement) other liabilities owing to each of the Senior Secured Creditors and the Second Lien Creditors by the Debtors being disposed of (each a "Relevant Claim") are (to the same extent) released and discharged (and are not assumed by the purchaser and/or its affiliates) and (ii) all the transaction security granted in favour of all the Secured Parties over the assets sold or disposed of is released and discharged unless:

- the Agents of the Senior Secured Creditors, acting reasonably and in good faith, determine that a sale, disposal or transfer of a Relevant Claim will facilitate a recovery by the Senior Secured Creditors that is greater than the one they would achieve if such Relevant Claim was released or discharged but is nevertheless less than the outstanding Senior Secured Liabilities, which shall be deemed to be the case if there are no bidders or if the Agents of the Senior Secured Creditors (acting reasonably) determine that there are no bona fide and fully committed cash bids in excess of the amount of the Senior Secured Liabilities; and

- the Agents of the Senior Secured Creditors give notice of their determination to the Security Agent,

in which case the Security Agent shall be entitled immediately to sell and transfer the Relevant Claims to such purchaser (or an Affiliate of such purchaser) (or, if the second bullet point above applies and a Senior Secured Creditor is the successful bidder (or financier) or beneficiary of the relevant disposal as contemplated in the second bullet point above, such Senior Secured Creditor shall be able to retain its Relevant Claim or any part thereof (which shall be valued at par)).

If, prior to the Senior Secured Discharge Date, a Distressed Disposal or a disposal of rights in respect of Liabilities or Debtor Liabilities pursuant to the provisions set out under "*—Distressed Disposals*" above is being effected at a time when the Majority Second Lien Creditors are entitled to give, and have given, instructions in accordance with the provisions set out under "*—Enforcement Instructions*" and/or "*—Manner of Enforcement*" above on which the Security Agent is acting:

- the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities or other liabilities owed to any Senior Secured Creditor unless those borrowing liabilities, guarantee liabilities or other liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent Liability relating to a letter of credit, an ancillary facility or Cash Management Facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor), following that release; and

- no Distressed Disposal or disposal of rights in respect of Liabilities or Debtor Liabilities pursuant to the provisions set out under "*—Distressed Disposals*" above may be made for non-cash consideration unless the prior consent of the Instructing Group is obtained.

For the purposes of the provisions set out under "*—Distressed Disposals*" and "*—Second Lien Protection*" above, the Security Agent shall act:

- if the relevant Distressed Disposal is being effected by way of enforcement of the security in accordance with the provisions set out under "*—Manner of Enforcement*" above; and

- in any other case, (i) on the instructions of the Instructing Group or (ii) in the absence of any such instructions, as the Security Agent sees fit.

Application of Proceeds

The Intercreditor Agreement provides that (subject to certain exceptions) all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document or in connection with the realization or enforcement of all or any part of the transaction security (for the purposes of this section, the "Group Recoveries") shall be held by the Security Agent on trust, to the extent legally permitted, to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this section), in the following order of priority:

- in discharging any sums owing to the Security Agent, any Receiver or any Delegate (other than in respect of any "Security Agent Claim" being its claim under the parallel debt provisions contained in the Intercreditor Agreement);

- in discharging any sums owing to the Senior Agent (in respect of the Senior Agent Liabilities) or any Second Lien Agent (in respect of any Second Lien Agent Liabilities) and the Senior Secured Notes Trustee Amounts or Second Lien Notes Trustee Amounts on a pro rata and pari passu basis;

- in payment of all costs and expenses incurred by any Agent or Primary Creditor in connection with any realization or enforcement of the transaction security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

- in payment to:

- each Senior Agent on behalf of the Senior Arrangers and the Senior Lenders; and
- the Senior Secured Notes Trustee(s) on behalf of the Senior Secured Note Creditors (other than the Security Agent); and
- the Hedge Counterparties,

for application towards the discharge of:

- the liabilities of the Senior Arrangers under the Senior Credit Facilities Agreement and the Senior Lender Liabilities (in accordance with the terms of the Senior Finance Documents);
- the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Finance Documents);
- the Cash Management Liabilities (in accordance with the terms of the relevant Cash Management Agreements); and
- the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty),

on a pro rata basis and ranking pari passu between the sub-bullets above (other than the third sub-bullet);

- in payment to each Second Lien Representative on behalf of the other Second Lien Finance Parties (other than the Security Agent) and Second Lien Arrangers for application (in accordance with the terms of the Second Lien Finance Documents) towards the discharge of the Second Lien Liabilities and the Second Lien Arranger Liabilities;
- in payment to the relevant Debtor of any *soulte* payable but not yet paid or paid in connection with the enforcement of any French transaction security document; and
- the balance, if any, in payment to the relevant Debtor or Third Party Security Provider.

Equalization of the Senior Secured Creditors

The Intercreditor Agreement provides that, if for any reason, any Senior Secured Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Secured Creditors at the enforcement date, the Senior Secured Creditors will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions provided that no Senior Secured Creditor shall be obliged to make any payment under the equalization provision in respect of any amount received by it from a person who is not a Group Company or Third Party Security Provider.

Equalization of the Second Lien Creditors

The Intercreditor Agreement provides that, if for any reason, any Second Lien Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Second Lien Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Second Lien Creditors at the enforcement date, the Second Lien Creditors will make such payments amongst themselves as the Security Agent shall require to put the Second Lien Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions provided that no Second Lien Creditor shall be obliged to make any payment under the equalization provision in respect of any amount received by it from a person who is not a Group Company or Third Party Security Provider.

Refinancing of Certain Liabilities

The Intercreditor Agreement provides for the borrowing, incurrence, refinancing, restructuring, replacement, increase, exchange or discharge of the Senior Secured Creditor Liabilities and the Second Lien Liabilities in whole or in part.

In connection with any new liabilities to rank in the manner contemplated in the Intercreditor Agreement and/or the refinancing or replacement of the Senior Secured Creditor Liabilities or the Second Lien Liabilities that requires the release of any security by the Security Agent and any consent required under the Senior Finance Documents, the Senior Secured Notes Finance Documents or the Second Lien Finance Documents, as applicable, in respect of such release of security has been obtained, the Security Agent shall release (and the relevant secured parties expressly authorize the Security Agent to release on their behalf, to the extent necessary) such security which has been granted to it provided that such release occurs on the date of such borrowing, incurrence, refinancing, restructuring, replacement, increase, exchange or discharge and is within the terms of such consent (if any).

Each Creditor has authorized their relevant representative to enter into such agreements with the Debtors, the Third Party Security Providers and/or the holders of the new Liabilities and/or their agents and trustees, whether by way of supplement, amendment or restatement of the terms of the Intercreditor Agreement or by a separate deed, as may be necessary to give effect to the terms described in the preceding paragraph. Any such amendment shall not require the consent of any such creditor and shall be effective and binding on all parties to the Intercreditor Agreement upon the execution thereof by the Debtors, the Third Party Security Providers each Second Lien Representative, each Senior Secured Notes Trustee, each Senior Agent and the Security Agent. In certain circumstances, as more fully described in the Intercreditor Agreement, the existing security granted to the Creditors may be released, and/or new security may be granted, in order to give effect to such provisions.

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, it may be amended or waived only with the consent of the Company, the Majority Senior Lenders, the Second Lien Representative(s), the relevant Senior Secured Notes Trustee(s)and the Security Agent provided that any term of the Intercreditor Agreement may be amended or waived by the Company and the Security Agent without the consent of any other party if that amendment or waiver is solely to cure defects or omissions or reflect changes of a minor, technical or administrative nature.

Other than in respect of the implementation of a Structural Adjustment under (and as defined in) the Senior Credit Facilities Agreement to the extent it does not confer an ability to make more extensive changes than a Structural Adjustment, an amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other things, the provisions set out under "—*Application of Proceeds*" and the order of priority or subordination under the Intercreditor Agreement shall not be made without the consent of:

- the Agents;
- the Senior Lenders;
- the Senior Secured Noteholders (to the extent that the amendment or waiver would materially and adversely affect such creditors);
- the Second Lien Lenders;
- the Second Lien Noteholders (to the extent that the amendment or waiver would materially and adversely affect such creditors);
- each Cash Management Provider (to the extent that the amendment or waiver would adversely affect the Cash Management Provider);
- each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty);
- the Security Agent; and
- the Company.

The Intercreditor Agreement may be amended by the Agents and the Company without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise in accordance with the terms of the relevant debt documents.

The Senior Secured Notes Trustee(s) and the Second Lien Notes Trustee(s) shall, to the extent consented to by the requisite percentage of noteholders in accordance with the relevant indenture, act on such instructions in accordance therewith unless such instructions are in respect of any amendments that relate to any provision affecting the rights and obligations of a notes trustee in its capacity as such.

Amendments and Waivers: Security Documents

Subject to the paragraph below and to certain other exceptions under the Intercreditor Agreement and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorized by an Instructing Group, and if the Company consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party.

Subject to the second, third and fifth paragraphs under "—*Exceptions*" below, the prior consent of each Senior Agent, Senior Secured Notes Trustee and Second Lien Representative (in each case, acting with the consent of the requisite percentage of creditors under the relevant debt documents) and the Company is required to authorize any release of the security or any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed.

Exceptions

Subject to the two paragraphs immediately below, if the amendment, waiver or consent may impose new or additional obligations on, or withdraw or reduce the rights of, any party other than:

- in the case of a Primary Creditor (other than an Agent or Arranger), in a way which affects, or would affect, Primary Creditors of that party's class generally; or

- in the case of a Debtor or Third Party Security Provider to the extent consented to by the Company under the Intercreditor Agreement,

the consent of that party is required.

Subject to the two paragraphs immediately below, an amendment, waiver, consent or release which relates to the rights or obligations of an Agent, an Arranger, the Security Agent (including, without limitation, any ability of the Security Agent to act in its discretion under the Intercreditor Agreement), a Cash Management Provider or a Hedge Counterparty may not be effected without the consent of that Agent or, as the case may be, Arranger, the Security Agent, that Cash Management Provider or that Hedge Counterparty.

Neither of the two immediately preceding paragraphs shall apply:

- to any release of security, claim or liabilities; or

- to any consent,

which, in each case, the Security Agent gives in accordance with the Intercreditor Agreement.

The above paragraphs shall only apply to an Arranger to the extent that Arranger Liabilities are then owed to that Arranger.

Snooze/Lose

If in relation to a request for a consent, a request to participate in a vote of a class of creditors, a request to approve any action or a request for a confirmation or notification, in each case, under the Intercreditor Agreement, any Senior Lender or Second Lien Lender fails to respond to the request within 10 business days or fails to provide details of its credit participation within the relevant timescale, such Primary Creditor will be disregarded or be deemed to have zero participation or outstanding in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable.

Agreement to Override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the debt documents to the contrary.

Other Provisions

The Intercreditor Agreement contains further provisions customary for documents of this nature, dealing with among other things:

- close-out and enforcement (and other enforcement) rights for the Hedge Counterparties, certain required close-out obligations and the terms on which the hedging agreements must be entered into (and may be amended in the future) and on which payments may be made under such hedging agreements and security and guarantees (and similar rights) may be granted in respect thereof. The Intercreditor Agreement permits certain types of hedging to potentially share in the security;

- restrictions on amendments to the terms of any Intra-Group Liabilities, Investor Liabilities, restrictions on payments thereunder and the granting of security and guarantees (and similar rights) in respect thereof, restrictions on the taking of enforcement action by the related creditors, turnover obligations and similar customary provisions; for the avoidance of doubt, the Intercreditor Agreement will not prevent payments with respect to such Liabilities which are permitted by the terms of the underlying debt documents;

- information sharing between creditor groups;

- customary protections and related provisions for note trustees and the Security Agent (who is appointed to act in such capacity under the Intercreditor Agreement); and

- customary provisions regarding assignments and transfers, and accession of future creditors and Debtors.

Until the relevant proceeds are released from escrow, the provisions of the Intercreditor Agreement shall not apply to, or create any restriction in respect of, any escrow arrangement to which the proceeds of any Senior Secured Notes and/or Second Lien Notes are subject and the Intercreditor Agreement shall not govern the rights and obligations of the relevant Senior Secured Noteholders or Second Lien Noteholders (as applicable) until such proceeds are released from such escrow arrangements in accordance with the terms thereof.

To the extent that any step or action is expressly permitted under the Intercreditor Agreement, the parties to the Intercreditor Agreement agree that such step or action will be permitted under the other debt documents and if there is a conflict between the terms of, or the requirement for any conditions in, the Intercreditor Agreement and any other debt documents, the terms of, or the requirement for any conditions in, the Intercreditor Agreement will prevail (subject to certain exceptions), in each case notwithstanding any restriction or prohibition to the contrary.

Governing Law

The Intercreditor Agreement (and any non-contractual obligations arising out of or in connection with it) is governed by English law, provided that without prejudice to the foregoing certain provisions relating to the appointment of the Security Agent in respect of French Transaction Security Documents shall be governed by French law.

€600 million multi-currency term loan and revolving credit facility

On February 27, 2020, we refinanced our existing €300 million bank facility with a €600 million multi-currency term loan and revolving credit facility, by and among Adevinta Finance AS, Adevinta Netherlands NV and Adevinta Holdco Spain S.L., subsidiaries of Adevinta, as borrowers, Adevinta and Adevinta Finance AS, as guarantors, BNP Paribas S.A., Danske Bank A/S, DNB Markets (a part of DNB Bank ASA) and Swedbank AB (Publ), as mandated lead arrangers and bookrunners, ING Belgium NV/SA and J.P. Morgan Securities Plc, as lead arrangers, Danske Bank A/S and DNB Markets (a part of DNB Bank ASA), as coordinators and DNB Bank ASA as facility agent and the financial institutions listed therein as lenders. The €600 million facility consists of a €400 million multicurrency revolving credit facility (the "€400 million RCF") and a €200 million dual currency term loan facility (the "€200 million term loan" and, together with the €400 million RCF, the "€600 million multi-currency term loan and revolving credit facility").

The obligations of the borrowers under the €600 million multi-currency term loan and revolving credit facility are unsecured and are guaranteed by Adevinta and Adevinta Finance AS. The liability of each guarantor is limited to €800 million plus any unpaid amount of interest, fees, liability, costs and expenses.

The €600 million multi-currency term loan and revolving credit facility imposes certain limitations, including financial and operating covenants upon the Group, pursuant to which, among other things:

- the Group must maintain a leverage ratio of no more than to 3.00:1 for any 12-month period ending at the end of each quarter (though it may exceed 3.00:1 but not 4.00:1 for up to four such periods, which may be consecutive, during the life of the facility);

- there are limitations on the ability of the Group (other than Adevinta and Adevinta Finance AS) to incur further indebtedness;

- there are limitations on the ability of the Group to provide financial support to or for the benefit of any company which is not a member of the Group;

- no member of the Group may dispose all or part of their assets, subject to certain permitted dispositions; and

- neither the borrowers nor Adevinta shall (and each shall ensure that no other member of the Group will) create or allow to exist any security on any of its assets or operating revenue without the prior written consent of the majority lenders, subject to certain permitted situations, including a general permission provided that the total aggregate amount of indebtedness secured by such security pursuant to such permission does not exceed €20 million (or its equivalent in any other currency or currencies).

The €600 million multi-currency term loan and revolving credit facility also contains customary events of default (subject to certain exceptions and grace periods), including (without limitation) (i) non-payment, (ii) material inaccuracy of representations and warranties, (iii) breach of covenants, (iv) insolvency of and insolvency proceedings in relation to, any material group member (as defined therein) and (v) cross default (in respect of non-payment or acceleration of financial indebtedness unless such financial indebtedness is, in aggregate, less than €5 million (or its currency equivalent)).

Delisting of Adevinta from the OSE, a change of control of Adevinta ASA (which occurs if any person or group of persons acting in concert (other than Schibsted or any of its subsidiaries) gains control of 40% or more of the issued share capital or the voting rights of Adevinta) or if any borrower or guarantor (other than Adevinta) ceases to be a wholly-owned subsidiary of Adevinta constitute termination events pursuant to which the agent (if so directed by the majority lenders) may cancel the commitment or declare all or part of the utilizations, including accrued and unpaid interest immediately due and payable. The Acquisition would constitute a change of control under this agreement, but we intend to use part of the proceeds from this offering to repay these bridge term loan facilities in full.

Terms specific to the €400 million multicurrency revolving credit facility

The €400 million RCF matures in February 2025, with two one-year extension options. Borrowings under this facility bear interest at a rate equal to the aggregate of IBOR (which means, means in relation to any utilization, in EUR, EURIBOR, in NOK, NIBOR; and in any optional currency (other than NOK), LIBOR) plus an applicable margin, which ranges from 0.8% to 2.1% depending on the Group's leverage ratio at the time of the most recent compliance certificate. Interest on each advance is payable on the last day of each interest period (which can be one, two, three or six-month periods, at the option of the borrower, unless a different period is agreed with the lenders, provided that no more than six one-month interest periods may be selected in one calendar year).

The €400 million RCF includes an accordion increase option, which provides flexibility for the parties to agree to increase borrowing by up to €120 million during the term of the facility. The accordion increase option has not been exercised.

As of June 30, 2020, there is no utilization under this facility.

Terms specific to the €200 million multicurrency term loan facility

The €200 million term loan matures in February 2023. The €200 million term loan was drawn in NOK and converted into euros through a cross-currency swap and variable interest rate was swapped to fixed interest rate. Borrowings under the €200 million term loan bear interest at a rate equal to the aggregate of IBOR plus an applicable margin, which ranges from 0.9% to 2.15% depending on the Group's leverage ratio at the time of the most recent compliance certificate. The total interest rate applicable to the €200 million term loan at June 30, 2020 is however lower after taking into account the interest rate swaps ("IRS") under which Adevinta Finance AS, as a fixed rate payer, shall pay; (i) a fixed rate of 0.447% on a fixed rate payer currency amount of €50 million under an IRS with Danske Bank, (ii) a fixed rate of 0.46% on a fixed rate currency amount of €62.5 million under another IRS with Danske Bank, (iii) a fixed rate of 0.462% on a fixed rate payer currency amount of €62.5 million under an IRS with DNB, and (iv) a fixed rate of 0.422% on a fixed rate payer currency amount of €25.5 million under an IRS with Swedbank.

Interest on each advance is payable on the last day of each interest period (which can be either three-month or six-month periods, at the option of the borrower, unless a different period is agreed with the lenders, provided that no more than six one-month interest periods may be selected in one calendar year).

As of June 30, 2020, €200 million had been utilized under this facility.

Grupo ZAP Bridge Term Loan Facilities

In April 2020, we, entered into (i) a €150 million short-term bridge term loan facility with BNP Paribas Fortis SA/NV, pursuant to a facility agreement dated April 6, 2020, by and among Adevinta ASA, Adevinta Finance AS, BNP Paribas Fortis SA/NV, as mandated lead arranger and bookrunner and BNP Paribas Fortis SA/NV, as original lender (the "€150 million bridge term loan facility") and (ii) a €75 million short-term bridge term loan facility with J.P. Morgan Securities plc, pursuant to a facility agreement dated April 9, 2020, by and among Adevinta ASA, Adevinta Finance AS, J.P. Morgan Securities plc, as mandated lead arranger and bookrunner and J.P. Morgan AG, as original lender (the "€75 million Bridge Facility" and, together with the "€150 million bridge term loan facility", the "Grupo ZAP Bridge Term Loan Facilities"), in both cases to finance part of the purchase price for Adevinta's acquisition of Grupo ZAP and for general corporate purposes. Adevinta Finance AS, a direct subsidiary of Adevinta, is the borrower under both facilities. Both bridge term loan facilities are guaranteed by Adevinta. We intend to use part of the proceeds from this offering to repay these bridge term loan facilities in full.

€150 Million Bridge Term Loan Facility

The €150 million bridge term loan facility matures in January 2021, with two three-month extension options. Borrowings under this facility 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 depending on the time period that has elapsed since the date of this facility agreement. Interest on each advance is payable on the last day of each interest period (which can be either one-month or three-month periods, at the option of the borrower, unless a different period is agreed with the lenders, provided that no more than five one-month interest periods may be selected in one calendar year). Unless the lender agrees otherwise, a utilization request may not be submitted if another loan under the facility remains outstanding.

The obligations of the borrower under the €150 million bridge term loan facility are unsecured and are guaranteed by Adevinta. Adevinta's liability under such guarantee is limited to €180 million plus any unpaid amount of interest, fees, liability, costs and expenses.

The €150 million bridge term loan facility imposes certain limitations, including financial and operating covenants upon the Group, pursuant to which, among other things:

- the Group must maintain a leverage ratio of no more than to 3.00:1 for any 12-month period ending at the end of each quarter (though it may exceed 3.00:1 but not 4.00:1 for up to four such periods, which may be consecutive, during the life of the facility);

- there are limitations on the ability of the Group (other than Adevinta and Adevinta Finance AS) to incur further indebtedness and provide financial support;

- there are limitations on the ability of the Group to provide financial support to or for the benefit of any company which is not a member of the Group;

- no member of the Group may dispose all or part of their assets, subject to certain permitted dispositions;

- neither the borrower nor Adevinta shall (and each shall ensure that no other member of the Group will) create or allow to exist any security on any of its assets or operating revenue without the prior written consent of the lender, subject to certain permitted situations, including a general permission provided that the total aggregate amount of indebtedness secured by such security pursuant to such permission does not exceed €20 million (or its equivalent in any other currency or currencies); and

- for as long as any amount is outstanding under this facility, the borrower and Adevinta shall procure that no repayment or prepayment of utilizations is made under the €600 million multi-currency term loan and revolving credit facility (other than ordinary repayment of loans at the end of an interest period).

The €150 million bridge term loan facility also contains customary events of default (subject to certain exceptions and grace periods), including (without limitation) (i) non-payment, (ii) material inaccuracy of representations and warranties, (iii) breach of covenants, (iv) insolvency of and insolvency proceedings in relation to, any material group member (as defined therein) and (v) cross default (in respect of non-payment or acceleration of financial indebtedness unless such financial indebtedness is, in aggregate, less than €5 million (or its currency equivalent)).

Upon receipt of any proceeds related to a capital markets transaction received by the borrower or the Group, the borrower shall prepay each loan under the €150 Million Bridge Facility and cancel the available commitments under such facility in an amount equal to the amount of such proceeds (on a pro rata basis with prepayment of the €75 Million Bridge

Facility, described below and any other bilateral facility between Adevinta Finance AS as borrower and a commercial bank as lender, where the use of proceeds are applied to finance the acquisition of Grupo ZAP and/or general corporate purposes).

Delisting of Adevinta from the OSE, a change of control of Adevinta ASA (which occurs if any person or group of persons acting in concert (other than Schibsted or any of its subsidiaries) gains control of 40% or more of the issued share capital or the voting rights of Adevinta) or if Adevinta Finance AS ceases to be a wholly-owned subsidiary of Adevinta constitute termination events pursuant to which the lender may cancel its commitment or declare all utilizations, including accrued and unpaid interest immediately due and payable.

The €150 million bridge term loan facility includes a "most favored lender" clause, pursuant to which if Adevinta or Adevinta Finance AS agrees to introduce any pricing terms, representation, financial covenant, general undertaking and/or any event of default under a bilateral facility agreement, which is not included under this agreement or is more favorable to the lender under such bilateral facility agreement than the terms set out in the €150 million bridge term loan facility, then such terms shall be deemed to be incorporated into the €150 million bridge term loan facility agreement.

As of June 30, 2020, €150 million had been utilized under this facility.

€75 Million Bridge Term Loan Facility

The terms described under "*—€150 million bridge term loan facility*" are also applicable to the €75 million bridge term loan facility, except that the guarantee by Adevinta of the obligations of the borrower under the €75 million bridge term loan facility is limited to €90 million plus any unpaid amount of interest, fees, liability, costs and expenses.

As of June 30, 2020, €75 million had been utilized under this facility.

Financial leases

As of June 30, 2020, the Group had financial leases of €104.9 million.

DESCRIPTION OF NOTES

In this "*Description of Notes*," the term "Issuer" refers only to Adevinta ASA and not to any of its Subsidiaries (as defined hereafter), except for the purposes of financial data determined on a consolidated basis. The term "Notes," unless the context requires otherwise, also refers to "Book Entry Interests" in the Notes, as defined herein. The definitions of certain other terms used in this description are set forth throughout the text or under "*—Certain Definitions*."

The Issuer will issue €660 million aggregate principal amount of $2^5/_8$% Senior Secured Notes due 2025 (the "2025 Notes") and €400 million aggregate principal amount of 3% Senior Secured Notes due 2027 (the "2027 Notes" and, together with the 2025 Notes, the "Notes") under an indenture to be dated on or about November 5, 2020 (the "Indenture") between, among others, the Issuer, the Guarantors, Citibank, N.A., London Branch, as trustee (the "Trustee") and security agent (the "Security Agent"), in private transactions that are not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The terms of the Notes include those set forth in the Indenture.

On the Completion Date, upon satisfaction of the conditions set forth in the Escrow Agreement and release of the Escrowed Property from the Notes Escrow Account (each as defined below), the proceeds of the offering of the Notes (the "Notes Offering") sold on the Issue Date will be used by the Issuer, together with proceeds from the drawings under the Senior Credit Facilities Agreement, the Bridge Facility, cash on hand and the eBay rollover equity into Adevinta (i.e. the share consideration payable to eBay or its subsidiaries for the Acquisition in Adevinta shares) (i) to pay part of the consideration for the Acquisition, (ii) for eBay Classifieds Holding B.V. to repay existing intercompany debt and to make a distribution to eBay International Holding GmbH, and (iii) repay all borrowings under and terminate our €600 million multi-currency term loan and revolving credit facility and the Grupo ZAP Bridge Term Loan Facilities and (iv) to pay fees and expenses relating to the Transactions, as set forth in this Offering Memorandum under the caption "*Use of Proceeds*."

The Indenture is unlimited in aggregate principal amount, of which € 1,060.0 million aggregate principal amount of Notes (the "Initial Notes") will be issued in this Offering. We may in the future, subject to applicable law, issue an unlimited principal amount of Additional Notes (as defined below). We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture. The Notes and any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture.

The following description is a summary of the material terms of the Notes and the Indenture, and refers to the Escrow Agreement, the Intercreditor Agreement and the Security Documents. It does not, however, restate the Notes and the Indenture in their entirety and where reference is made to a particular provision of the Notes or the Indenture, such reference, including the definitions of certain terms, is qualified in its entirety by reference to all of the provisions of the Notes, the Indenture, the Escrow Agreement, the Intercreditor Agreement and the Security Documents. The Indenture, the Notes, the Security Documents and the Guarantees will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in the future. The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Notes and the Guarantees. Please see the section entitled "*Description of Certain Other Indebtedness—Intercreditor Agreement*."

Pending the satisfaction of certain conditions as described under the caption "*—Escrow of Proceeds; Special Mandatory Redemption*," the Initial Purchasers (as defined in this Offering Memorandum) will, concurrently with the closing of the Notes Offering on the Issue Date, deposit the gross proceeds of the Notes sold on the Issue Date into an escrow account (the "Notes Escrow Account") pursuant to the terms of an escrow agreement (the "Escrow Agreement") dated as of the Issue Date, among the Issuer, the Trustee and Citibank, N.A., London Branch, as escrow agent (the "Escrow Agent"). If the conditions to the release of the Escrowed Property (as defined below), as more fully described below under the caption "*—Escrow of Proceeds; Special Mandatory Redemption*," have not been satisfied on the Business Day following April 20, 2021 (or, if extended pursuant to the terms of the Acquisition Agreement (as defined below), July 20, 2021, such date, as applicable, the "Escrow Longstop Date"), or upon the occurrence of certain other events, the Notes will be redeemed at a price equal to 100% of the aggregate principal amount of the Notes being redeemed plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, from the Issue Date to, but not including, the Special Mandatory Redemption Date (as defined herein). See "*—Escrow of Proceeds; Special Mandatory Redemption*."

You should read the Notes, the Indenture, the Security Documents and the Intercreditor Agreement because they contain additional information and because they and not this description define your rights as a Holder of the Notes. Copies of the Indenture, the Security Documents and the Intercreditor Agreement may be obtained from the Issuer at the address indicated under "*Available Information*." The Indenture is not qualified under, does not incorporate provisions by reference to, and is not otherwise subject to, the U.S. Trust Indenture Act of 1939, as amended, including Section 316(b) thereof.

Application has been made to admit the Notes to the Official List of the Luxembourg Stock Exchange (the "Exchange") and to trading on the Exchange's Euro MTF Market (the "Euro MTF Market"). In the event that the Notes are admitted to trading on an exchange other than the Exchange, references herein to the Exchange shall be deemed to be to the relevant exchange upon which the Notes are listed.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

Each reference to a legal entity herein shall be deemed to include such entity's successor in interest, unless the context requires otherwise.

Brief Description of the Structure and Ranking of the Notes and the Guarantees

The Notes

The Notes will:

- be general, senior obligations of the Issuer;
- be secured by the Escrow Collateral and the Collateral on a first-ranking basis, which, in the case of the Collateral, will also secure obligations under the Senior Credit Facilities Agreement, the Bridge Facility Agreement (to the extent not cancelled) and certain Hedging Obligations, if any;
- rank pari passu in right of payment with all of the Issuer's existing and future Debt that is not subordinated in right of payment to the Notes (including, following the consummation of the Transactions, the obligations of the Issuer under the Senior Credit Facilities Agreement, the Bridge Facility Agreement (to the extent not cancelled), certain Hedging Obligations, if any, and certain other future Debt permitted to be incurred and secured on the Collateral on a pari passu basis);
- rank senior in right of payment to all of the Issuer's future Debt that is expressly subordinated in right of payment to the Notes;
- be guaranteed (i) on the Completion Date by the Completion Date Guarantors and (ii) within 90 days following the Completion Date by the Post-Completion Date Guarantors, in each case on a senior basis, substantially simultaneously with the guarantees granted in favor of obligations under the Senior Credit Facilities Agreement, subject to the Agreed Security Principles;
- be effectively subordinated to all existing and future Debt or obligation of the Issuer and its Subsidiaries that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligation or Debt; and

be structurally subordinated to all existing or future Debt or obligation of Subsidiaries of the Issuer (including obligations to trade creditors) that do not guarantee the Notes.

Under the terms of the Intercreditor Agreement, the Holders will receive proceeds from the enforcement of the Collateral on a pari passu basis with all indebtedness that is not subordinated in right of payment to the Notes and the Guarantees, including obligations under the Senior Credit Facilities Agreement and certain Hedging Obligations, if any. See "*Description of Certain Other Indebtedness—Intercreditor Agreement*."

The Guarantees

The Notes will be guaranteed:

- on the Completion Date by Adevinta Finance AS, Adevinta Oak Holdings B.V. and, if eBay Classifieds Holding B.V has not merged into Adevinta Oak Holdings B.V. on or prior to the Completion date, eBay Classifieds Holding B.V (together, the "Completion Date Guarantors"); and
- within 90 days of the Completion Date by eBayK, LBC France, SCM Local, Mobile.de, Adevinta Spain, Marktplaats, Kijiji Canada, Adevinta France SAS, Adevinta Holdco Spain S.L. and German Bidco (if incorporated) (together, the "Post-Completion Date Guarantors").

In addition, certain other Restricted Subsidiaries may be required to guarantee the Notes in the future under certain circumstances.

Each Guarantee of a Guarantor will:

- be a general senior obligation of the relevant Guarantor;
- rank pari passu in right of payment with all of such Guarantor's existing and future Debt that is not subordinated in right of payment to its Guarantee (including, following the consummation of the Transactions, its senior guarantee granted in favor of the Senior Credit Facilities Agreement and certain Hedging Obligations, if any);
- rank senior in right of payment to all of such Guarantor's future Debt that is expressly subordinated in right of payment to its Guarantee;
- rank effectively senior to any existing and future unsecured Debt of such Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the Guarantees;
- rank effectively senior to any existing and future Debt of such Guarantor secured on a second ranking basis by property or assets that secure the Guarantee on a first ranking basis;
- be effectively subordinated to any existing and future Debt of such Guarantor (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property and assets securing such obligations or Debt;
- be structurally subordinated to any existing and future Debt of such Guarantor's subsidiaries (including obligations to trade creditors) that do not guarantee the Notes; and
- be subject to the Agreed Security Principles.

Following the consummation of the Transactions, not all of the Issuer's direct and indirect Subsidiaries will guarantee the Notes. The Issuer is a Holding Company for the operating companies in the Group and is accordingly dependent on cash flows from its Subsidiaries to meet its obligations under the Notes.

Excluding Adevinta Guarantors (as defined in the Offering Memorandum) and non-guarantors with negative EBITDA, during the twelve months ended June 30, 2020, the Adevinta Guarantors generated 73.8% of Adevinta's operating revenue and 83.0% of Adevinta's EBITDA. During the twelve months ended June 30, 2020, the eBay Classifieds Guarantors (as defined in the Offering Memorandum) generated approximately 79.0% of eCG's revenue (excluding intercompany revenue) and approximately 88.4% of eCG's EBITDA (excluding intercompany revenue and charges).

Substantially all the operations of the Issuer are conducted through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred stockholders (if any) of those Subsidiaries, generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Subsidiaries of the Issuer that do not guarantee the Notes. Although the Indenture will limit the incurrence of Debt, Redeemable Capital Stock and Preferred Stock of Restricted Subsidiaries, these limitations will be subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Debt, Redeemable Capital Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Debt*."

The obligations of the Guarantors will be subject to the Agreed Security Principles and be contractually limited under the applicable Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners as further outlined below. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*—Security—Agreed Security Principles*," "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests*," "*Risk Factors—Risks Related to the Notes and Our Capital Structure*" and "*Risk Factors—Risks Related to the Collateral.*"

Principal, Maturity and Interest

The 2025 Notes will mature on November 15, 2025 unless redeemed prior thereto as described herein. The 2027 Notes will mature on November 15, 2027 unless redeemed prior thereto as described herein. The Issuer will issue the 2025 Notes in the aggregate principal amount of €660 million and the 2027 Notes in the aggregate principal amount of €400 million.

The 2025 Notes will bear interest at a rate per annum of 2.625% and the 2027 Notes will bear interest at a rate per annum of 3.000%. Interest on the Notes will be payable semi-annually on May 15 and November 15 of each year, commencing on May 15, 2021. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of € 1,000 in excess thereof.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream, as applicable. If the due date for any payment in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay. If a regular record date is not a Business Day, the record date shall not be affected.

The Issuer will make each interest payment for so long as the Notes are Global Notes to the Holders of record of the Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment, or to the extent Definitive Registered Notes (as defined below) have been issued, to the Holders of record of the Notes on the Business Day immediately preceding each interest payment date. Interest on the Notes will accrue from, and including, the original issuance date or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

From time to time, subject to the Issuer's compliance with the covenants contained in the Indenture, including the covenants restricting the incurrence of Debt (as described below under "*—Certain Covenants—Limitation on Debt*"), the Issuer is permitted to issue one or more series of additional Notes, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee (the "Additional Notes"):

(a) the title of such Additional Notes;

(b) the aggregate principal amount of such Additional Notes;

(c) the date or dates on which such Additional Notes will be issued;

(d) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of Holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(e) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(f) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(g) if other than denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(h) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Such Additional Notes will be treated, along with all other series of Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series, except as otherwise provided for in the Indenture. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of Notes*," references to "Notes" shall be deemed to include references to the Initial Notes as well as any Additional Notes. Additional Notes may also be designated to be of the same series as the Initial Notes, but only if they have terms substantially identical in all material respects to the Initial Notes, and, for all purposes other than U.S. federal income tax purposes, shall be deemed to form one series therewith, and references to the "Notes" shall be deemed to refer to the Initial Notes as well as any Additional Notes. In the event that any Additional Notes are not fungible with any Notes previously issued for U.S. federal income tax purposes, such non-fungible Additional Notes shall be issued with a separate ISIN, Common Code, CUSIP or other securities identification number, as applicable, so that they are distinguishable from such previously issued Notes.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; provided that all such payments with respect to Notes represented by one or more Global Notes registered in the name of a common depositary or its nominee for Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents in London, in each case, maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by wire transfer to the Holder entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*."

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes (the "Principal Paying Agent"). The initial Paying Agent will be Citibank, N.A., London Branch (as Principal Paying Agent).

The Issuer will also maintain one or more registrars (each, a "Registrar") and a transfer agent with respect to the Notes (the "Transfer Agent"). The initial Registrar and the initial Transfer Agent will be Citibank, N.A., London Branch. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and, together with the Transfer Agents, will facilitate transfers of the Notes on behalf of the Issuer.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of the Notes. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Exchange and the rules of the Exchange so require, the Issuer will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent.

Transfer and Exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream, as applicable; and

- each series of Notes sold to non-U.S. persons outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes"). The Regulation S Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream, as applicable.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Certain Investors.*" In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in a 144A Global Note (the "144A Book-Entry Interests") may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Regulation S Global Note ("Regulation S Book-Entry Interests") only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being effected pursuant to and in accordance with Regulation S. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is purchasing the 144A Book-Entry Interests for its own account, or for one or more accounts with respect to which such person exercises sole investment discretion, and such person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A, and such transfer is in compliance with any applicable blue sky securities laws of any state of the United States.

Any Book-Entry Interest that is transferred will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it is transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Certain Investors.*"

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

The Issuer, the Trustee, the Registrar, the Transfer Agents and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with the closing of the Notes Offering on the Issue Date, the Issuer will enter into the Escrow Agreement pursuant to which the Initial Purchasers will deposit with the Escrow Agent an amount equal to the gross proceeds of the Notes sold on the Issue Date into the Notes Escrow Account. The Notes Escrow Account will be pledged on a first-priority basis in favor of the Trustee for the benefit of the Holders of the Notes pursuant to an escrow charge dated the Issue Date between the Issuer and the Trustee (the "Escrow Charge"). The initial funds deposited in the Notes Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Notes Escrow Account (less any property and/or funds paid in accordance with the Escrow Agreement) are referred to, collectively, as the "Escrowed Property."

In order to cause the Escrow Agent to release the Escrowed Property to the Issuer (the "Escrow Release") (the date of such release being referred to as the "Escrow Release Date"), the Escrow Agent and the Trustee shall have received from the Issuer on or prior to the Escrow Longstop Date, an Officer's Certificate, upon which both the Escrow Agent and the Trustee shall be able to rely without further investigation, to the effect that all of the following conditions have been met or will be satisfied substantially concurrently with the Escrow Release or on or prior to the Business Day immediately following the Escrow Release Date:

(i) the Acquisition will be completed on the terms set forth in the agreement governing the Acquisition (the "Acquisition Agreement") promptly following the release of the Escrow Funds, on substantially the same terms as described in the Offering Memorandum under the section "*Summary—The Acquisition*" except for (i) any changes, waivers or other modifications that are not, individually or when taken as whole, materially adverse to the interests of the holders of the Notes and (ii) any changes or other modifications to which the holders of at least a majority in aggregate principal amount of the Notes then outstanding have consented;

(ii) the conditions precedent to borrowing under the Senior Credit Facilities (other than any condition precedent relating to the release of the escrow funds) shall have been, or substantially concurrently shall be, satisfied or waived in all material respects; and

(iii) no Event of Default with respect to the Issuer under clauses (a), (b) or (h) of the first paragraph under the heading titled "*Events of Default*" has occurred and is continuing with respect to the Issuer under the Indenture.

In the event that eBay Scandinavia is not disposed of in accordance with the eBay Scandinavia Transaction, it shall not constitute an event materially adverse to the interests of the Holders of the Notes. The Escrow Release shall occur promptly following receipt of such Officer's Certificate in accordance with the instructions therein. Upon the Escrow Release, the Notes Escrow Account shall be reduced to zero, and the Escrowed Property shall be paid out in accordance with the Escrow Agreement.

In the event that (a) the Completion Date does not take place on or prior to the Business Day immediately following the Escrow Longstop Date, (b) the Issuer notifies the Trustee and the Escrow Agent in writing that in its reasonable judgment the Acquisition will not be completed by the Business Day immediately following the Escrow Longstop Date, (c) the Acquisition Agreement terminates at any time on or prior to the Escrow Longstop Date, or (d) an Event of Default arises with respect to the Issuer under clauses (a), (b) or (h) of the first paragraph under the heading titled "*Events of Default*" on or prior to the Escrow Longstop Date (the date of any such event being a "Special Termination Date"), the Issuer will redeem all of the Notes (the "Special Mandatory Redemption") at a price (the "Special Mandatory Redemption Price") equal to 100% of the aggregate principal amount of the Notes being redeemed pursuant to the Special Mandatory Redemption, plus accrued but unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the Special Mandatory Redemption Date (as defined below) (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Written notice of the Special Mandatory Redemption will be delivered by the Issuer, no later than one Business Day following the Special Termination Date, to the Trustee, the Paying Agent and the Escrow Agent, and the Escrow Agreement and the Indenture will provide that the Notes shall be redeemed on a date that is no later than the second Business Day after such notice is given by the Issuer in accordance with the terms of the Escrow Agreement (the "Special Mandatory Redemption Date"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay, on behalf of the Issuer, to the Paying Agent for payment to each holder of Notes the Special Mandatory Redemption Price for such Holder's Notes and, concurrently with the payment to such Holders, deliver the excess Escrowed Property (if any) to the Issuer.

If at the time of such Special Mandatory Redemption, the Notes are listed on the Exchange and the rules of the Exchange so require, the Issuer will notify the Exchange that the Special Mandatory Redemption has occurred and of any relevant details relating to such Special Mandatory Redemption.

Under the terms of the Escrow Agreement, amounts may be released from the Notes Escrow Account prior to the Completion Date to pay negative interest charged on the Notes Escrow Account by the Escrow Agent and to pay accrued interest on the Notes on any interest payment date in respect thereof occurring prior to the Escrow Release. Each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Escrow Agreement and the Escrow Charge and to have irrevocably authorized and directed the Trustee and the Escrow Agent to take all actions set forth in the Escrow Agreement in the event they are executed without the need for further direction from them under the Indenture.

Guarantees

General

The Notes will initially be guaranteed by the Completion Date Guarantors and subsequently by the Post-Completion Date Guarantors. Under the Indenture, the Guarantors will jointly and severally agree to guarantee the due and punctual payment of all amounts payable under the Notes, including principal, premium, if any, and interest payable under the Notes.

Not all of the Subsidiaries of the Issuer will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or another Subsidiary of the Issuer. Each Guarantor that makes a payment or distribution under its Guarantee will be entitled to contribution from any other Guarantor, subject to the terms of the Intercreditor Agreement.

Release of the Guarantees

A Guarantee will be automatically and unconditionally released (and thereupon will terminate and be discharged and be of no further force and effect):

(1) upon the sale or disposition (including through merger, consolidation, amalgamation or other combination) or conveyance, transfer or lease of all or substantially all of the assets of the Guarantor to a Person that is not (either before or after giving effect to the transaction) the Issuer or a Restricted Subsidiary, if such sale or other disposition does not violate the covenants described under the caption *"—Certain Covenants—Limitation on Asset Sales*" or "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(2) in connection with any sale or other disposition of the Capital Stock of the Guarantor (or Capital Stock of any Holding Company of such Guarantor (other than the Issuer)) (whether by direct sale or through a Holding Company) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant described under the caption *"—Certain Covenants—Limitation on Asset Sales*" and as a result of such disposition such Guarantor no longer qualifies as a Restricted Subsidiary of the Issuer;

(3) upon a defeasance or satisfaction and discharge of the Indenture that complies with the provisions under "*—Defeasance" or "—Satisfaction and Discharge*";

(4) upon the designation by the Issuer of the Guarantor (or a Holding Company thereof) as an Unrestricted Subsidiary in compliance with the terms of the Indenture;

(5) upon the liquidation or dissolution of the Guarantor; *provided* that no Default or Event of Default has occurred and is continuing;

(6) upon repayment in full of the Notes;

(7) to the extent reasonably required to implement a Permitted Reorganization;

(8) in the case of any Restricted Subsidiary that after the Issue Date is required to guarantee the Notes pursuant to the covenant described under the caption "*—Certain Covenants—Limitation on Guarantees of Debt*," the release or discharge of the guarantee by such Restricted Subsidiary which resulted in the obligation to guarantee the Notes;

(9) as described under "*—Amendments and Waivers*"; or

(10) as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement, or as otherwise provided for in the Intercreditor Agreement or any Additional Intercreditor Agreement.

Upon any occurrence giving rise to a release of a Guarantee as specified above, the Trustee shall execute, subject to customary protections and indemnifications and the receipt of an Officer's Certificate from the Issuer, any documents reasonably requested by the Issuer in order to evidence such release, discharge and termination in respect of such Guarantee. Neither the Issuer nor any Guarantor will be required to make a notation on the Notes to reflect any such Guarantee or any such release, termination or discharge. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee.

Limitations on the value of the Guarantees

The obligations of each Guarantor under its Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by such Guarantor by law or without resulting in its obligations under its Guarantee being voidable or unenforceable under applicable laws relating to maintenance of share capital, fraudulent transfer, fraudulent conveyance, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally and applicable to the Guarantors and their respective shareholders, directors and officers. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Risk Factors—Risks Related to the Collateral—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*" and "*Limitations on Validity and Enforceability of the Guarantees and Security Interests.*"

Additional Amounts

All payments made by or on behalf of the Issuer or any Guarantor under or with respect to the Notes, the Indenture or the Guarantees will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, levies, imposts, assessments or similar governmental charges (collectively, "Taxes") imposed or levied by or on behalf of Norway or any jurisdiction in which the Issuer or any Guarantor is incorporated, organized, engaged in a business for tax purposes or resident for tax purposes, or from or through which payment on the Notes or the Guarantees is made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any Paying Agent), or any political subdivision or authority thereof or therein, having the power to tax (each, a "Relevant Taxing Jurisdiction"), unless the withholding or deduction of such Taxes is required by law. In the event that the Issuer or a Guarantor is required to so withhold or deduct any amount for or on account of any such Taxes imposed or levied by or on behalf of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or the Guarantees, the Issuer or Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received after such withholding or deduction (including, for the avoidance of doubt, any such withholding or deduction from such Additional Amounts) will be not less than the amount that would have been received if such Taxes had not been required to be withheld or deducted.

Notwithstanding the foregoing, neither the Issuer nor any Guarantor will pay Additional Amounts to a Holder of any Note in respect or on account of:

(a) any withholding Tax on interest payments on a Note made by the Issuer or any Guarantor incorporated, organized, engaged in a business for tax purposes or resident for tax purposes in Norway to a Holder or beneficial owner of a Note that is considered a "related party resident in low tax countries" pursuant to Norwegian Tax law;

(b) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of a present or former connection of the Holder or beneficial owner (in the case of a Note held in global form, only if such beneficial owner is reasonably identifiable) (or a fiduciary, settler, beneficiary, partner, member or shareholder of, or possessor of power over the relevant holder, if the relevant holder is an estate, nominee, trust, partnership or corporation) with such Relevant Taxing Jurisdiction (including, but not limited to, citizenship, nationality, residence, domicile, or existence of a business, a permanent establishment, a place of business or a place of management present or deemed present within the Relevant Taxing Jurisdiction) other than the mere receipt or holding of any Note or by reason of the receipt of payments under such Note, any Guarantee or the Indenture or the exercise or enforcement of rights under such Note, any Guarantee or the Indenture;

(c) any Taxes that are imposed or withheld by reason of the failure of the Holder or beneficial owner (in the case of a Note held in global form, only if such beneficial owner is reasonably identifiable) of any Note, to comply with the Issuer's written request addressed to the Holder, providing at least 30 calendar days' notice, to satisfy any certification, identification, information or other reporting requirements concerning nationality, residence, identity or connection with the Relevant Taxing Jurisdiction which the Holder or such beneficial owner is legally required to satisfy, whether imposed by statute, treaty, regulation or administrative practice, in each such case by the Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction), provided that the relevant Holder or beneficial owner is legally entitled to satisfy such requirements;

(d) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(e) any Tax that is payable other than by deduction or withholding from payments made under or with respect to any Note or Guarantee;

(f) any Tax which would not have been so imposed but for the presentation (where presentation is required in order to receive payment) by the Holder for payment on a date more than 30 days after the date on which such payment becomes due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the same for payment on any day (including the last day) within such 30-day period;

(g) any withholding or deduction required to be made from a payment pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code;

(h) any Taxes imposed or to be withheld pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*); or

(i) any Taxes that were imposed with respect to any payment on a Note to any fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that no Additional Amounts would have been payable had the beneficial owner of the applicable Note been the holder of such Note.

In addition, Additional Amounts will not be payable with respect to any Taxes that are imposed in respect of any combination of the above items.

The Issuer or Guarantors will also make or cause to be made such withholding or deduction of Taxes and remit the full amount of Taxes so deducted or withheld to the relevant taxing authority in accordance with all applicable laws. The Issuer will, upon request, make available to the Holders, as soon as reasonably practicable, certified copies of tax receipts evidencing such payment by the Issuer or Guarantor (as applicable) or if, notwithstanding the Issuer's reasonable efforts to obtain such receipts, the same are not obtainable, other evidence reasonably satisfactory to the Trustee of such payment by the Issuer.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer or a Guarantor becomes aware that it will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), the Issuer or Guarantor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating that such Additional Amounts will be payable and the amounts so payable and setting forth such other information as is necessary to enable the Trustee or Paying Agent to pay such Additional Amounts to the Holders on the payment date. The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate, without further inquiry, as conclusive proof that such payments are necessary.

In addition, the Issuer or the Guarantors (as applicable) will pay and indemnify the Holders and beneficial owners of the Notes for (i) any present or future stamp, issue, registration, transfer, documentation, court, excise or other similar taxes, charges and duties, including interest or penalties with respect thereto imposed or levied by any Relevant Taxing Jurisdiction, in respect of the execution, issue, delivery or registration of the Notes, the Indenture or the Guarantees, or any other document or instrument referred to thereunder, including on the initial resale of the Notes (other than transfers of the Notes following the initial resale of the Notes by the Initial Purchasers); and (ii) any such taxes, charges or duties imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes, Guarantees or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing provisions will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any Surviving Entity (as defined below) or successor person to the Issuer or a Guarantor is organized, engaged in significant operations or resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

Whenever in the Indenture, the Notes, Guarantees or this "*Description of Notes*" there is mentioned, in any context, the payment of principal (and premiums, if any), redemption price, interest or any other amount payable under or with respect to any Note (including payments thereof made pursuant to any Guarantee), such mention will be deemed to include mention of the payment of Additional Amounts thereon.

Security

General

The Notes and the obligations under the Indenture with respect to the Notes will also be secured on the Issue Date by first-priority security interests over the Escrowed Property deposited in the Notes Escrow Account (the "Escrow Collateral"). See "*—Escrow of Proceeds; Special Mandatory Redemption.*" The Escrowed Property that is deposited in the Notes Escrow Account will not be charged to secure any obligations other than the Issuer's obligations under the Notes. Upon the definitive release of the Escrowed Property, the first-priority security interests over the Escrowed Property will be released.

On or about the Completion Date, the Notes and/or the Guarantees, as applicable, will be secured by the initial collateral (the "Initial Collateral"), which will consist of (1) pledges over all of the issued Capital Stock of the Completion Date Guarantors; (2) pledges over the material bank accounts of the Issuer, and (3) pledges over the Issuer's rights under the intercompany receivables owing to the Issuer.

In addition, the Indenture will require the Issuer and the Guarantors to secure their obligations under the Notes and the Indenture on or prior to the date falling 90 days after the Completion Date, by a pledge over all of the issued Capital Stock of the Post-Completion Guarantors other than Adevinta France SAS, Adevinta Holdco Spain SL and German Bidco (if incorporated) (the "Post-Completion Date Collateral" and, together with the Initial Collateral, the "Collateral").

The Collateral will also include any other additional security interests that may in the future be created to secure obligations under the Notes, the Guarantees, the Indenture, the Senior Finance Documents and the holders of other Debt entitled to the first-ranking security under the Indenture, in each case, as provided for in the Intercreditor Agreement.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Limitations on Validity and Enforceability of the Guarantees and Security Interests.*"

Agreed Security Principles

Notwithstanding the foregoing, the guarantees and security to provided will be given in accordance with the Agreed Security Principles, which embody a recognition by all parties that there may be certain legal, regulatory and practical difficulties or limitations in obtaining effective or commercially reasonable guarantees and security from members of the Group. These principles include (without limitation):

(a) general legal and statutory limitations, regulatory limitations (including requirements for positive or neutral advice from works council), financial assistance, corporate benefit, capital maintenance, equitable subordination, fraudulent preference, "interest stripping", "controlled foreign corporation", transfer pricing, thin capitalization rules, tax restrictions, "fiscal unity" rules, retention of title claims, capital market rules and similar principles may prohibit, restrict or otherwise limit the ability of a member of the Group to provide a guarantee or security (as applicable) or may require that the guarantee or security (as applicable) be limited by an amount or otherwise. If any such limit applies, the guarantees and security provided will be limited to the maximum amount which the relevant member of the Group may provide having regard to applicable law (including any jurisprudence) and subject to fiduciary duties of management (a guarantee or security interest will not be required if giving such guarantee or taking such security would expose the directors, officers or employees of the relevant company to a risk of personal liability);

(b) certain supervisory board, advisory board, works council, regulator or regulatory board (or equivalent), or another external body's or person's consent may be required to enable a member of the Group to provide a guarantee or security. Such guarantee and/or security shall not be required unless such consent has been received;

(c) a key factor in determining whether or not a guarantee or security shall be taken (and the extent of its perfection and/or registration) is the applicable time and cost (including but not limited to adverse effects on taxes, interest deductibility and stamp duty, notarization and registration fees) shall not be disproportionate to the benefit to the holders of the Notes and the lenders under the Senior Credit Facilities Agreement of obtaining such guarantee or security or perfection;

(d) the security and extent of its perfection will be agreed taking into account the time and cost to the Group (including, without limitation, any stamp duty, notarization, registration, or other applicable fees, taxes and duties) of providing security so as to ensure that it is proportionate to the benefit accruing to the holders of the Notes and the lenders under the Senior Credit Facilities Agreement and no perfection will be required in jurisdictions where material assets are not located. The maximum guaranteed or secured amount may be limited to minimize stamp duty, notarization, registration or other applicable fees, taxes and duties where the benefit of increasing the guaranteed or secured amount is disproportionate to the level of such fee, taxes and duties. Where ad valorem registration taxes are payable on creation of any security, the Security Agent (acting in accordance with instructions from the Instructing Group) and the Company shall discuss in good faith how to mitigate the costs triggered by the creation of that security. In particular, where costs and duties are assessed by reference to the quantum of debt secured or guaranteed, the maximum amount of debt that will be subject to such guarantee or security will not exceed the value of the assets of the guarantor or the subject of the security (whichever is lower);

(e) where there is material incremental cost involved in creating security over all assets owned by the Company or a Guarantor in a particular category the principle stated at paragraph 1(c) above shall apply and, subject to the Agreed Security Principles, only the material assets in that category shall be subject to security. The Company and the Security Agent shall (acting in accordance with instructions from the Instructing Group) agree a threshold in respect of such assets;

(f) it is acknowledged that in certain jurisdictions it may be either impossible or impractical or would unduly disrupt the business of a member of the Group or hinder its ability to conduct its operation to grant a guarantee or provide security over certain categories of assets in which event a guarantee will not be given or security will not be taken over such assets, as relevant;

(g) any assets subject to third party arrangements which may prevent or restrict those assets from being charged (or, if charged, would give a third party a right to terminate or otherwise annul or amend any rights, benefits and/or obligations with respect to a member of the Group and/or assets or require any member of the Group to take any action materially adverse to its interests) will be excluded from any Security Document provided that, if the relevant asset is material and the relevant member of the Group determines (acting in good faith) such endeavors will not jeopardize commercial relationships with third parties, the relevant member of the Group will use commercially reasonable endeavors to obtain any necessary consent or waiver provided that such efforts shall not involve the payment of money and shall be limited in duration;

(h) members of the Group will not be required to give guarantees or enter into any Security Document if it is not within the legal capacity of the relevant member of the Group or if the same would conflict with the legal, fiduciary or statutory duties of the directors (or other officers) of the relevant member of the Group or contravene any legal or regulatory prohibition or bona fide contractual restriction or would result in (or in a material risk of) personal or criminal liability on the part of any director (or other officer) of any member of the Group provided that the relevant member of the Group shall use commercially reasonable endeavors to overcome such obstacle. The Security Agent (at the request and the cost and expense of the Company or the relevant member of the Group) or the other beneficiaries of the Security Documents, as the case may be, shall discharge any guarantees and release any security which is or are subject to any legal or regulatory prohibition as referred to in this paragraph (h) as soon as reasonably practicable after becoming aware of such prohibition;

(i) the perfection of the security granted will not be required if it would or is reasonably likely to have a material adverse effect on the commercial relationships of the relevant obligor or restrict its ability to conduct its operations and business in the ordinary course or as otherwise permitted or not prohibited by the transaction documents (including as a result of consequential practical difficulties concerning the use, disposal or other application of assets and cash in a manner appropriate to the proper and permitted conduct of the business of the Group);

(j) to the extent possible, all security shall be given in favor of the Security Agent as one set of security and not the holders of the Notes and/or the lenders under the Senior Credit Facilities Agreement individually unless second or third ranking security is required by local law. "*Parallel debt*" provisions will be used where necessary and such provisions will be contained in the Intercreditor Agreement and not the individual security documents unless required under local laws;

(k) no action will be required of any member of the Group in relation to the guarantees or security when any lender transfers or assigns any of its participation in the Senior Credit Facilities to a new lender;

(l) perfection action will only be required in the jurisdiction of incorporation of the member of the Group granting the security, in the jurisdiction of the governing law of the Security Document and in the jurisdiction of incorporation of another Guarantor;

(m) all security (other than share security over Guarantors) shall be governed by the law of and secure assets located in the jurisdiction of incorporation of that Guarantor;

(n) no guarantees shall be required to be granted by and no security will be required to be granted by (or over shares, ownership interests or investments in) (A) joint ventures, any minority interest or any member of the Group that is not wholly owned (directly or indirectly) by the Company, and (B) any person incorporated in an excluded jurisdiction (to be agreed); and

(o) no security other than (i) security granted over the shares of each Guarantor and any shares owned directly by the Issuer; (ii) a Norwegian law bank account pledge over the material bank accounts of the Issuer; and (iii) a Norwegian law pledge over Norwegian law intercompany receivables of the Issuer, shall be granted.

Priority

Pursuant to the Intercreditor Agreement, the Security Agent will act on behalf of, and the Collateral will be shared equally and ratably among (but without prejudice to the agreed order of application of proceeds following the enforcement thereof), the holders of all Debt entitled to the first-ranking security under the Indenture. This Debt includes the Notes, obligations under the Senior Credit Facilities Agreement, obligations under certain Hedging Obligations, if any, and any other Debt permitted to be secured on the Collateral on a pari passu basis in compliance with the Indenture. See "*Description of Certain Other Indebtedness—Intercreditor Agreement*" and "*Risk Factors—Risks Related to the Notes and Our Capital Structure*." In addition, the Issuer and the Restricted Subsidiaries will be permitted to create, incur, assume or otherwise cause or suffer to exist other Permitted Collateral Liens as provided for under the caption "*—Certain Covenants—Limitation on Liens*." Under certain circumstances, the amount of such additional Debt secured by the Collateral could be significant.

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure the payment, when due, of the Issuer's and the Guarantors' payment obligations under the Notes, the Guarantees and the Indenture, as well as the Issuer's and the Guarantors' payment obligations under the Senior Credit Facilities Agreement and certain Hedging Obligations and the holders of all other Debt entitled to the first-ranking security under the Indenture (as provided for in the Intercreditor Agreement), if any. When entering into the Security Documents, the Security Agent will act in its own name but for the benefit of the secured parties (including itself, the Trustee and the Holders of Notes from time to time), unless otherwise required in accordance with applicable law with respect to each relevant security interest. Under the Intercreditor Agreement, the Security Agent will also act as a security agent for (among others) the lenders under the Senior Credit Facilities Agreement and the counterparties under certain Hedging Obligations, if any, in relation to the security interests created in favor of such parties.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the Holders. As a consequence of such contractual provisions, Holders will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent. Under the Intercreditor Agreement, the Security Agent will also act on behalf of (among others) the lenders under the Senior Credit Facilities Agreement and the counterparties under certain Hedging Obligations, if any, in relation to the security interests in favor of such parties.

In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests, the relevant Security Documents will secure "*parallel debt*" obligations created under the Intercreditor Agreement in favor of the Security Agent (and not the obligations under the Notes and the Guarantees). The parallel debt construct has not been fully tested under the law in certain of these jurisdictions. See "*Risk Factors—Risks Relating to the Collateral—The security interests in the Collateral will be granted to the Trustee or Security Agent, as applicable, rather than directly to the holders of the Notes and the Collateral to be granted by us will be granted subsequent to the issuance of the Notes.*"

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by security interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the security interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "*—Release of Security*.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the security interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the security interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to the Notes and Our Capital Structure*."

The Indenture permits, subject to certain conditions, including compliance with the covenant described under the caption "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens,*" the

Issuer and the Guarantors to charge the Collateral in connection with future incurrences of Debt, including any Additional Notes and Debt of Restricted Subsidiaries.

Release of Security

The Collateral will be automatically and unconditionally released (and thereupon will terminate and be discharged and be of no further force and effect):

(1) in connection with any sale or disposition or transfer of such Collateral to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant described under the caption "*—Certain Covenants—Limitation on Asset Sales*";

(2) upon a defeasance or satisfaction and discharge of the Notes that complies with the provisions under "*—Defeasance*" or "*—Satisfaction and Discharge*";

(3) as described under *"—Amendments and Waivers"* or *"—Certain Covenants—Limitation on Liens"*;

(4) in the case of property and assets and Capital Stock of a Guarantor, to the extent such Guarantor is released from its Guarantee of the Notes pursuant to the terms of the Indenture;

(5) to the extent permitted in accordance with the covenant described under the caption "*—Certain Covenants—Impairment of Security Interest*" below;

(6) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture (to the extent of the Capital Stock of such Restricted Subsidiary and such Restricted Subsidiary's assets and property);

(7) upon repayment in full of the Notes;

(8) in accordance with paragraph (2) of the covenant described under the caption "*—Certain Covenants—Limitation on Liens*";

(9) as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement, or as otherwise provided for in the Intercreditor Agreement or any Additional Intercreditor Agreement;

(10) as otherwise permitted in accordance with the Indenture; or

(11) with respect to the Liens securing the Escrowed Property, in accordance with the terms of the Escrow Agreement and the Escrow Charge.

Each of the releases set forth above may be effected by the Security Agent without the consent of the Holders of the Notes. The Indenture will provide that any release of a Lien on Collateral shall, if requested by the Issuer, be evidenced by the Security Agent. The Trustee and the Security Agent shall take all necessary actions to effectuate the releases described above, subject to customary protections and/or indemnifications.

Optional Redemption

General

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering and, in the case of a redemption of the Notes, the incurrence of indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, *provided, however*, that, in any case such redemption date shall not be more than 60 days from the date on which such notice is first given, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

In the case of any partial redemption, unless otherwise required by law, the Notes to be redeemed will be selected in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, and in compliance with the applicable procedures and requirements of the relevant clearing system(s), or, if the Notes are not listed, and the relevant clearing system(s) have no such procedures or requirements, then on a *pro rata* basis, although no Note of €100,000 in the case of the Notes in original principal amount or less will be redeemed in part, and only Notes in integral multiples of €1,000 in the case of the Notes will be redeemed. The Trustee, Paying Agent or Registrar shall not be liable for any selection made under this paragraph. If any Note is to be redeemed in part only, the notice of redemption relating to that Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued and delivered in the name of the Holder thereof upon cancellation of the original Note.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portion thereof called for redemption on the applicable redemption date.

The Issuer may provide in any notice of redemption that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

The Issuer may redeem Notes pursuant to one or more of the relevant provisions of the Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have different redemption dates.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Excess Proceeds Offer, if Holders of Notes of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such Holders, all of the Holders of Notes will be deemed to have consented to such tender offer, and accordingly the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other Holder of Notes (excluding any early tender or incentive fee) in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, such redemption date.

2025 Notes

At any time prior to November 15, 2022, upon not less than 10 nor more than 60 days' notice, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of 2025 Notes that were initially issued under the Indenture (calculated after giving effect to the issuance of any Additional Notes of the same series) at a redemption price of 102.625% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), with the net proceeds from one or more Equity Offerings. The Issuer may only do this, however, if:

(a) at least 50% of the aggregate principal amount of 2025 Notes that were initially issued (calculated after giving effect to the issuance of any Additional Notes) would remain outstanding immediately after the proposed redemption; and

(b) the redemption occurs within 90 days after the closing of such Equity Offering.

At any time prior to November 15, 2022, upon not less than 10 nor more than 60 days' notice, the Issuer may also redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof plus the Applicable Redemption Premium and accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date).

At any time prior to November 15, 2022, upon not less than 10 nor more than 60 days' notice, the Issuer may redeem, during each twelve-month period commencing on the Issue Date, up to 10% of the original principal amount of the 2025 Notes (calculated after giving effect to the issuance of any Additional Notes of the same series) at a redemption price equal to 103.0% of the principal amount redeemed plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date).

At any time on or after November 15, 2022 and prior to maturity, upon not less than 10 nor more than 60 days' notice, the Issuer may redeem all or part of the 2025 Notes. These redemptions will be at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning in each of the years set forth below:

Year	**Redemption Price**
November 15, 2022	101.3125%
November 15, 2023	100.65625%
November 15, 2024 and thereafter	100.000%

2027 Notes

At any time prior to November 15, 2023, upon not less than 10 nor more than 60 days' notice, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of 2027 Notes that were initially issued under the Indenture (calculated after giving effect to the issuance of any Additional Notes of the same series) at a redemption price of 103.000% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), with the net proceeds from one or more Equity Offerings. The Issuer may only do this, however, if:

(a) at least 50% of the aggregate principal amount of 2027 Notes that were initially issued (calculated after giving effect to the issuance of any Additional Notes of the same series) would remain outstanding immediately after the proposed redemption; and

(b) the redemption occurs within 90 days after the closing of such Equity Offering.

At any time prior to November 15, 2023, upon not less than 10 nor more than 60 days' notice, the Issuer may also redeem all or part of the 2027 Notes at a redemption price equal to 100% of the principal amount thereof plus the Applicable Redemption Premium and accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date).

At any time prior to November 15, 2023, upon not less than 10 nor more than 60 days' notice, the Issuer may redeem, during each twelve-month period commencing on the Issue Date, up to 10% of the original principal amount of the 2027 Notes (calculated after giving effect to the issuance of any Additional Notes of the same series) at a redemption price equal to 103.0% of the principal amount redeemed plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date).

At any time on or after November 15, 2023 and prior to maturity, upon not less than 10 nor more than 60 days' notice, the Issuer may redeem all or part of the 2027 Notes. These redemptions will be at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning in each of the years set forth below:

Year	**Redemption Price**
November 15, 2023	101.5000%
November 15, 2024	100.7500%

November 15, 2025 and thereafter	100.000%

Redemption Upon Changes in Withholding Taxes

The Issuer may, at its option, redeem the Notes, in whole but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the Holders, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon, if any, to the redemption date and all Additional Amounts, if any, then due and which will become due on the date of redemption as a result of the redemption or otherwise, if the Issuer determines in good faith that the Issuer or any Guarantor is or, on the next date on which any amount would be payable in respect of the Notes, would be obliged to pay Additional Amounts (as defined above under "—*Guarantees—Additional Amounts*") in respect of the Notes or the Guarantees pursuant to the terms and conditions thereof, which the Issuer or Guarantor cannot avoid by the use of reasonable measures available to it (including making payment through a Paying Agent located in another jurisdiction and, in the case of a Guarantor, making the payment giving rise to such requirement through another Guarantor who would not be obligated to pay Additional Amounts if payments through another Guarantor would be reasonable), as a result of:

(a) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction (as defined above under "—*Guarantees—Additional Amounts*") affecting taxation which is enacted or issued and becomes effective on or after the date of the Indenture or, if the Relevant Taxing Jurisdictions have changed since the date of the Indenture, on or after the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction under the Indenture; or

(b) any change in the official written position regarding the application, administration, or interpretation of the laws, treaties, regulations or rulings of any Relevant Taxing Jurisdiction (including a holding, judgment or order by a court of competent jurisdiction) on or after the date of the Indenture or, if the Relevant Taxing Jurisdictions have changed since the date of the Indenture, on or after the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction under the Indenture (each of the foregoing clauses (a) and (b), a "Change in Tax Law").

Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Issuer or Guarantor would be obliged to make such payment of Additional Amounts or withholding if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Prior to the publication or, where relevant, sending of any notice of redemption pursuant to the foregoing, the Issuer will deliver to the Trustee:

(a) an Officer's Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have been satisfied (including that such obligation to pay such Additional Amounts cannot be avoided by the Issuer or Guarantor taking reasonable measures available to it); and

(b) an opinion of independent tax counsel of recognized standing, qualified under the laws of the Relevant Taxing Jurisdiction and reasonably satisfactory to the Trustee to the effect that the Issuer or Guarantor, as the case may be, is or would be obliged to pay such Additional Amounts as a result of a Change in Tax Law.

The Trustee will accept, and is entitled to rely on, such Officer's Certificate and opinion as sufficient evidence, without further enquiry, of the satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the Holders.

The foregoing provisions will apply mutatis mutandis to any successor person, after such successor person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor person becomes a party to the Indenture.

Notice of Optional Redemption

For so long as the Notes are admitted to trading on the Exchange and the rules and regulations of the Exchange so require, any notice of redemption to the Holders shall be published to the extent and in the manner permitted by such rules and regulations of the Exchange and, in connection with any redemption, the Issuer will notify the Exchange of any change in the principal amount of Notes outstanding. In addition to such publication, and to the extent and in the manner so required by the rules of the Exchange, not less than 10 nor more than 60 days prior to the redemption date, the Issuer will send such notice to Holders, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. For

Notes which are represented by Global Notes, notices may be given by delivery of the relevant notices to Euroclear and Clearstream for communication to entitled account Holders. The Notes will be selected in accordance with the methods described under "*—Optional Redemption—General*."

Mandatory Redemption; Offers to Purchase; Open Market Purchases

Other than a Special Mandatory Redemption, the Issuer will not be required to make any mandatory redemption or sinking fund payments with respect to the Notes. See "*—Escrow of Proceeds; Special Mandatory Redemption*." However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions *"—Certain Covenants—Change of Control"* and *"—Certain Covenants—Limitation on Asset Sales."* The Issuer and the Restricted Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise, at such price and on such terms as it sees fit.

Certain Covenants

The Indenture will contain, among others, the following covenants.

Limitation on Debt

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to "Incur" or, as appropriate, an "Incurrence") any Debt (including any Acquired Debt); provided, that the Issuer and any Restricted Subsidiary will be permitted to Incur Debt (including Acquired Debt) if on the date on which such additional Debt is Incurred, after giving pro forma effect to the Incurrence of such Debt (including the pro forma application of the proceeds thereof), (a) the Fixed Charge Coverage Ratio would have been at least 2.0 to 1.0; and (b) to the extent that the Debt is Senior Secured Debt, the Consolidated Senior Secured Net Leverage Ratio would have been no greater than 4.25 to 1.0; and

(2) This "*Limitation on Debt*" covenant will not, however, prohibit the following (collectively, "Permitted Debt"):

(a) the Incurrence by the Issuer or any Restricted Subsidiary of Debt under Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed an amount equal to (i) €900 million, plus (ii) $506 million, plus (iii) the greater of € 450 million and 65.0% of Consolidated EBITDA, plus (iv) the greater of €525 million and 75.0% of Consolidated EBITDA, plus (v) in the case of any refinancing of any Debt Incurred under this clause, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(b) (i) the Incurrence by the Issuer of Debt represented by the Notes (other than any Additional Notes) and (ii) the Incurrence of Debt by the Guarantors pursuant to the Guarantees (other than Guarantees of any Additional Notes);

(c) any Debt existing (i) on the Issue Date, in the case of the Issuer and its Restricted Subsidiaries and (ii) on the Completion Date, in the case of the Target and its Subsidiaries, in each case after giving effect to the Transactions (other than Debt described in clauses (a) or (b) of this paragraph (2));

(d) the Incurrence by the Issuer or any Restricted Subsidiary of Debt between the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries; provided that:

(i) if the Issuer or a Guarantor is the obligor on any such Debt (other than Debt that represents intra-group cash management transactions in the ordinary course of business) and the lender of such Debt is not the Issuer or a Guarantor, it is unsecured and to the extent required under the terms of the Intercreditor Agreement expressly subordinated in right of payment to the prior payment in full in cash (whether upon Stated Maturity, acceleration or otherwise) and the performance in full of its obligations under the Notes or its Guarantee, as the case may be; and

(ii) (x) any disposition, pledge or transfer of any such Debt to any Person (other than a disposition, pledge or transfer to the Issuer or a Restricted Subsidiary) and (y) any transaction pursuant to which any Restricted Subsidiary that has Debt owing from the Issuer or another Restricted Subsidiary ceases to be a Restricted Subsidiary, will, in each case, be deemed to be an Incurrence of such Debt not permitted by this clause (d);

(e) (i) without limiting the covenant described under *"—Limitation on Guarantees of Debt,"* the guarantee by the Issuer or any Restricted Subsidiary of Debt of the Issuer or any Restricted Subsidiary that was permitted to be incurred by another provision of this *"Limitation on Debt"* covenant; provided that if the Debt being guaranteed is subordinated to the Notes, then the guarantee shall be subordinated to the same extent as the Debt guaranteed; and (ii) without limiting the covenant described under *"—Limitation on Liens,"* Debt arising by reason of any Lien granted by or applicable to such Person securing Debt of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Debt is not prohibited under the terms of the Indenture;

(f) the Incurrence by the Issuer or any Restricted Subsidiary of Debt represented by Capitalized Lease Obligations, mortgage financings, purchase money obligations or other Debt Incurred or assumed in connection with the acquisition, lease, rental or development and improvement of real or personal, movable or immovable, property or assets (including, without limitation, material handling equipment), in each case, Incurred for the purpose of financing or refinancing all or any part of the purchase price, lease expense or cost of design, construction, installation or improvement of property, plant, equipment or other assets used or useful in a Permitted Business, whether through a direct purchase of assets or the Capital Stock of any Person owning such assets (including any reasonable related fees or expenses Incurred in connection with such acquisition, lease, rental or development); provided that the principal amount of such Debt so Incurred when aggregated with such other Debt previously Incurred in reliance on this clause (f) and still outstanding shall not in the aggregate exceed the greater of €200.0 million and 30.0% of Consolidated EBITDA;

(g) the Incurrence by the Issuer or any Restricted Subsidiary of Debt arising from agreements providing for guarantees, indemnities or obligations in respect of earnouts or other purchase price adjustments in connection with the acquisition or disposition of assets, including, without limitation, shares of Capital Stock, other than guarantees given by the Issuer or any Restricted Subsidiary of Debt Incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Debt permitted pursuant to this clause (g) will at no time exceed the gross proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value), actually received from the sale of such assets;

(h) the Incurrence by the Issuer or any Restricted Subsidiary of Debt under any Hedging Agreements for bona fide hedging purposes and not for speculative purposes;

(i) the Incurrence by the Issuer or any Restricted Subsidiary of Debt in respect of workers' compensation and claims arising under similar legislation, or pursuant to self-insurance obligations, and not in connection with the borrowing of money or the obtaining of advances or credit;

(j) Debt owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and the Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and the Restricted Subsidiaries;

(k) the Incurrence of Debt by the Issuer or any Restricted Subsidiary arising from (i) the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; provided that such Debt is extinguished within 30 business days of Incurrence, (ii) letter of credit, bank guarantees and similar instruments, bankers' acceptances, performance, surety, judgment, appeal, indemnity, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and (iii) completion, advance payment or customs guarantees provided or letters of credit or similar instruments obtained by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(l) the Incurrence by the Issuer or any Restricted Subsidiary of Permitted Refinancing Debt in exchange for, or the net proceeds of which are used to, refund, replace, refinance, defease or discharge Debt Incurred by it pursuant to, or described in, paragraphs (1), (2)(b), (2)(c), (2)(l) and (2)(r)(ii) of this "Limitation on Debt" covenant, as the case may be;

(m) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(n) Management Advances;

(o) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(p) Debt consisting of (i) the financing of insurance premiums, (ii) take or pay obligations or customary deferred payment arrangements contained in supply agreements or (iii) rental guarantees, in each case, in the ordinary course of business;

(q) Guarantees of obligations of Qualified Joint Ventures in an aggregate principal amount at any time outstanding not exceeding the greater of €200 million and 30.0% of Consolidated EBITDA;

(r) (A) the Incurrence of Debt of the Issuer or any Restricted Subsidiary to finance an acquisition by the Issuer or a Restricted Subsidiary or any merger or consolidation of any Person with or into the Issuer or any Restricted Subsidiary, or (B) Acquired Debt; provided that such Debt is in an aggregate amount not to exceed (i) the greater of €175 million and 25.0% of Consolidated EBITDA at any time outstanding plus (ii) unlimited additional Debt if after giving effect to such acquisition, merger or consolidation, either (y) the Issuer would have been able to Incur at least €1.00 of additional Debt pursuant to paragraph (1) of this "Limitation on Debt" covenant or (x) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect thereto;

(s) Debt of the Issuer or any Restricted Subsidiary relating to any VAT liabilities or deferral of pay-as-you-earn taxes with the agreement of, or pursuant to rules or guidance of, tax authorities;

(t) any Contribution Debt;

(u) the Incurrence of Debt by the Issuer or any Restricted Subsidiary in an aggregate principal amount at any one time outstanding not to exceed the greater of €300 million and 50.0% of Consolidated EBITDA;

(v) Debt consisting of local lines of credit, bilateral facilities, working capital or overdraft facilities or other operating facilities in an aggregate principal amount at any one time outstanding not to exceed the greater of €200.0 million and 30.0% of Consolidated EBITDA;

(w) customary treasury, depositary, cash management, credit card processing, automatic clearinghouse arrangements, overdraft protections, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling or netting or setting off arrangements or similar arrangements incurred in the ordinary course of business;

(x) any liability pursuant to or in connection with a declaration of joint and several liability as referred to in section 2:403 Dutch Civil Code (and any residual liability under such declaration, as referred to in section 2:404 (2) of the Dutch Civil Code);

(y) any liability pursuant to or in connection with the existence or formation of a fiscal unity (*fiscale eenheid*) for Dutch corporate income tax and/or VAT purposes of which a Dutch Party is or becomes a member;

(z) Debt representing: (1) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of the Issuer or any of its Subsidiaries in the ordinary course of business; or (2) deferred consideration or other similar arrangements in connection with any Investment or acquisition permitted hereby; and

(aa) Debt incurred to pay the consideration for the acquisition of assets which are a part of eBay Scandinavia Transaction, which assets will be sold to Schibsted Nordic Marketplaces AS on the Completion Date and which Debt shall be repaid or otherwise extinguished on the Completion Date.

Notwithstanding the foregoing, the aggregate principal amount of any Debt Incurred by a Restricted Subsidiary that is not a Guarantor pursuant to paragraphs (1) and (2) above at any time outstanding will not exceed the greater of (x) €300.0 million and (y) 50.0% Consolidated EBITDA (measured at the time of incurrence).

(3) For purposes of determining compliance with this "Limitation on Debt" covenant, in the event that an item of Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (a) through (aa) of paragraph (2) above, or is entitled to be Incurred pursuant to paragraph (1) of this "*Limitation on Debt*" covenant, the Issuer will be permitted to classify such item of Debt on the date of its Incurrence in any manner that complies with this "*Limitation on Debt*" covenant. In addition, from time to time any item of Debt initially classified as Incurred pursuant to one of the categories of Permitted Debt described in clauses (a) through (aa) of paragraph (2) above, or entitled to be Incurred pursuant to paragraph (1) of this "*Limitation on Debt*" covenant, may later be reclassified by the Issuer such that it will be deemed as having been Incurred pursuant to such new clause of paragraph (2) or paragraph (1) of this "*Limitation on Debt*" covenant to the extent that such reclassified Debt could be Incurred pursuant to such new clause of paragraph (2) or paragraph (1) of this "*Limitation on Debt*" covenant at the time of such reclassification. Debt permitted by this covenant need not be permitted solely by reference to one provision permitting such Debt but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Debt. Notwithstanding anything to the contrary herein, Debt Incurred under the Senior Credit Facilities outstanding on the Completion Date will be deemed to have been Incurred on such date in reliance on the exception provided by clause (a) of paragraph (2) above, and Debt Incurred under the Senior Credit Facilities (excluding any refinancing in relation thereto) pursuant to clauses (a)(i), (ii) and (iii) of paragraph (2) above may not be reclassified.

(4) For purposes of determining compliance with any restriction on the Incurrence of Debt in Euro where Debt is denominated in a different currency, the amount of such Debt will be the Euro Equivalent determined on the date of such determination; provided that (a) if any such Debt denominated in a different currency is subject to a Currency Agreement covering principal amounts payable on such Debt, the amount of such Debt expressed in Euro will be adjusted to take into account the effect of such agreement; and (b) if such Debt is Incurred to refinance other Debt denominated in a currency other than Euro, and such refinancing would cause the applicable Euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Debt does not exceed the amount set forth in clause (a) of the definition of "Permitted Refinancing Debt." Notwithstanding any other provision of this "*Limitation on Debt*" covenant, for purposes of determining compliance with this "*Limitation on Debt*" covenant, increases in Debt solely due to fluctuations in the exchange rates of currencies will not be deemed to exceed the maximum amount that the Issuer or a Restricted Subsidiary may Incur under this "*Limitation on Debt*" covenant.

(5) For purposes of determining any particular amount of Debt under this "*Limitation on Debt*" covenant:

(a) obligations in the form of letters of credit, guarantees, Liens, bankers' acceptance or other similar instrument or obligation, in each case supporting Debt otherwise included in the determination of such particular amount will not be included;

(b) any Liens granted pursuant to the equal and ratable provisions referred to in the "*Limitation on Liens*" covenant will not be treated as Debt;

(c) accrual of interest, accrual of dividends, the accretion or amortization of original issue discount or of accreted value, the obligation to pay commitment fees and the payment of interest or dividends in the form of additional Debt, will not, in any case, be treated as Debt;

(d) notwithstanding anything in this covenant to the contrary, in the case of any Debt incurred to refinance Debt initially incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA at the time of Incurrence, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Debt does not exceed the principal amount of such Debt being refinanced, plus premiums (including tender premiums), defeasance, costs and fees in connection with such refinancing;

(e) with respect to clauses (a) (subject to the restrictions set forth in the third paragraph of this covenant), (f), (q), (r)(i), (u) and (v) of the second paragraph of this covenant, if at any time that the Issuer would be entitled to have Incurred any then outstanding item of Debt pursuant to the first paragraph of this covenant such item of Debt shall (unless otherwise elected by the Issuer) be automatically reclassified into an item of Debt Incurred pursuant to the first paragraph of this covenant;

(f) for purposes of determining compliance with this covenant, with respect to Debt incurred under a Credit Facility, reborrowings of amounts previously repaid pursuant to provisions under a Credit Facility that provide that Indebtedness is deemed to be repaid periodically shall only be deemed for purposes of this covenant to have been incurred on the date such Debt was first incurred and not on the date of any subsequent reborrowing thereof; and

(g) the amount of Debt issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Limitation on Restricted Payments

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, take any of the following actions (each of which is a "Restricted Payment" and which are collectively referred to as "Restricted Payments"):

(a) declare or pay any dividend on or make any distribution (whether made in cash, securities or other property) with respect to any of the Issuer's or any Restricted Subsidiary's Capital Stock (including, without limitation, any payment in connection with any merger, consolidation, amalgamation or other combination involving the Issuer or any Restricted Subsidiary) (other than to the Issuer or any Restricted Subsidiary) except for dividends or distributions payable solely in shares of the Issuer's Qualified Capital Stock or in options, warrants or other rights to acquire such shares of Qualified Capital Stock or in Subordinated Shareholder Debt;

(b) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger, consolidation, amalgamation or other combination), directly or indirectly, any shares of the Issuer's Capital Stock or any Capital Stock of a Holding Company of the Issuer held by persons other than the Issuer or a Restricted Subsidiary or any options, warrants or other rights to acquire such shares of Capital Stock;

(c) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled principal payment, sinking fund payment or Stated Maturity, any Subordinated Debt (other than (i) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (ii) intercompany Debt between the Issuer and any Restricted Subsidiary or among Restricted Subsidiaries);

(d) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt (other than any payment of interest thereon in the form of additional Subordinated Shareholder Debt); or

(e) make any Restricted Investment in any Person.

If any Restricted Payment described above is not made in cash, the amount of the proposed Restricted Payment will be the Fair Market Value of the asset to be transferred as at the date of transfer.

(2) Notwithstanding paragraph (1) above, the Issuer or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving pro forma effect to such proposed Restricted Payment:

(a) no Event of Default has occurred and is continuing;

(b) the Issuer could Incur at least €1.00 of additional Debt pursuant to the ratio set forth in paragraph (1) of the "*Limitation on Debt*" covenant; and

(c) the aggregate amount of all Restricted Payments declared or made after the Issue Date (excluding Restricted Payments permitted by the next succeeding paragraph other than clause (3)(a)), does not exceed the sum of:

(i) 50% of aggregate Consolidated Net Income on a cumulative basis during the period beginning on the first day of the fiscal quarter commencing immediately prior to the Issue Date and ending on the last day of the Issuer's last fiscal quarter ending prior to the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a negative number, minus 100% of such negative amount); plus

(ii) the aggregate Net Cash Proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer after the Issue Date as equity capital contributions or from the issuance or sale (other than to any Subsidiary) of shares of the Issuer's Qualified Capital Stock (including upon the exercise of options, warrants or rights) or warrants, options or rights to purchase shares of the Issuer's Qualified Capital Stock (except, in each case to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Debt as set forth in clauses (c), (d) or (e) of paragraph (3) below) (excluding (x) the Equity Contribution, (y) any Excluded Contributions or Contribution Amounts and (z) the Net Cash Proceeds and the Fair Market Value of property or assets or marketable securities received from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Subsidiary until and to the extent such borrowing is repaid); plus

(iii) (x) the amount by which the Issuer's Debt or Debt of any Restricted Subsidiary is reduced on the Issuer's consolidated balance sheet after the Issue Date upon the conversion or exchange (other than by a Subsidiary) of such Debt into the Issuer's Qualified Capital Stock and (y) the aggregate Net Cash Proceeds and the Fair Market Value of property or assets or marketable securities received after the Issue Date by the Issuer from the issuance or sale (other than to any Subsidiary) of Redeemable Capital Stock that has been converted into or exchanged for the Issuer's Qualified Capital Stock, to the extent such Redeemable Capital Stock was originally sold for cash or Cash Equivalents, together with, in the case of both clauses (x) and (y), the aggregate Net Cash Proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer at the time of such conversion or exchange (excluding (x) any Excluded Contributions or Contribution Amounts and (y) the Net Cash Proceeds from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Subsidiary until and to the extent such borrowing is repaid); plus

(iv) (x) repurchases, redemptions or other acquisitions or retirements of any Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary, less the cost of the disposition of such Investment and net of taxes, (y) if such Investment constituted a guarantee, an amount equal to the amount of such guarantee upon the full and unconditional release of such guarantee and (z) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or merger of an Unrestricted Subsidiary into a Restricted Subsidiary (as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Issuer's interest in such Subsidiary at the time such Unrestricted Subsidiary is designated as (or merges with) a Restricted Subsidiary; plus

(v) in the event that the Issuer or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Fair Market Value of the Issuer's or such Restricted Subsidiary's existing interest in such Person that was previously treated as a Restricted Payment at the time such Person becomes a Restricted Subsidiary; plus

(vi) the greater of (i) €175.0 million and (ii) an amount equal to 25.0% Consolidated EBITDA.

(3) Notwithstanding paragraphs (1) and (2) above, the Issuer and any Restricted Subsidiary may take the following actions:

(a) the payment of any dividend or the consummation of any redemption within 90 days after the date of its declaration or giving of notice of redemption, as applicable, if at such date of its declaration or giving of notice of redemption, as applicable, such payment would have been permitted by the provisions of this "*Limitation on Restricted Payments*" covenant;

(b) cash payments in lieu of issuing fractional shares pursuant to the exchange or conversion of any exchangeable or convertible securities;

(c) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of any Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case, from, or for the benefit of, or from other Persons in order to grant to, any current or former officer, director, consultant, customer or employee of the Issuer or any of the Restricted Subsidiaries or any Parent pursuant to any equity subscription agreement, management equity plan, warrant agreement, stock option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed an amount (net of repayments of any such loans or advances) equal to:

(i) the greater of €30.0 million and 4.0% of Consolidated EBITDA in any twelve-month period (with unused amounts in any twelve-month period being carried over to succeeding periods); plus

(ii) the Net Cash Proceeds received by the Issuer or the Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Debt), or as a contribution to the equity of the Issuer from the issuance or sale of Capital Stock (including any options, warrants or other rights in respect thereof but excluding in each case the Equity Contribution, any Excluded Contributions or Contribution Amounts) to any current or former officer, director or employee of the Issuer, any Restricted Subsidiary or any Parent; plus

(iii) the Net Cash Proceeds of key man life insurance policies, in each case, to the extent such Net Cash Proceeds are not included in any calculation under clause (2)(c)(ii) of this covenant, and

provided, *further*, that cancellation of Debt owing to the Issuer or any Restricted Subsidiary from members of management, directors or employees of any Parent, the Issuer or Restricted Subsidiaries in connection with a repurchase of Capital Stock of the Issuer or any Parent will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(d) the repurchase, redemption or other acquisition or retirement for value of any shares of the Issuer's Capital Stock or options, warrants or other rights to acquire such Capital Stock in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary) of, shares of the Issuer's Qualified Capital Stock or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Debt (excluding the Equity Contribution, any Redeemable Capital Stock, Excluded Contributions or Contribution Amounts);

(e) the prepayment, repayment, purchase, repurchase, redemption, defeasance or other acquisition or retirement for value or payment of principal of any Subordinated Debt in exchange for, or out of the Net Cash Proceeds of the issuance and sale (other than to a Subsidiary) of, shares of the Issuer's Qualified Capital Stock or Subordinated Shareholder Debt;

(f) the prepayment, repayment, purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Debt (other than Redeemable Capital Stock) in exchange for, or out of the Net Cash Proceeds of the Incurrence (other than to a Subsidiary) of, Permitted Refinancing Debt;

(g) the declaration or payment of any dividend or distribution to holders of Capital Stock of a Restricted Subsidiary on a pro rata basis or on a basis that results in the receipt by the Issuer or a Restricted Subsidiary of dividends or distributions of greater value than the Issuer or such Restricted Subsidiary would receive on a pro rata basis;

(h) the repurchase of Capital Stock deemed to occur upon the exercise of stock options with respect to which payment of the cash exercise price has been forgiven if the cumulative aggregate value of such deemed repurchases does not exceed the cumulative aggregate amount of the exercise price of such options received;

(i) the declaration and payment of dividends to holders of any class or series of Redeemable Capital Stock issued in accordance with the "*Limitation on Debt*" covenant;

(j) the purchase, repurchase, redemption, retirement or other acquisition for value of Capital Stock deemed to occur upon the exercise of stock options, warrants or other securities, if such Capital Stock represents a portion of the exercise price of such options, warrants or other securities;

(k) the repurchase, redemption, acquisition or retirement or making of any other payments with respect to Subordinated Debt of the Issuer or any Restricted Subsidiary with any Excess Proceeds remaining after the consummation of an Excess Proceeds Offer pursuant to the covenant described under the caption "—*Limitation on Asset Sales*" at a purchase price not greater than 100% of the principal amount of such Subordinated Debt *plus* accrued and unpaid interest;

(l) the repurchase, redemption, acquisition or retirement or making of any other payments with respect to Subordinated Debt of the Issuer or any Restricted Subsidiary following a Change of Control pursuant to provisions similar to those described under "—*Change of Control*" but only (x) if required, if the Issuer shall have complied with the terms of the covenant described below under the heading "—*Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all of the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Debt and (y) at a purchase price not greater than 101% of the principal amount of such Subordinated Debt *plus* accrued and unpaid interest;

(m) Permitted Parent Payments;

(n) any other Restricted Payment; *provided* that the total aggregate amount of Restricted Payments made under this clause (n) does not exceed the greater of €300.0 million or 50.0% of Consolidated EBITDA;

(o) so long as no Default or Event of Default has occurred and is continuing, any Restricted Payment; *provided* that the Consolidated Net Leverage Ratio would not be greater than 4.25 to 1.00 on a *pro forma* basis after giving effect to such Restricted Payment;

(p) payments pursuant to any Tax Sharing Agreement or arrangement among the Issuer and its Subsidiaries and other Persons with which the Issuer or any of its Subsidiaries is required or permitted to file a consolidated tax return or with which the Issuer or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided*, *however*, that such payments will not exceed the amount of tax that the Issuer and its Subsidiaries would owe on a standalone basis and the related tax liabilities of the Issuer and its Subsidiaries are relieved by the payment of such amounts to a relevant taxing authority and, in the case of taxes attributable to Unrestricted Subsidiaries, solely to the extent such Unrestricted Subsidiaries make distributions in cash;

(q) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Debt owed to, the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries;

(r) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent, in an amount not to exceed in any fiscal year 7% of the greater of (i) the Completion Date Market Capitalization and (ii) the Market Capitalization, *provided* that the Consolidated Net Leverage Ratio would not be greater than 4.5 to 1.00 on a *pro forma* basis after giving effect to such Restricted Payment;

(s) payment of any Receivables Fees and purchases of receivables and other assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(t) any Restricted Payments made in connection with the Acquisition and any costs and expenses related thereto;

(u) Restricted Payments in an amount equal to the amount of Excluded Contributions made;

(v) the existence or formation of a fiscal unity (*fiscale eenheid*) for Dutch corporate income tax and/or VAT purposes of which a Dutch Party is or becomes a member; and

(w) the declaration and payment of dividends to holders of any class or series of Redeemable Capital Stock of the Issuer or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary issued in accordance with the covenant described under "*—Limitation on Debt*" to the extent such dividends are included in the definition of "Consolidated Fixed Charges."

(4) The Issuer, in its sole discretion, may classify any Permitted Investment or other Restricted Payment as being made in part under one of the clauses or sub-clauses of this covenant (or, in the case of any Permitted Investment, the clauses or sub-clauses of Permitted Investments) and in part under one or more other such clauses or sub-clauses; and may later reclassify (based upon circumstances existing as of the date of such reclassification) any Permitted Investment or Restricted Payment (or portion thereof) between any of the clauses or sub-clauses of this covenant (or, in the case of any Permitted Investment, the clauses or sub-clauses of Permitted Investments) in any manner that complies with this covenant and the definition of Permitted Investment as applicable.

Limitation on Transactions with Affiliates

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets or property or the rendering of any service), with, or for the benefit of, any Affiliate of the Issuer having a value greater than the greater of €125.0 million and 15.0% of Consolidated EBITDA, unless such transaction or series of transactions is entered into in good faith and:

(a) such transaction or series of transactions is on terms that, taken as a whole, are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could have been obtained in a comparable arm's-length transaction (as determined in good faith by the Issuer) with a Person that is not an Affiliate of the Issuer; and

(b) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or the provision of services, in each case having a value greater than the greater of € 200.0 million and 30.0% of Consolidated EBITDA, its Board of Directors shall resolve that such transaction complies with clause (a) above and the fairness of such transaction shall be approved by a majority of the Disinterested Members, if any, of the Board of Directors.

(2) Notwithstanding the foregoing, the restrictions set forth in the preceding paragraph will not apply to:

(a) reasonable directors' fees, indemnities and similar arrangements (including the payment of directors' and officers' insurance premiums), consulting and advisory fees, employee compensation, employee and director bonuses, directorship, employment or consulting agreements and arrangements, collective bargaining agreements, employee benefit arrangements, including vacation, health, insurance, deferred compensation, severance, retirement, savings or other similar plans, programs or arrangements or legal fees payable to any current or former employee, officer or director as long as the Issuer's Board of Directors has approved the terms thereof and deemed the services performed or thereafter to be performed for amounts to be fair consideration therefor;

(b) Permitted Investments (other than pursuant to clause (c)(iii) and, (u) of the definition thereof) and any Restricted Payment not prohibited by the "*Limitation on Restricted Payments*" covenant;

(c) any Management Advances or Permitted Parent Payments and any waiver or transaction with respect thereto;

(d) agreements, instruments and arrangements existing on the Issue Date and, in the case of the Target and its Subsidiaries, the Completion Date, and any amendment, extension, renewal, refinancing, modification or supplement thereto and any payments or transaction in relation thereto; *provided* that any such amendment, extension, renewal, refinancing, modification or supplement to the terms thereof is not more disadvantageous (as determined in good faith by the Issuer), taken as a whole, to the Holders, in any material respect than the original agreement or arrangement as in effect on the Issue Date or the Completion Date, as applicable;

(e) the issuance of securities or other payments, awards or grants in cash, securities or similar transfers pursuant to, or for the purpose of the funding of, directorship, employment or consulting arrangements, stock options, stock ownership plans and other similar arrangements;

(f) the granting and performance of registration rights for the Issuer's securities;

(g) transactions between or among the Issuer and the Restricted Subsidiaries or between or among Restricted Subsidiaries;

(h) any issuance of Capital Stock (other than Redeemable Capital Stock) of the Issuer or options, warrants or other rights to acquire such Capital Stock (other than Redeemable Capital Stock);

(i) the existence of, or the performance by the Issuer or any of the Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement (including any registration rights agreement or purchase agreement relating thereto) to which it is a party as at the Issue Date and any similar agreements which it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any of the Restricted Subsidiaries of, obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (i) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous in any material respect (as determined in good faith by the Issuer) to the Holders when taken as a whole;

(j) transactions with a Person that is an Affiliate of the Issuer or any Restricted Subsidiary solely (w) because the Issuer or a Restricted Subsidiary owns Capital Stock in such Person, (x) because the Issuer or a Restricted Subsidiary has the right to designate one or more members of the Board of Directors or similar governing body of such Person, (y) as a result of both such ownership of Capital Stock and such right to so designate or (z) due to the fact that a director of such Person is also a director of the Issuer or any direct or indirect Parent Entity;

(k) payments to or from, and transactions with, any joint venture, including for the avoidance of doubt, the entry into, and performance of obligations and related services under, any management services agreement or any licensing agreement with regards to any existing or future joint venture, in each case, in the ordinary course of business (including any cash management activities related thereto);

(l) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Issuer or the relevant Restricted Subsidiary or are on terms materially no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party (as determined in good faith by the Issuer);

(m) the execution of, delivery of and performance under any Tax Sharing Agreement;

(n) any transaction effected as part of a Qualified Receivables Financing;

(o) the Transactions and the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date (with respect to the Issuer and its Subsidiaries as of that date) and as of or on the Completion Date (with respect to the Target and its Subsidiaries) after giving effect to the Transactions (including, without limitation, any transactions described under the caption "*Certain Relationships and Related Party Transactions*" in the Offering Memorandum), as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(p) transactions with Affiliates solely in their capacity as holders of Indebtedness or Equity Interests of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies, so long as such transaction is with all holders of such class (and there are non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such Indebtedness or Equity Interests generally;

(q) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under "*Designation of Unrestricted and Restricted Subsidiaries*" and pledges of Capital Stock of Unrestricted Subsidiaries;

(r) the existence or formation of a fiscal unity (*fiscale eenheid*) for Dutch corporate income tax and/or VAT purposes of which a Dutch Party is or becomes a member; and

(s) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any Restricted Subsidiary permitted under the covenant described under "*Limitation on Asset Sales*," that the Issuer determines in good faith is either fair to the Issuer or otherwise on customary terms for such type of arrangements in connection with similar transactions.

Limitation on Liens

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist any Lien on any of its property or assets, whether owned on the date of the Indenture or thereafter acquired, securing any Debt of the Issuer or any Restricted Subsidiary (the "Initial Lien"), unless (a) in the case of any property or assets that does not constitute Collateral, (i) such Lien is a Permitted Lien or (ii) contemporaneously therewith effective provision is made to secure the Notes and the Indenture or, in respect of Liens on property or assets of any Guarantor, such Guarantee thereof, equally and ratably with (or, in the case of Subordinated Debt of the Issuer or a Guarantor on a senior basis to) such Debt for so long as such Debt is so secured by such Initial Lien and (b) in the case of any property or assets that constitute Collateral, such Lien is a Permitted Collateral Lien.

(2) Any such Lien created as a result of this covenant "*Limitation on Liens*" in favor of the Notes or any such Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) as set forth under the caption "*—Security*."

Change of Control

(1) If a Change of Control occurs at any time, the Issuer will make an offer (a "Change of Control Offer") to each Holder of Notes to purchase such Holder's Notes, in whole or in part, in a principal amount of €100,000 or in integral multiples of €1,000 in excess thereof at a purchase price (the "Change of Control Purchase Price") in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date").

(2) Within 30 days following any Change of Control, the Issuer will send notice of the Change of Control Offer, with a copy to the Trustee, Registrar and each Paying Agent, to each Holder of Notes appearing in the register on such date, which notice will state:

(a) that a Change of Control has occurred and the date it occurred;

(b) the circumstances and relevant facts regarding such Change of Control;

(c) the Change of Control Purchase Price and the Change of Control Purchase Date, which will be a business day no earlier than 10 days nor later than 60 days after the date such notice is sent, or such later date as is necessary to comply with any requirements under the Exchange Act or any other applicable securities laws or regulations;

(d) that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Purchase Date unless the Change of Control Purchase Price is not paid on such date;

(e) that any Note or part thereof not tendered will continue to accrue interest; and

(f) any other procedures that a Holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

(3) Upon receipt by the Trustee from the Issuer of an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control, the Trustee (or an authenticating agent) will promptly authenticate and deliver a new Note or Notes in a principal amount equal to any unpurchased portion of Notes surrendered, if any, to the Holder of Notes in global form or to each Holder of certificated Notes; *provided* that each such new Note will be in a principal amount of €100,000 or in integral multiples of €1,000 in excess thereof. The Issuer will publicly announce the results of a Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

(4) The Issuer will not be required to make a Change of Control Offer following a Change of Control if (i) the Notes have been irrevocably and unconditionally called for redemption as described under "*Optional Redemption*" or (ii) a third party has made, and not terminated, a tender offer for all of the Notes in the manner and at the times applicable to a Change of Control Offer, at a tender offer purchase price in cash equal to at least 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, and such third party purchases all of the Notes validly tendered and not withdrawn under such tender offer. No Note will be purchased in part if less than €100,000 in original principal amount of such Note would remain outstanding following such purchase.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer and the Guarantors will comply with the applicable tender offer rules and any other applicable securities laws and regulations in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer and the Guarantors will comply with such applicable securities laws and regulations and will not be deemed to have breached their obligations under the Indenture by virtue of such conflict.

For so long as the Notes are admitted to trading on the Exchange and the rules and regulations of the Exchange so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer to the extent and in the manner permitted by such rules. In addition, for so long as any Notes are represented by Global Notes, such notices to Holders of the Notes may be delivered by or on behalf of the Issuer to Euroclear and Clearstream.

The occurrence of certain events that would constitute a Change of Control could constitute a default under the Senior Credit Facilities. The Issuer's future debt and the future debt of its Subsidiaries may also contain provisions that, if certain events occur, would require such debt to be repurchased. In addition, the exercise by the Holders of the Notes of their right to require a repurchase of the Notes upon a Change of Control could cause a default under the Senior Credit Facilities and any such future debt, even if the Change of Control itself does not, due to the possible financial effect on the Issuer or the Guarantors of such repurchase. Not all business combinations or acquisitions of us by third parties would necessarily result in a Change of Control and may not result in a Change of Control Offer to Holders of the Notes. The provisions of the Indenture will not give Holders the right to require the repurchase of the Notes in the event of certain transactions including a reorganization, restructuring, merger or similar transaction that may adversely affect Holders of the Notes, if such transaction is not a transaction defined as a Change of Control. Any such transaction, however, would have to comply with the applicable provisions of the Indenture, including those described under "*—Limitation on Debt*." The existence, however, of a Holder of the Notes' right to require the Issuer to repurchase such Holder's Notes upon a Change of Control may deter a third party from acquiring the Issuer or any of its Subsidiaries if such acquisition would constitute a Change of Control.

If a Change of Control Offer is made, the Issuer will not be able to provide any assurance that it will have available funds sufficient to pay the Change of Control Purchase Price for all the Notes that might be delivered by Holders of the Notes seeking to accept the Change of Control Offer. Even if sufficient funds were available, the terms of any other debt of the Issuer and its Subsidiaries may prohibit the repurchase of the Notes prior to their scheduled maturity. If the Issuer were not able to prepay any debt containing any such restrictions, or obtain requisite consents, the Issuer would be unable to fulfil its repurchase obligations to Holders of Notes who accept the Change of Control Offer. If a Change of Control Offer was not made or consummated or the Change of Control Purchase Price was not paid when due, such failure would result in an Event of Default and would give the Trustee and the Holders of the Notes the rights described under "*—Events of Default*." An Event of Default under the Indenture, unless waived, would result in a cross-default under certain of the financing arrangements described under "*Description of Certain Other Indebtedness*," including under the Senior Credit Facilities.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and the Restricted Subsidiaries. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes following a Change of Control may be waived or modified with the prior written consent of the Holders of a majority in principal amount of the Notes. See "*—Amendments and Waivers*" below.

Limitation on Asset Sales

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless:

(a) the consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) the Issuer or such Restricted Subsidiary receives for such Asset Sale is not less than the Fair Market Value of the assets sold (as determined in good faith by the Issuer, and the Issuer's determination (including the Board of Directors' determination, as applicable) will be conclusive (as to the value of any and all non-cash consideration);

(b) in any such Asset Sale or series of Asset Sales, with a purchase price in excess of the greater of (x) €150 million and (y) 20.0% Consolidated EBITDA, except in the case of a Permitted Asset Swap, at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Sale consists of:

(i) cash (including any Net Cash Proceeds received from the conversion to cash within 180 days of such Asset Sale of securities, notes or other obligations received in consideration of such Asset Sale);

(ii) Cash Equivalents (including any Net Cash Proceeds received from the conversion to cash or Cash Equivalents within 180 days of such Asset Sale of securities, notes or other obligations received in consideration of such Asset Sale);

(iii) the assumption by the purchaser of (x) the Issuer's Debt or Debt of any Restricted Subsidiary (other than Subordinated Debt) as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obliged in respect of such Debt or (y) Debt of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, if the Issuer and each other Restricted Subsidiary is released from any guarantee of such Debt as a result of such Asset Sale;

(iv) Replacement Assets;

(v) any Designated Non-cash Consideration received by the Issuer or any of the Restricted Subsidiaries in such Asset Sale; *provided* that the aggregate Fair Market Value of such

Designated Non-cash Consideration, taken together with the Fair Market Value at the time of receipt of all other Designated Non-cash Consideration received pursuant to this clause (v), less the amount of Net Cash Proceeds previously realized in cash from prior Designated Non-cash Consideration does not exceed (with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value) the greater of €175.0 million and 25.0% of Consolidated EBITDA; or

(vi) a combination of the consideration specified in clauses (i) through (v); and

(c) the Issuer delivers an Officer's Certificate to the Trustee certifying that such Asset Sale complies with the provisions described in the foregoing clauses (a) and (b).

(2) If the Issuer or any Restricted Subsidiary consummates an Asset Sale, the Net Cash Proceeds of the Asset Sale, within 365 days of the receipt of the Net Cash Proceeds of such Asset Sale (or the Issuer or any such Restricted Subsidiary may enter into a binding commitment to so use; *provided* that such Net Cash Proceeds are so used within 180 days after the expiration of the aforementioned 365 day period), may be used by the Issuer or such Restricted Subsidiary to:

(a) (i) to prepay, repay, purchase or redeem any Debt Incurred under clause (2)(a) of the covenant described under "*—Limitation on Debt,*" that is secured by the Collateral on a basis *pari passu* with or in priority to the Notes and is not subordinated in right of payment to the Notes or any Guarantee; (ii) to prepay, repay, purchase or redeem any Debt of a Restricted Subsidiary that is not a Guarantor or any Debt that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Debt or Debt that is owed to the Issuer or any Restricted Subsidiary); (iii) to prepay, repay, purchase or redeem Pari Passu Debt secured by a Lien on the Collateral at a price of no more than 100% of the principal amount of such Pari Passu Debt plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; *provided* that the Issuer shall redeem, repay, repurchase or redeem any such Pari Passu Debt pursuant to this clause (iii) only if the Issuer makes an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Excess Proceeds Offer on a ratable basis with any such Pari Passu Debt repaid pursuant to this clause (iii) (which offer shall be deemed to be an Excess Proceeds Offer for purposes hereof); or (iv) to make (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Excess Proceeds Offer (which offer shall be deemed to be an Excess Proceeds Offer for purposes hereof);

(b) to invest in any Replacement Assets or make capital expenditures (including by means of capital expenditure by, or an investment in Replacement Assets by, a Restricted Subsidiary with an amount equal to some or all of the Net Cash Proceeds received by the Issuer or another Restricted Subsidiary); or

(c) do any combination of the foregoing.

The amount of such Net Cash Proceeds actually received by the Issuer or any Restricted Subsidiary but not so used as set forth in this paragraph (2) constitutes "Excess Proceeds." Pending the final application of any such Net Cash Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise use such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

(3) When the aggregate amount of Excess Proceeds exceeds the greater of €175.0 million and 25.0% of Consolidated EBITDA, the Issuer will, within 30 Business Days, make an offer to purchase (an "Excess Proceeds Offer") from all Holders of Notes and, at the Issuer's election, from the holders of any Pari Passu Debt, to the extent required by the terms thereof, on a pro rata basis, in accordance with the procedures set forth in the Indenture or the agreements governing any such Pari Passu Debt, the maximum principal amount, in the case of the Notes (expressed as a minimum amount of €100,000 and integral multiples of €1,000 in excess thereof) of the Notes and any such Pari Passu Debt that may be purchased with the amount of the Excess Proceeds. The offer price as to each Note and any such Pari Passu Debt will be payable in cash in an amount equal to (solely in the case of the Notes) 100% of the principal amount of such Note being repurchased and (solely in the case of Pari Passu Debt) no greater than 100% of the principal amount (or accreted value, as applicable) of such Pari Passu Debt being redeemed or repurchased, plus, in each case, accrued and unpaid interest, if any, to the date of purchase.

To the extent that the aggregate principal amount of Notes and any such Pari Passu Debt tendered pursuant to an Excess Proceeds Offer is less than the aggregate amount of Excess Proceeds, the Issuer may use the amount of such Excess Proceeds not used to purchase Notes and Pari Passu Debt, if any, for general corporate purposes that are not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and any such Pari Passu Debt validly tendered and not withdrawn by holders thereof exceeds the aggregate amount of Excess Proceeds, the Notes and any such Pari Passu Debt to be purchased will be allocated on a pro rata basis (based upon the principal amount of Notes and the principal amount or accreted value of such Pari Passu Debt tendered by each holder). Upon completion of each such Excess Proceeds Offer, the amount of Excess Proceeds will be reset to zero.

(4) If the Issuer is obliged to make an Excess Proceeds Offer, the Issuer will purchase the Notes and Pari Passu Debt, at the option of the holders thereof, in whole or in part in a minimum amount of €100,000 and integral multiples of €1,000 in excess thereof on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Excess Proceeds Offer is given to such Holders, or such later date as may be required under the Exchange Act.

Pending the final application of any Net Cash Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise use the Net Cash Proceeds in any manner that is not prohibited by the Indenture.

If the Issuer is required to make an Excess Proceeds Offer, the Issuer will comply with the applicable tender offer rules and any other applicable securities laws and regulations, including the requirements of any applicable securities exchange on which Notes are then listed. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this "*Limitation on Asset Sales*" covenant, the Issuer will comply with such securities laws and regulations and will not be deemed to have breached its obligations described in this "*Limitation on Asset Sales*" covenant by virtue thereof.

Limitation on Guarantees of Debt

(1) Subject to the Agreed Security Principles, the Issuer will not permit any Restricted Subsidiary that is not a Guarantor, directly or indirectly, to guarantee, assume or in any other manner become liable for the payment of any Debt outstanding under any Credit Facility Incurred under clause (2)(a) of the covenant described under "—*Limitation on Debt*" or any other Public Debt of the Issuer or any Guarantor (other than the Notes), unless such Restricted Subsidiary either (i) is not a Significant Subsidiary and, in respect of any Debt outstanding under the Senior Credit Facilities (as may be refinanced, amended or restated from time to time) only, has not become a Guarantor under the Senior Credit Facilities; *provided* that any such Restricted Subsidiary that is not a Significant Subsidiary also would not, in the aggregate when taken together with other Restricted Subsidiaries that are not providing a guarantee hereunder because they are not Significant Subsidiaries, constitute a Significant Subsidiary if considered as a single person or (ii) executes and delivers within 30 days a supplemental indenture to the Indenture providing for a Guarantee of payment of the Notes by such Restricted Subsidiary on the same terms as the guarantee of such other Debt; and with respect to any guarantee of Subordinated Debt by such Restricted Subsidiary, any such guarantee shall be subordinated to such Restricted Subsidiary's Guarantee with respect to the Notes at least to the same extent as such Subordinated Debt is subordinated to the Notes. Any Guarantee of payment of the Notes may contain limitations on Guarantor liability to the extent reasonably necessary (as determined in good faith by the Issuer) to recognize certain defenses generally available to guarantors or other considerations under applicable law or regulation.

(2) The provisions of the preceding paragraph will not be applicable to any guarantee of any Restricted Subsidiary existing on the Issue Date with respect to the Issuer and its Restricted Subsidiaries and at the Completion Date with respect to the Target and its Subsidiaries or that existed at the time such Person became a Restricted Subsidiary if the guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary.

(3) Any Guarantee of the Notes granted pursuant to the provisions described in the first paragraph of this covenant may provide by its terms that it will be automatically and unconditionally released and discharged on the terms and conditions and in the circumstances described under the heading "*—Guarantees—Release of the Guarantees*." A Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release there is no Debt of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. At the cost and reasonable request of the Issuer, the Trustee shall take all necessary actions to effectuate any release of any Guarantee of the Notes in accordance with these provisions, subject to customary protections and indemnifications.

(4) Notwithstanding the foregoing, the Issuer will not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent and for so long as the Incurrence of such Guarantee is contrary to the Agreed Security Principles or to the extent such Guarantee would reasonably be expected (as determined in good faith by the Issuer) to give rise to or result in (a) any conflict with or violation of applicable law, rule, regulation or order;

(b) any risk of liability (civil, criminal, administrative or other) for the officers, directors, shareholders or partners of such Restricted Subsidiary; or (c) any cost, expense, liability or obligation (including with respect to any Taxes but excluding any reasonable guarantee or similar fee payable to the Issuer or any Restricted Subsidiary) other than reasonable expenses and other than reasonable governmental expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to the first paragraph of this covenant undertaken in connection with, such Guarantee.

Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock or any other interest or participation in, or measured by, its profits;

(b) pay any Debt owed to the Issuer or any other Restricted Subsidiary;

(c) make loans or advances to the Issuer or any other Restricted Subsidiary; or

(d) transfer any of its properties or assets to the Issuer or any other Restricted Subsidiary,

provided that (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (ii) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Debt Incurred by the Issuer or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(2) The provisions of the "*Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries*" covenant described in paragraph (1) above will not apply to:

(a) encumbrances and restrictions imposed by the Notes, the Indenture, the Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents or the Senior Credit Facilities;

(b) encumbrances or restrictions imposed by Debt permitted to be Incurred under Credit Facilities or any guarantee thereof in accordance with the "*Limitation on Debt*" covenant or pursuant to paragraph (2) of such "*Limitation on Debt*" covenant; *provided* that in the case of any such encumbrances or restrictions imposed under any Credit Facilities, such encumbrances or restrictions taken as a whole are not materially less favorable to the Holders taken as a whole than those imposed by the Senior Credit Facilities as at the Issue Date (as determined in good faith by the Issuer);

(c) encumbrances or restrictions contained in any agreement or instrument in effect on the Issue Date with respect to the Issuer and its Restricted Subsidiaries and the Completion Date with respect to the Target and its Subsidiaries;

(d) with respect to restrictions or encumbrances referred to in clause (1)(d) above, encumbrances and restrictions: (i) that restrict in a customary manner the subletting, assignment or transfer of any properties or assets that are subject to a lease, sublease, license, sublicense, conveyance or other similar agreement to which the Issuer or any Restricted Subsidiary is a party; or (ii) contained in operating leases for real property and restricting only the transfer of such real property upon the occurrence and during the continuance of a default in the payment of rent;

(e) encumbrances or restrictions contained in any agreement or other instrument of a Person or relating to assets acquired by the Issuer or any Restricted Subsidiary in effect at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;

(f) encumbrances or restrictions contained in contracts for sales of Capital Stock or assets permitted by the "*Limitation on Asset Sales*" covenant with respect to the assets or Capital Stock to be sold pursuant to such contract or in customary merger or acquisition agreements (or any option to enter into such contract) for the purchase or acquisition of Capital Stock or assets or any of the Issuer's Subsidiaries by another Person;

(g) encumbrances or restrictions imposed by applicable law or regulation or by governmental licenses, authorizations, concessions, franchises or permits;

(h) encumbrances or restrictions on cash or other deposits or net worth imposed by customers or suppliers or surety, insurance or bonding companies under contracts entered into the ordinary course of business;

(i) customary limitations on the distribution or disposition of assets or property of a Restricted Subsidiary in joint venture agreements, asset sale agreements, sale and leaseback agreements, shareholder agreements, stock sale agreements and other similar agreements entered into the ordinary course of business and in good faith; *provided* that:

  (i) the encumbrance or restriction is not materially less favorable to the Holders taken as a whole than is customary in comparable agreements (as determined in good faith by the Issuer); and

  (ii) the Issuer determines in good faith that any such encumbrance or restriction will not materially affect the ability of the Issuer or any Guarantor to make any principal or interest payments on the Notes;

(j) customary encumbrances or restrictions in connection with purchase money obligations, mortgage financings and Capitalized Lease Obligations for property acquired in the ordinary course of business;

(k) any encumbrance or restriction arising by reason of customary non-assignment or similar provisions in agreements;

(l) any encumbrance or restriction arising by arising by operation of law (including, without limitation, as a result of the existence and/or formation of a fiscal unity (*fiscale eenheid*) for Dutch corporate income tax and/or VAT purposes of which a Dutch Party is or becomes a member);

(m) any encumbrance or restriction arising pursuant to an agreement or instrument of the Issuer or any of its Restricted Subsidiaries relating to any Debt not prohibited from being Incurred after the Issue Date pursuant to the provisions of the covenant described under "—*Limitation on Debt*": (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders taken as a whole than the encumbrances and restrictions contained in the Indenture (as determined in good faith by the Issuer); or (ii) if such encumbrance or restriction is not materially more disadvantageous to the Holders of the Notes than is customary in comparable financings (as determined in good faith by the Issuer);

(n) with respect to restrictions or encumbrances referred to in clause (1)(d) above, encumbrances or restrictions existing by reason of any Lien permitted under "—*Limitation on Liens*";

(o) any encumbrance or restriction pursuant to any Hedging Agreements;

(p) any encumbrance or restriction pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easements agreements of the Issuer or any Restricted Subsidiary;

(q) any encumbrance or restriction that arises or is agreed to in the ordinary course of business and does not detract from the value of property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer or such Restricted Subsidiary (as determined in good faith by the Issuer);

(r) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination by the Board of Directors or an Officer of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing;

(s) any encumbrance or restriction pursuant to the Acquisition or in any agreement related thereto; and

(t) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (s), or in this clause (t), of this paragraph (2); *provided* that such amendments, modifications, restatements, renewals, extension, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, no more restrictive (taken as a whole) with respect to such encumbrances or restrictions than those contained in the encumbrances or restrictions prior to such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing.

Designation of Unrestricted and Restricted Subsidiaries

(1) The Issuer's Board of Directors may designate any Subsidiary (including newly acquired or newly established Subsidiaries) to cease to be a "Restricted Subsidiary" and instead to be an "Unrestricted Subsidiary" only if:

(a) no Default has occurred and is continuing at the time of or after giving effect to such designation;

(b) the Issuer would be permitted to make an Investment at the time of designation (assuming the effectiveness of such designation) pursuant to the "*Limitation on Restricted Payments*" covenant (and may classify such amount within its capacity to make Restricted Payments and ability to make payments that would otherwise be Restricted Payments under the "*Limitation on Restricted Payments*" covenant as it sees fit) in an amount equal to the greater of (i) the net book value of the Issuer's interest in such Subsidiary calculated in accordance with IFRS or (ii) the Fair Market Value of the Issuer's interest in such Subsidiary (in each case, as determined by the Issuer in good faith); and

(c) the Issuer would be permitted under the Indenture to Incur at least €1.00 of additional Debt pursuant to the ratio set forth in paragraph (1) of the "*Limitation on Debt*" covenant at the time of such designation (assuming the effectiveness of such designation).

(2) In the event of any such designation, the Issuer will be deemed to have made an Investment constituting a Restricted Payment pursuant to the "*Limitation on Restricted Payments*" covenant for all purposes of the Indenture in an amount equal to the greater of (i) the net book value of the Issuer's interest in such Subsidiary calculated in accordance with IFRS or (ii) the Fair Market Value of the Issuer's interest in such Subsidiary (in each case, as determined by the Issuer in good faith), and may classify such amount within its capacity to make Restricted Payments and permissions to make payments that would otherwise be Restricted Payments under the "*Limitation on Restricted Payments*" covenant as it sees fit.

(3) The Issuer's Board of Directors may designate any Unrestricted Subsidiary as a Restricted Subsidiary:

(a) if no Default or Event of Default has occurred and is continuing at the time of, or will occur and be continuing after giving effect to, such designation; and

(b) unless such designated Unrestricted Subsidiary shall not have any Debt outstanding (other than Debt that would be Permitted Debt), immediately before and after giving effect to such proposed designation, and after giving *pro forma* effect to the Incurrence of any such Debt of such designated Unrestricted

Subsidiary as if such Debt was Incurred on the date of its designation as a Restricted Subsidiary, the Issuer could Incur at least €1.00 of additional Debt pursuant to the ratio set forth in paragraph (1) of the "*Limitation on Debt*" covenant.

(4) Any such designation as an Unrestricted Subsidiary or Restricted Subsidiary by the Issuer's Board of Directors will be evidenced to the Trustee by filing a resolution of the Issuer's Board of Directors with the Trustee giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions, and giving the effective date of such designation. Any such filing with the Trustee must occur within 45 days after the end of the Issuer's fiscal quarter in which such designation is made (or, in the case of a designation made during the last fiscal quarter of the Issuer's fiscal year, within 90 days after the end of such fiscal year).

Reports to Holders

(1) So long as any Notes are outstanding, the Issuer will furnish to the Trustee:

(a) annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the two most recent fiscal years, including complete notes to such financial statements and the report of the independent auditors on the financial statements; (b) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer; (c) a description of the business of the Issuer; and (d) a description of management and shareholders, material debt instruments, material affiliate transactions, material risk factors and material subsequent events, within 120 days following the end of each fiscal year beginning with the fiscal year ending December 31, 2020; *provided* that the information in clause (d) may be provided in the notes to the audited financial statements;

(b) quarterly financial information of the Issuer on a consolidated basis after the end of each of the first three fiscal quarters, together with comparable information for the corresponding period of the preceding year, and an operating and financial review of the financial statements, including a discussion of the results of operations, financial condition, and material changes in liquidity and financial resources of the Issuer within 60 days following the end of the fiscal quarter beginning with the fiscal quarter ending March 31, 2021; and

(c) promptly after the occurrence of a material acquisition, disposition or restructuring, any change of the Chief Executive Officer or the Chief Financial Officer of the Issuer or a change in auditors of the Issuer or any other material event, a report containing a description of such event.

(2) No report need include separate financial statements for any Guarantors or non-Guarantor Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

(3) At any time that any of the Issuer's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*Reports to Holders*" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the notes thereto, of the financial condition and results of operations of the Issuer and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

(4) Notwithstanding paragraph (1) of this covenant, upon the Issuer complying with the public reporting requirements of the Oslo Stock Exchange (regardless of whether the Issuer's ordinary shares are admitted for trading on such exchange), to the extent that such requirements include an obligation to prepare and make publicly available annual reports, quarterly reports, information, documents and other reports, the Issuer will be deemed to have complied with the provisions contained in clauses (1)(a), (b) and (c) above.

(5) Notwithstanding the foregoing, the Issuer will be deemed to have provided such information to the Trustee, the Holders of the Notes and prospective purchasers of the Notes if such information referenced above in clauses (1)(a), (b) and (c) and (3) above or alternatively, in the preceding paragraph, has been posted on the Issuer's website; *provided* that such information is not password protected and remains available on the Issuer's website.

(6) Delivery of information, documents and reports to the Trustee is for informational purposes only. The Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture or documents related therein.

Statement as to Compliance

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

Merger, Consolidation or Sale of Assets

Issuer

(1) The Issuer will not, directly or indirectly, in a single transaction or through a series of transactions, merge, consolidate, amalgamate or otherwise combine with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of, or take any action pursuant to any resolution passed by the Issuer's Board of Directors or shareholders with respect to a demerger or division pursuant to which the Issuer would dispose of, all or substantially all of the Issuer's and the Restricted Subsidiaries' properties and assets, taken as a whole, to any other Person. The previous sentence will not apply if at the time and immediately after giving effect to any such transaction or series of transactions:

(a) either: (i) the Issuer will be the continuing corporation; or (ii) the Person (if other than the Issuer) formed by or surviving any such merger, consolidation, amalgamation or other combination or to which such sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Issuer and the Restricted Subsidiaries, taken as a whole, has been made (the "Surviving Entity"):

(x) will be a corporation duly incorporated and validly existing under the laws of any member state of the European Union as at the Issue Date, the United Kingdom, the United States of America, any state thereof, or the District of Columbia, Canada or any province of Canada, Norway or Switzerland; and

(y) will expressly assume, by a supplemental indenture, an accession agreement or one or more other documents or instruments, each in a form reasonably satisfactory to the Trustee, the Issuer's obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(b) immediately after giving effect to such transaction or series of transactions on a *pro forma* basis (and treating any Debt of the Issuer or any Restricted Subsidiary Incurred in connection with or as a result of such transaction or series of transactions as having been Incurred by the Issuer or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction or series of transactions on a *pro forma* basis (on the assumption that the transaction or series of transactions occurred on the first day of the fiscal quarter immediately prior to the consummation of such transaction or series of transactions with the appropriate adjustments with respect to the transaction or series of transactions being included in such *pro forma* calculation), (i) the Issuer (or the Surviving Entity if the Issuer is not the continuing obligor under the Indenture) could Incur at least €1.00 of additional Debt pursuant to the ratio set forth in paragraph (1) of the "*Limitation on Debt*" covenant or (ii) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such transaction; and

(d) the Issuer or the Surviving Entity has delivered to the Trustee an Officer's Certificate and an opinion of counsel, in each case, in form and substance reasonably satisfactory to the Trustee, each stating that such merger, consolidation, amalgamation or other combination or sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with the requirements of the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that such supplemental indenture (if any) has been duly authorized, executed and delivered and together with the Indenture and the Notes constitute legal, valid and binding obligations of the Issuer or the Surviving Entity, enforceable in accordance with their terms (subject to customary assumptions, exceptions, reservations and qualifications, in each case including as to enforceability).

(2) The Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable; *provided*, *however*, that in the case of a lease of all or substantially all of the Issuer's assets, the Issuer will not be released from the obligation to pay the principal of, premium, if any, and interest, on the Notes.

(3) Nothing in the Indenture will prevent (i) any Restricted Subsidiary from consolidating with, merging into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary or (ii) the Issuer from consolidating or otherwise combining with or merging into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction or changing the legal form of the Issuer, *provided* the requirements of clauses (a)(x) and (d) of paragraph (1) above are satisfied, mutatis mutandis.

For so long as the Notes are admitted to trading on the Exchange and the rules and regulations of the Exchange so require, the Issuer will publish a notice of any merger of the Issuer to the extent and in the manner permitted by such rules and regulations. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes may be delivered by or on behalf of the Issuer to Euroclear and Clearstream.

Guarantors

(1) Subject to the provisions described under "*—Guarantees—Release of the Guarantees*," no Guarantor will, directly or indirectly, in a single transaction or through a series of transactions, merge, consolidate, amalgamate or otherwise combine with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of, or take any action pursuant to any resolution passed by such Guarantor's Board of Directors or shareholders with respect to a demerger or division pursuant to which such Guarantor will dispose of, all or substantially all of such Guarantor's properties and assets to any other Person. The previous sentence will not apply (i) with respect to the Dutch Merger or (ii) if at the time and immediately after giving effect to any such transaction or series of transactions:

(a) either: (i) such Guarantor is the surviving corporation, or (ii) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation organized or existing under the laws of any member state of the European Union as at the Issue Date, the United Kingdom, United States of America, any state thereof, or the District of Columbia, Canada or any province of Canada, Norway or Switzerland (such Guarantor or such Person, as the case may be, being herein called the "Successor Guarantor");

(b) the Successor Guarantor (if other than such Guarantor), by a supplemental indenture, an accession agreement or one or more other documents or instruments, each in a form reasonably satisfactory to the Trustee, expressly assumes the obligations of such Guarantor under its Guarantee, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(c) immediately after giving *pro forma* effect to such transaction, no Default or Event of Default exists and is continuing; and

(d) the Guarantor or the Successor Guarantor has delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that such merger, consolidation, amalgamation or other combination or sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with the requirements of the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Guarantee constitutes a legal, valid and binding obligation of the Guarantor or Successor Guarantor, enforceable in accordance with its terms (subject to customary assumptions, exceptions, reservations and qualifications, in each case including as to enforceability).

(2) The Successor Guarantor will succeed to, and be substituted for, and may exercise every right and power of, the relevant Guarantor under its Guarantee, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable.

(3) Nothing in the Indenture will prevent any Restricted Subsidiary from consolidating with, merging into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary.

Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Impairment of Security Interest

The Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action, which action or omission would or is reasonably likely to, in each case, in the good faith determination of the Issuer, have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Permitted Collateral Liens or of Debt secured by the Collateral shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent and the holders of the Notes (other than of any Additional Notes), the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral (other than pursuant to a sale, lease, transfer, disposition, merger or conveyance not otherwise prohibited by the Indenture), provided that (a) nothing in this provision will restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) subject to the second paragraph of this covenant, the Issuer and the Restricted Subsidiaries may incur Permitted Collateral Liens.

The Indenture will provide that, at the direction of the Issuer and without the consent of the holders of the Notes, the Security Agent (and/or any other party to each Security Document) shall from time to time enter into one or more amendments, extensions, renewals, restatements, supplements, modifications or replacements to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) provide for Permitted Collateral Liens to the extent not prohibited under the Indenture (including by way of release and retaking of Security Documents), (iii) comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to the Issuer, a Guarantor or any security provider, as applicable, and the assumption by such successor of the obligations under the Indenture, Notes or its Guarantee, as the case may be, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable, in each case, in accordance with the caption "*—Merger, Consolidation or Sale of Assets*," (vi) provide for the release of property and assets constituting Collateral from the Liens created under the Security Documents and/or the release of a Guarantor from its Guarantee of the Notes, in each case, in accordance with (and if permitted by) the terms of the Indenture, (vii) conform the Security Documents to this "*Description of Notes,"* (viii) evidence and provide for the acceptance of the appointment of a successor Security Agent, (ix) provide for Additional Notes or other Permitted Debt not prohibited by the Indenture that may be secured by Liens on the Collateral to also benefit from the Collateral, or (x) make any other change thereto that does not adversely affect the holders of the Notes in any material respect (as determined in good faith by the Issuer); *provided, however,* that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced (otherwise than for reasons specified in clauses (i), (iii) (in connection with any enforcement action) or (iv) through (x)), unless contemporaneously with such amendment, extension, renewal, restatement, supplement, modification or renewal, the Issuer delivers to the Trustee and the Security Agent, one of:

(a) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the Issuer and the Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement;

(b) a certificate from the Board of Directors or responsible accounting or financial officer of the Issuer (acting in good faith) substantially in the form attached to the Indenture that confirms the solvency of the Issuer and the Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or

(c) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary assumptions, exceptions, reservations and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the security interest or security interests created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid security interests not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law that such security interest or security interests were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that this covenant is complied with, the Trustee and the Security Agent shall (subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction) consent to and instruct the Security Agent to enter into all necessary documentation to implement such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the Holders.

Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that, at the request of the Issuer and without the consent of Holders, in connection with the Incurrence by the Issuer or any Guarantor of any Debt not prohibited by the covenant described under the caption "—*Certain Covenants—Limitation on Debt*" (and, in each case, such Debt shall be (x) Senior Debt of the Issuer or a Guarantor or (y) Subordinated Debt of the Issuer or a Guarantor), the Issuer, the relevant Guarantors, the Trustee and, if applicable, the Security Agent shall enter into with the holders of such Debt (or their duly authorized representatives) an amended and/or restated Intercreditor Agreement or an additional intercreditor agreement (an "Additional Intercreditor Agreement") containing substantially the same terms as the Intercreditor Agreement (or terms more favorable to the Holders) including with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees (or such other terms or with such changes as are necessary to facilitate compliance with the covenant described under the caption "—*Certain Covenants—Limitation on Guarantees of Debt*") and priority and release of the Security Documents (or such other terms or with such changes as the Issuer may in good faith determine to be necessary or appropriate relating to the Security Documents, in connection with the Incurrence of such Debt, provided that such other terms are not materially more adverse to the Holders taken as a whole than the terms contained in the Intercreditor Agreement); *provided*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement without the consent of the Trustee and the Security Agent. Pursuant to any such Additional Intercreditor Agreements, such other Debt may constitute Senior Debt or Subordinated Debt of the Issuer or a Guarantor. If more than one such intercreditor agreement is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict in any material respect.

The Indenture also will provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall subject to the terms of the Intercreditor Agreement from time to time enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure any ambiguity, manifest error, omission, defect or inconsistency of any Intercreditor Agreement or any Additional Intercreditor Agreement, (2) increase the amount of Debt of the types covered by any Intercreditor Agreement or any Additional Intercreditor Agreement that may be Incurred by the Issuer or any of its Restricted Subsidiaries that is subject to any Intercreditor Agreement or any Additional Intercreditor Agreement (including the addition of provisions relating to new Debt that is contractually subordinated in right of payment to the Notes or its Guarantee, as the case may be, as applicable), (3) add Guarantors to any Intercreditor Agreement or an Additional Intercreditor Agreement, (4) add security to or for the benefit of the Notes (including Additional Notes), or confirm and evidence the release, termination or discharge of any Notes, its Guarantee, or any Lien (including Liens on the Collateral and the Security Documents) when such release, termination or discharge is provided for or not prohibited under the Indenture, any Intercreditor Agreement or any Additional Intercreditor Agreement, (5) make provision for charges of the Collateral securing Additional Notes to rank pari passu with the Liens under the Security Documents or to implement any Permitted Collateral Liens, (6) provide for the assumption by a successor of the obligations of the Issuer under any Intercreditor Agreement or any Additional Intercreditor Agreement, (7) make any change in the subordination provisions of any Intercreditor Agreement or any Additional Intercreditor Agreement that would limit or terminate the benefits available to any holder of Senior Debt of a Guarantor (or any Officer thereof) under such subordination provisions or as otherwise permitted by any Intercreditor Agreement or Additional Intercreditor Agreement, (8) conform the text of any Intercreditor Agreement or Additional Intercreditor Agreement to any provision of this "*Description of Notes*," or (9) make any other change to any Intercreditor Agreement or Additional Intercreditor Agreement that does not materially adversely affect the Holders. The Issuer shall not otherwise request the Trustee and the Security Agent to enter into any amendment to any Intercreditor Agreement or Additional Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*," and the Issuer may only request the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee and the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee and the Security Agent under the Indenture or any Intercreditor Agreement or an Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or an Additional Intercreditor Agreement, no consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby will be required; provided, however, that such transaction would comply with the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*."

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have irrevocably appointed and authorized the Trustee to give effect to the provisions in the Intercreditor Agreement or Additional Intercreditor Agreement and to act on its behalf to enter into and comply with the provisions of such Intercreditor Agreement or Additional Intercreditor Agreement.

A copy of each Intercreditor Agreement or an Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the Issuer or at the offices of the listing agent.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "Reversion Date"), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Debt*";

(3) "*—Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries*";

(4) "*—Limitation on Transactions with Affiliates*";

(5) "*—Limitation on Guarantees of Debt*";

(6) clause (1)(c) of "*—Merger, Consolidation or Sale of Assets*" in respect of each of the Issuer and the Guarantors;

(7) "*—Limitation on Asset Sales*"; and

(8) "*—Designation of Unrestricted and Restricted Subsidiaries,*"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and the Restricted Subsidiaries.

During any period that the foregoing covenants have been suspended, neither the Issuer nor any Restricted Subsidiary may designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described under the caption "*—Designation of Unrestricted and Restricted Subsidiaries*," unless such designation would have complied with the covenant described under the caption "*—Limitation on Restricted Payments*" as if such covenant would have been in effect during such period.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer or the Restricted Subsidiaries properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "*Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Debt Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (c) of the second paragraph of the covenant described under "*—Limitation on Debt*." In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status. Upon the occurrence of a Suspension Event, the amount of Excess Proceeds shall be reset at zero. The Issuer shall notify the Trustee in writing that the conditions set forth in the first paragraph under this caption have been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any duty to notify Holders if the Notes achieve Investment Grade Status or upon the occurrence of a Reversion Date. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Financial Calculations

When calculating the satisfaction of or availability under any Applicable Metric in the Indenture in connection with any Applicable Transaction, the date of determination of such Applicable Metric shall, at the option of the Issuer, be any Applicable Test Date. If the Issuer elects to determine any Applicable Metric as of any Applicable Test Date, it shall give pro forma effect to any other Applicable Transactions that have occurred up to (and including) such Applicable Test Date; provided that the pro forma calculation may exclude any non-recurring fees, costs and expenses attributable to any Applicable Transaction.

If compliance with an Applicable Metric is established in accordance with the preceding paragraph, such Applicable Metric shall be deemed to have been complied with (or satisfied) for all purposes; provided that (a) the Issuer may elect, in its sole discretion, to recalculate any Applicable Metric on the basis of a more recent Applicable Test Date, in which case, such date of redetermination shall thereafter be deemed to be the relevant Applicable Test Date for purposes of such Applicable Metrics; and (b) save as contemplated in clause (a) above, compliance with any Applicable Metric shall not be determined or tested at any time after the relevant Applicable Test Date for such transaction and any actions or transactions related thereto.

If any Applicable Metric for which compliance was determined or tested as of an Applicable Test Date would at any time after the Applicable Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in such Applicable Metric (or any other Applicable Metric),such Applicable Metric will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations.

If any related requirements and conditions for which compliance or satisfaction was determined or tested as of the Applicable Test Date would at any time after the Applicable Test Date not have been complied with or satisfied, such requirements and conditions will not be deemed to have been failed to be complied with or satisfied.

If (x) any Applicable Metric is determined by reference to the greater of a fixed amount (the "fixed component") and a percentage of Consolidated EBITDA (the "grower component") and (y) the grower component of the Applicable Metric exceeds the applicable fixed component at any time on or after March 31, 2021, the fixed component shall be deemed to be increased to the highest amount of the grower component reached from time to time on or after March 31, 2021, and shall not subsequently be reduced as a result of any decrease in the grower component; provided that if the grower permission of any Applicable Metric exceeds the applicable numerical permission at any time as a result of an acquisition after the Issue Date that is permitted under the Indenture, the numerical permission shall be deemed to be increased to the highest amount of the grower permission reached from time to time as a result of any such acquisitions and shall not subsequently be reduced as a result of any decrease in the grower permission.

Events of Default

Each of the following will be an "Event of Default" under the Indenture:

(a) default for 30 days in the payment when due of any interest or any Additional Amounts on any Note;

(b) default in the payment of the principal of or premium, if any, on any Note at its Maturity (upon acceleration, optional or mandatory redemption, if any, required repurchase or otherwise);

(c) failure by the Issuer to comply with the provisions of "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(d) failure to comply with any covenant or agreement of the Issuer or of any Restricted Subsidiary that is contained in the Indenture (other than specified in clauses (a), (b) or (c) (solely as it relates to the Issuer) above) and such failure continues for a period of 60 days after notice by the Trustee on behalf of the Holders or the Holders of at least 25% in principal amount of the outstanding Notes;

(e) default under the terms of any instrument evidencing or securing the Debt for borrowed money (other than any such Debt owed to the Issuer or any Restricted Subsidiary) of the Issuer or any Restricted Subsidiary, if that default:

    (i) results in the acceleration of the payment of such Debt; or

(ii) is caused by the failure to pay such Debt at final maturity thereof after giving effect to the expiration of any applicable grace periods (and other than by regularly scheduled required prepayment) and such failure to make any payment has not been waived or the maturity of such Debt has not been extended (a "Payment Default"),

and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €75.0 million or more;

(f) any Guarantee by any Guarantor that is a Significant Subsidiary ceases to be, or shall be asserted in writing by any Guarantor that is a Significant Subsidiary, or any Person acting on behalf of any Guarantor that is a Significant Subsidiary, not to be in full force and effect or enforceable in accordance with its terms (other than as provided for in the Indenture or any Guarantee), if such Default continues for 10 days;

(g) one or more final judgments, orders or decrees (not subject to appeal and not covered by insurance) shall have been rendered against the Issuer or any Restricted Subsidiary for the payment of money either individually or in an aggregate amount, in each case in excess of € 75.0 million (after deducting any insurance or indemnity or contribution amounts actually recovered by the Issuer or a Restricted Subsidiary within 60 days of such judgment, order or decree), and either a creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or there shall have been a period of 60 consecutive days or more during which a stay of enforcement of such judgment, order or decree was not (by reason of pending appeal or otherwise) in effect;

(h) the occurrence of certain events of bankruptcy, insolvency, receivership, schemes of arrangement (where any creditors are materially impaired) or reorganization with respect to the Issuer, any Significant Subsidiary, or of other Restricted Subsidiaries that are not Significant Subsidiaries but would, in the aggregate, when taken together (as of the end of the most recently completed fiscal period) constitute a Significant Subsidiary if considered as a single Person; and

(i) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Indenture, as applicable) with respect to Collateral having a Fair Market Value in excess of €75.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents, as applicable, or any such security interest created thereunder shall be declared by a court of competent jurisdiction to be invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days.

However, a Default under clauses (d), (e) or (g) above will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the Default and, with respect to clauses (d) and (g) the Issuer does not cure such default within the time specified in clauses (d) or (g) above, as applicable, after receipt of such notice.

If an Event of Default (other than as specified in clause (h) above) occurs and is continuing, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer (and to the Trustee if such notice is given by the Holders) may, and the Trustee, upon the written request of such Holders, shall, declare the principal of, premium, if any, any Additional Amounts and accrued and unpaid interest on all of the outstanding Notes immediately due and payable, and upon any such declaration all such amounts payable in respect of the Notes will become immediately due and payable.

If an Event of Default specified in clause (h) above occurs and is continuing, then the principal of, premium, if any, Additional Amounts and accrued and unpaid interest on all of the outstanding Notes shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder of Notes.

In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (e) under "*—Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (e) shall be remedied or cured, or waived by the holders of the Debt, or the Debt that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

The Holders of not less than a majority in aggregate principal amount of the outstanding Notes may, on behalf of the Holders of all of the Notes, waive any past defaults under the Indenture (except a default in the payment of the principal of, premium, if any, and Additional Amounts or interest on any Note in which case, the consent of the Holders of 90% of the then outstanding Notes shall be required) and rescind any such acceleration with respect to such Notes and its consequences if such rescission would not conflict with any judgment or decree of a court of competent jurisdiction, and *provided* that the fees and expenses of the Trustee have been paid.

No Holder of any of the Notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder unless the Holders of at least 25% in aggregate principal amount of the outstanding Notes have made a written request and offered an indemnity and/or security satisfactory to the Trustee to institute such proceedings as Trustee under the Notes and the Indenture, the Trustee has failed to institute such proceeding within 60 days after receipt of such written notice and receipt of indemnity and/or security satisfactory to it and the Trustee within such 60-day period has not received directions inconsistent with such written request by Holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations do not, however, apply to a suit instituted by a Holder of a Note for the enforcement of the payment of the principal of, premium, if any, and Additional Amounts or interest on such Note on or after the respective due dates expressed in such Note.

If an Event of Default occurs and is continuing and written notice from the Issuer is given to a responsible officer of the Trustee in accordance with the notice provisions of the Indenture, the Trustee will deliver to each Holder of the Notes notice of the Event of Default within 60 Business Days after its occurrence. Except in the case of an Event of Default in the payment of principal of, premium, if any, Additional Amounts or interest on any Notes, the Trustee may withhold the giving of such notice to the Holders of such Notes if it determines in good faith that withholding the giving of such notice is in the best interests of the Holders of the Notes.

The Indenture will provide that (1) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "Initial Default") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (2) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—*Certain Covenants—Reports to Holders*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery prior to acceleration in respect of the relevant breach of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Trustee may assume without inquiry, in the absence of written notice, that the Issuer is duly complying with its obligations contained in the Indenture required to be observed and performed by it, and that no Default or Event of Default or other event that would require repayment of the Notes has occurred.

The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders of the Notes unless such Holders provide to the Trustee indemnity and/or security satisfactory to the Trustee against any loss. cost, expense or liability which might be incurred thereby.

Defeasance

The Indenture will provide that the Issuer may, at its option and at any time prior to the Stated Maturity of the Notes, elect to have the obligations of the Issuer and the Guarantors discharged with respect to the outstanding Notes ("Legal Defeasance"). Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire Debt represented by the outstanding Notes except as to:

(a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, Additional Amounts and interest on such Notes when such payments are due from the trust referred to below;

(b) the Issuer's obligations to issue temporary Notes, register, transfer or exchange any Notes, replace mutilated, destroyed, lost or stolen Notes, maintain an office or agency for payments in respect of the Notes and segregate and hold such payments on trust;

(c) the rights, powers, trusts, duties, indemnities and immunities of the Trustee and the obligations of the Issuer and the Guarantors in connection therewith; and

(d) the Legal Defeasance provisions of the Indenture.

If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default other than an Event of Default under clauses (a) or (b) of the definition thereof.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants set forth in the Indenture ("Covenant Defeasance") and thereafter any failure to comply with such covenants will not constitute a Default or an Event of Default with respect to the Notes. In the event that a Covenant Defeasance occurs, certain events described under "*—Events of Default*" will no longer constitute an Event of Default with respect to the Notes. These events will not include events relating to non-payment, bankruptcy, insolvency, receivership and reorganization. The Issuer may exercise its Legal Defeasance option regardless of whether it has previously exercised any Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer must irrevocably deposit or cause to be deposited on trust with the Trustee, or such other entity as may be designated for this purpose, for the benefit of the Holders of the Notes, cash in euros, European Government Obligations or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay and discharge the principal of, premium, if any, Additional Amounts and interest, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must:

    (i) specify whether the Notes are being defeased to maturity or to a particular redemption date; and

    (ii) if applicable, have delivered to the Trustee an irrevocable notice to redeem all of the outstanding Notes;

(b) in the case of Legal Defeasance, the Issuer must have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee stating that: (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or (ii) since the Issue Date, there has been a change in applicable U.S. federal income tax law, in either case to the effect that (and based thereon such opinion shall confirm that) the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default will have occurred and be continuing: (i) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit); or (ii) insofar as bankruptcy or insolvency events described in clause (h) of "*—Events of Default*" above are concerned, at any time during the period ending on the 123rd day after the date of such deposit;

(e) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a Default under (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit), the Indenture or any material agreement or instrument to which the Issuer or any Restricted Subsidiary is a party or by which the Issuer or any Restricted Subsidiary is bound;

(f) the Issuer must have delivered to the Trustee an opinion of counsel (subject to customary assumptions, exceptions, reservations and qualifications, in each case including as to enforceability) in the country of the Issuer's incorporation to the effect that after the 123rd day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and an opinion of counsel (subject to customary assumptions, exceptions, reservations and qualifications, in each case including as to enforceability) reasonably acceptable to the Trustee that the Trustee shall have a perfected security interest in such trust funds for the rateable benefit of the Holders of the Notes;

(g) the Issuer must have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders of the Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or other creditors, or removing assets beyond the reach of the relevant creditors or increasing debts of the Issuer to the detriment of the relevant creditors;

(h) no event or condition exists that would prevent the Issuer from making payments of the principal of, premium, if any, Additional Amounts and interest on the Notes on the date of such deposit or at any time ending on the 123rd day after the date of such deposit;

(i) the Issuer must have delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with; and

(j) the Issuer must have delivered to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

If the funds deposited with the Trustee or such other entity to effect Covenant Defeasance are insufficient to pay the principal of, premium, if any, Additional Amounts and interest on the Notes when due because of any acceleration occurring after an Event of Default, then the Issuer and the Guarantors will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes as expressly provided for in the Indenture) when:

(a) the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or such other entity as may be designated for this purpose) as funds on trust for such purpose an amount in euros or European Government Obligations sufficient to pay and discharge the entire Debt on such Notes that have not, prior to such time, been delivered to the Trustee or the Paying Agent for cancellation, for principal of, premium, if any, and any Additional Amounts and accrued and unpaid interest on the Notes to the date of such deposit (in the case of Notes which have become due and payable) or to the Stated Maturity or redemption date, as the case may be, and the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of Notes at Stated Maturity or on the redemption date, as the case may be and either:

    (i) all of the Notes that have been authenticated and delivered (other than destroyed, lost or stolen Notes that have been replaced or paid and Notes for which payment money has been deposited by the Issuer and thereafter repaid to the Issuer as provided for in the Indenture) have been delivered to the Paying Agent for cancellation; or

    (ii) all Notes that have not been delivered to the Trustee or the Paying Agent for cancellation: (x) have become due and payable (by reason of the sending, or delivery to Euroclear and Clearstream in the case of a Global Note, of a notice of redemption or otherwise); (y) will become due and payable within one year of Stated Maturity; or (z) are to be called for redemption within one year of the proposed discharge date under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption provided to it by the Issuer by the Paying Agent in the Issuer's name and at the Issuer's expense;

(b) the Issuer has paid or caused to be paid all other sums payable by the Issuer under the Indenture; *provided* that if requested by the Issuer in writing to the Trustee and the Paying Agent (which request may be included in the applicable notice of redemption or pursuant to an Officer's Certificate) no later than five (5) Business Days or such shorter period as the Trustee or the Paying Agent may agree prior to such distribution, the Trustee or the Paying Agent shall distribute to the Holders any amounts deposited prior to maturity or the redemption date, as the case may be; *provided*, *further*, that in such case, the payment to each Holder will equal the amount such Holder would have been entitled to receive at maturity or on the relevant redemption date, as the case may be, and, for the avoidance of doubt, the distribution and payment to Holders prior to the maturity or relevant redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts. To the extent that the Notes are represented by Global Notes deposited with a depositary for a clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system;

(c) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity, on the redemption date or such earlier date as instructed by the Issuer in accordance with clause (b) above, as the case may be; and

(d) the Issuer has delivered to the Trustee (i) an Officer's Certificate and (ii) an opinion of counsel (subject to customary assumptions, exceptions, reservations and qualifications, in each case including as to enforceability), each stating that all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied.

The Trustee shall be entitled to rely conclusively on such Officer's Certificate and opinion of counsel without independent verification, *provided* that any such counsel may rely on an Officer's Certificate as to matters of fact) (including as to compliance with the foregoing clauses (a), (b), (c) and (d)).

Amendments and Waivers

With the consent of the Holders of not less than a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes), the Issuer, the Guarantors, the Trustee and the Agents (as applicable) are permitted to amend or supplement (or, with respect to any Security Document, require the other relevant parties thereto to amend or supplement) the Indenture, the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Guarantees or the Security Documents or waive any default or compliance with any provisions thereof (unless a modification or amendment will only affect one series of the Notes, in which case only the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding in such series shall be required); *provided* that no such modification, amendment or waiver may, without the consent of Holders holding not less than 90% of the then outstanding principal amount of the Notes then outstanding (or, if a modification or amendment will only affect one series of the Notes, the consent of the Holders of at least 90% of the aggregate principal amount of the Notes then outstanding in such series):

(a) extend the Stated Maturity of the principal of, or any instalment of or Additional Amounts or interest on, any Note (or change any Default or Event of Default under clause (a) of the definition thereof related thereto);

(b) reduce the principal amount of any Note (or Additional Amounts or premium, if any) or the rate of or extend the stated time for payment of interest on any Note (or change any Default or Event of Default under clause (b) of the definition thereof related thereto);

(c) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*—Optional Redemption*";

(d) change the coin or currency in which the principal of any Note or any premium or any Additional Amounts or the interest thereon is payable on or after the due dates thereof;

(e) impair the right to institute suit for the enforcement of any payment of any Note in accordance with the provisions of such Note and the Indenture;

(f) make any change to the amendment or waiver provisions which require the Holders' consent described in this sentence;

(g) make any change to the provisions described under "*—Additional Amounts*" that adversely affect the rights of any holders or beneficial owners of the Notes;

(h) release any Guarantee, other than in compliance with the guarantor release provisions of the Indenture and the Intercreditor Agreement (and any Additional Intercreditor Agreement); and

(i) release any Lien on the Collateral granted for the benefit of the Holders, other than in compliance with the terms of the Indenture and the Intercreditor Agreement (and any Additional Intercreditor Agreement).

Notwithstanding the foregoing, without the consent of any Holder of the Notes, the Issuer, the Guarantors, the Trustee and the Agents (as applicable) may modify, amend or supplement (or, with respect to any Security Document, require the other relevant parties thereto to amend or supplement) the Indenture, the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Guarantees or the Security Documents, as applicable, to:

(a) evidence the succession of another Person to the Issuer or a Guarantor and the assumption by any such successor of the covenants in the Indenture, the Notes, any Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents, as applicable, in accordance with "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(b) add to the Issuer's covenants or those of any Guarantor or any other obligor in respect of the Notes for the benefit of the Holders of the Notes or to surrender any right or power conferred upon the Issuer or any Guarantor or any other obligor in respect of the Notes, as applicable, in the Indenture, the Notes, the Security Documents or any Guarantee;

(c) cure any ambiguity, omission, defect error or inconsistency;

(d) conform the text of the Indenture, the Notes, the Security Documents or any Guarantee to any provision of this Description of Notes to the extent that such provision in this "*Description of Notes*" was intended to be a verbatim or substantially verbatim recitation of a provision of the Indenture, the Notes, the Security Documents or any Guarantee;

(e) release any Guarantor in accordance with (and if permitted by) the terms of the Indenture or the Intercreditor Agreement (or any Additional Intercreditor Agreement);

(f) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Debt*" or "*—Certain Covenants—Limitation on Guarantees of Debt*," to add Guarantees, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is not prohibited by the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(g) evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture;

(h) make any change that would provide additional rights of or benefits to the Trustee or the Holders or that does not adversely affect the rights of or benefits to the Trustee or any of the Holders in any material respect under the Indenture, the Notes, any Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents (as determined by the Issuer in good faith in respect of Holders); and

(i) provide for the issuance of Additional Notes in accordance with and if permitted by the terms of and limitations set forth in the Indenture.

The Trustee shall be entitled to receive and rely absolutely on an Officer's Certificate and an opinion of counsel as to the permissibility of any such amendment, supplement or waiver.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment to the Indenture, the Notes or any Guarantee. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of the Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Currency Indemnity

The euro is the required currency (the "Required Currency") of account and payment for all sums payable under the Notes, the Guarantees and the Indenture. Any amount received or recovered in respect of the Notes or the Guarantees in a currency other than the Required Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, any Subsidiary or otherwise) by the Trustee and/or a Holder of the Notes in respect of any sum expressed to be due to such Holder from the Issuer or the Guarantors will constitute a discharge of their obligation only to the extent of the Required Currency amount which the recipient is able to purchase with the amount so received or recovered in such other currency on the date of that receipt or recovery (or, if it is not possible to purchase the Required Currency on that date, on the first date on which it is possible to do so). If the Required Currency amount that could be recovered following such a purchase is less than the Required Currency amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will jointly and severally indemnify the recipient or the Trustee against the cost of the recipient or the Trustee's making a further purchase of the Required Currency in an amount equal to such difference. For the purposes of this paragraph, it will be *prima facie* evidence of the matter stated herein for the Trustee and/or Holder to certify that it would have suffered a loss had the actual purchase of the Required Currency been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of the Required Currency on that date had not been possible, on the first date on which it would have been possible). These indemnities, to the extent permitted by law:

(a) constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations;

(b) give rise to a separate and independent cause of action;

(c) apply irrespective of any waiver granted by any Holder of a Note or the Trustee; and

(d) will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

Notices

For so long as the Notes are admitted to trading on the Exchange and the rules and regulations of the Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent to the extent and in the manner permitted by such rules and regulations. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes may be delivered by or on behalf of the Issuer to Euroclear and Clearstream.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed; and *provided*, *further*, that any notice delivered via e-mail or other electronic means shall be deemed to have been "sent" in accordance with the terms of this paragraph. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to send a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is sent in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note will waive and release all such liability. The waiver and release will be part of the consideration for issuance of the Notes.

The Trustee and the Security Agent

Citibank, N.A., London Branch is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which written notice from the Issuer is given to a responsible officer of the Trustee in accordance with the notice provisions of the Indenture, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, of which written notice from the Issuer is given to a responsible officer of Trustee in accordance with the notice provisions of the Indenture, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, certain taxes and expenses incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

The Indenture contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

Citibank, N.A., London Branch will initially act as Security Agent under the Intercreditor Agreement and the Security Documents on behalf of the secured creditors, including the Trustee and the Holders. The Security Agent, acting in its capacity as such, shall have such duties with respect to the Collateral as are set forth in the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. Under certain circumstances, the Security Agent may have obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents that are in conflict with the interests of the Holders. The Security Agent will be under no obligation to exercise any rights or powers conferred under the Intercreditor Agreement or any of the Security Documents for the benefit of the secured creditors (other than the Trustee) unless such secured creditors (other than the Trustee) have provided to the Security Agent indemnity and/or security satisfactory to the Security Agent against any loss, liability or expense. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Security Agent, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Security Documents and has not relied on or will not at any time rely on the Security Agent or the Trustee in respect of such risks.

Governing Law

The Indenture, the Notes and the Guarantees are governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and any Additional Intercreditor Agreement will be governed by and construed in accordance with, English law.

Certain Definitions

"Acquired Debt" means Debt of a Person:

(a) existing at the time such Person becomes a Restricted Subsidiary or is merged into or consolidated with the Issuer or any Restricted Subsidiary; or

(b) assumed in connection with the acquisition of assets from any such Person,

provided that, in each case, such Debt was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be.

Acquired Debt shall be deemed to be Incurred on the date the acquired Person becomes a Restricted Subsidiary (or is merged into or consolidated with the Issuer or any Restricted Subsidiary, as the case may be) or the date of the related acquisition of assets from any Person.

"Acquisition" means the Issuer's acquisition of all of the issued and outstanding share capital of the Target and related transactions as described in the Offering Memorandum;

"Affiliate" means, with respect to any specified Person any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling," "controlled" have meanings correlative to the foregoing.

"Agent" means the Paying Agent, the Registrar and the Transfer Agent (each an "Agent" and together the "Agents").

"Agreed Security Principles" means the agreed security principles appended to the Indenture.

"Applicable Metric" means any financial covenant or financial ratio or Incurrence-based permission, test, basket or threshold in the Indenture (including any financial definition or component thereof and any financial ratio, test, basket or threshold or permission based on the calculation of Consolidated EBITDA, Consolidated Fixed Charges, Consolidated Net Debt, Consolidated Net Income, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage, Consolidated Senior Secured Net Leverage Ratio, or the Fixed Charge Coverage Ratio), any Default, Event of Default or other relevant breach of the Indenture.

"Applicable Redemption Premium" means with respect to any Note the greater of:

(a) 1% of the principal amount of such Note; and

(b) on any redemption date, the excess (to the extent positive) of:

  (i) the present value at such redemption date of (A) the redemption price of such Note at November 15, 2022, in the case of the 2025 Notes and November 15, 2023, in the case of the 2027 Notes (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—*Optional Redemption*" with respect to the relevant series of Notes (excluding accrued and unpaid interest)), plus (B) all required interest payments due on such Note to and excluding November 15, 2022, in the case of the 2025 Notes or November 15, 2023, in the case of the 2027 Notes (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date (or, if greater than such Bund Rate, zero) plus 50 basis points; over

  (ii) the outstanding principal amount of such Note;

  For the avoidance of doubt, calculation of the Applicable Redemption Premium shall be made by or on behalf of the Issuer and shall not be a duty or obligation of the Trustee or any Agent.

"Applicable Reporting Date" means, as at any date of determination, at the Issuer's election (which election the Issuer may revoke and re-make at any time and from time to time):

(a) if no report or financial statements have yet been delivered pursuant to clause (1)(a) or (b) of the first paragraph of the covenant described under "—*Certain Covenants—Reports*" since the Issue Date, the Issue Date;

(b) the last day of the most recent fiscal quarter in respect of which a report or financial statements have been delivered pursuant to clause (1)(a) or (b) of the first paragraph of the covenant described under "—*Certain Covenants—Reports*," with such Applicable Metric determined by reference to such report or financial statements, whichever is more recent; or

(c) the last day of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which the Group has sufficient available information to be able to determine such Applicable Metric, with such Applicable Metric determined by reference to such available information.

“Applicable Test Date” means the Applicable Transaction Date or, at the Issuer’s election (which election the Issuer may revoke and re-make at any time and from time to time), the Applicable Reporting Date prior to any Applicable Transaction Date.

“Applicable Transaction” means any Investment, acquisition, disposition, sale, merger, joint venture, consolidation or other business combination transaction, Incurrence, Change of Control, assumption, commitment, issuance, incurrence, repayment, repurchase or refinancing of Debt, Redeemable Capital Stock or Preferred Stock and the use of proceeds thereof, any creation of a Lien, any Restricted Payment, any designation of a Restricted Subsidiary or Unrestricted Subsidiary, any Asset Sale or any other transaction for which an Applicable Metric falls to be determined; provided that, if any such transaction (the “first transaction”) is being effected in connection with another such transaction (the “second transaction”), the second transaction shall also be an Applicable Transaction with respect to the first transaction.

“Applicable Transaction Date” means, in relation to any Applicable Transaction, at the Issuer’s election (which election the Issuer may revoke and re-make at any time and from time to time):

(a) the date of any letter, definitive agreement, instrument, put option, scheme of arrangement or similar arrangement in relation to such Applicable Transaction (unilateral, conditional or otherwise);

(b) the date that any commitment, offer, announcement, communication or declaration (unilateral, conditional, or otherwise) with respect to such Applicable Transaction is made or received;

(c) the date that any notice, which may be revocable or conditional, of any repayment, repurchase or refinancing of any relevant Debt is given to the holders of such Debt;

(d) the date of consummation, Incurrence, payment or receipt of payment in respect of the Applicable Transaction;

(e) any other date determined in accordance with the Indenture; or

(f) any other date relevant to the Applicable Transaction determined by the Issuer in good faith.

“Asset Sale” means any sale, issuance, conveyance, transfer, lease (other than operating leases) or other disposition (including, without limitation, by way of merger, consolidation, amalgamation or other combination or sale and leaseback transaction) (collectively, a “transfer”), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Subsidiary (other than directors’ qualifying shares or shares required by applicable law to be held by a Person other than the Issuer or a Subsidiary); or

(b) any of the Issuer’s or any Restricted Subsidiary’s properties or assets. Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

    (i) any single transaction or series of related transactions that involves assets or Capital Stock having a Fair Market Value of less than the greater of €125 million and 15.0% of Consolidated EBITDA;

    (ii) any transfer or disposition of assets (including Capital Stock of any Subsidiary) by the Issuer to any Restricted Subsidiary, or by any Restricted Subsidiary to the Issuer or any Restricted Subsidiary;

(iii) any transfer or disposition of obsolete, damaged, surplus, worn out or permanently retired equipment or facilities or other assets that are no longer useful in the conduct of the Issuer's and any Restricted Subsidiary's business;

(iv) sales, discounts or dispositions of receivables (a) on commercially reasonable terms in the ordinary course of business, (b) in any factoring or supply chain financing transaction or similar transaction in the ordinary course of business or (c) in connection with any Qualified Receivables Financing;

(v) any transfer or disposition of assets that is governed by the provisions of the Indenture described under "*—Certain Covenants—Merger, Consolidation or Sale of Assets*" or "*—Certain Covenants—Change of Control*";

(vi) any "fee in lieu" or other disposition of assets to any governmental authority or agency that continue in use by the Issuer or any Restricted Subsidiary, so long as the Issuer or any Restricted Subsidiary may obtain title to such assets upon reasonable notice by paying a nominal fee;

(vii) transfers of Capital Stock in a Restricted Subsidiary to a Person making contributions to such Restricted Subsidiary to fund its capital expenditure, to the extent the Issuer determines in good faith appropriate to reflect the level of such contribution compared to the contribution, if any, made by the Issuer or any Restricted Subsidiary;

(viii) the sale, lease, sublease, assignment or other disposition of any real or personal property or any equipment, inventory, trading stock or other assets in the ordinary course of business, including, without limitation, pursuant to agreements entered into in the ordinary course of business;

(ix) (a) an issuance or transfer of Capital Stock by a Restricted Subsidiary (i) to the Issuer or to another Restricted Subsidiary or (ii) as part of, or pursuant to, an equity incentive or compensation plan approved by the Board of Directors of the Issuer or (b) the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(x) any issuance, sale or disposition of Capital Stock, Debt or other securities of an Unrestricted Subsidiary;

(xi) any making of a Restricted Payment that does not violate the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Investment, or, solely for purposes of paragraphs (1)(b) and (2) under "*—Certain Covenants—Limitation on Asset Sales*," asset sales, in respect of which (but only to the extent that) the proceeds are used to make such Restricted Payments or Permitted Investments);

(xii) any transfer, termination, unwinding or other disposition of any Hedging Agreements in the ordinary course of business and not for speculative purposes;

(xiii) sales of assets received by the Issuer or any Restricted Subsidiary upon the foreclosure on a Lien granted in favor of the Issuer or any Restricted Subsidiary or any other transfer of title with respect to any secured investment in default;

(xiv) any disposition in connection with a Permitted Lien;

(xv) the licensing, sub-licensing, lease, sublease, conveyance or assignment of intellectual property or other general intangibles and licenses, sub-licenses, leases, subleases, conveyances or assignments of other property, in each case, in the ordinary course of business;

(xvi) the abandonment or disposition of patents, trade marks or other intellectual property that are, in the good faith opinion of the Issuer, no longer economically practicable to maintain or useful in the conduct of the business of the Issuer and its Subsidiaries taken as a whole;

(xvii) any disposition arising from foreclosure, condemnation or any similar action with respect to any property or other assets;

(xviii) the surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(xix) any disposition with respect to property, whether tangible or intangible, built by or on behalf of, or owned or otherwise acquired by, the Issuer or any Restricted Subsidiary (a) pursuant to a customary sale and leaseback transaction, asset securitizations and other similar financings permitted by the Indenture or (b) on behalf of, or for the benefit of, a customer, or with the intention to transfer such property to a customer, in connection with a transaction or series of transactions under which the Issuer or any Restricted Subsidiary earns a fee for, or derives a benefit from, participating in such transaction or series of transactions;

(xx) a disposition of cash or Cash Equivalents;

(xxi) sales, transfers or other disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "*—Certain Covenants—Limitation on Asset Sales*" covenant;

(xxii) any sale or other disposition made pursuant to, or as a result of, a final judgment or court order related to a liquidation or unpaid claim;

(xxiii) any disposition in connection with a Tax Sharing Agreement;

(xxiv) discount or disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(xxv) any disposition of assets to any governmental authority or agency pursuant to state asset acquisition laws, regulations or rules; or

(xxvi) any disposition of assets as part of the eBay Scandinavia Transaction.

"Board of Directors" means:

(a) with respect to any corporation, the board of directors or managers of the corporation (which, in the case of any corporation having both a supervisory board and an executive or management board, shall be the executive or management board) or any duly authorized committee thereof;

(b) with respect to any partnership, the board of directors of the general partner of the partnership or any duly authorized committee thereof;

(c) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof; and

(d) with respect to any other Person, the board or any duly authorized committee thereof or committee of such Person serving a similar function.

"Bund Rate" as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the repayment date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Issuer) most nearly equal to the period from the repayment date to November 15, 2022, in the case of the 2025 Notes or November 15, 2023, in the case of the 2027 Notes; *provided*, *however*, that if the period from the repayment date to November 15, 2022, in the case of the 2025 Notes or November 15, 2023, in the case of the 2027 Notes is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such repayment date to November 15, 2022, in the case of the 2025 Notes or November 15, 2023, in the case of the 2027 Notes is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used and provided that "Bund Rate" shall be at least 0.00%.

"Business Day" means a day other than a Saturday, Sunday or other day on which banking institutions in Oslo, Norway, London, United Kingdom, New York, United States, or a place of payment under the Indenture are authorized or required by law to close other than a day which is not a TARGET Settlement Day.

"Capital Stock" means, with respect to any Person, any and all shares, interests, partnership interests (whether general or limited), participations, rights in or other equivalents (however designated) of such Person's equity, any other interest or participation that confers the right to receive a share of the profits and losses, or distributions of assets of, such Person and any rights (other than debt securities convertible into or exchangeable for Capital Stock), warrants or options exchangeable for, or convertible into, such Capital Stock, whether now outstanding or issued after the Issue Date.

"Capitalized Lease Obligation" means, with respect to any Person, any obligation of such Person under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be capitalized and reflected as a liability on a balance sheet (excluding footnotes thereto) prepared under with IFRS and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Cash Equivalents" means any of the following:

(a) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, Switzerland, Norway or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the Pre-Expansion European Union or the United States of America, Switzerland, Norway or Canada, as the case may be, and which are not callable or redeemable at the Issuer's or any Restricted Subsidiary's option;

(b) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits (and similar instruments) with maturities of twelve months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €300.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "Baa3" or higher by Moody's, "BBB−" or higher by S&P, "BBB−" or higher from Fitch or the equivalent rating category of another internationally recognized rating agency;

(c) commercial paper having one of the two highest ratings obtainable from Moody's, S&P or Fitch and, in each case, maturing within one year after the date of acquisition;

(d) repurchase obligations with a term of not more than thirty days for underlying securities of the type described in clause (a) or (b) above, entered into with any financial institution meeting the qualifications described in clause (b) above; and

(e) interests in any investment company or money market fund at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (d) above.

"Change of Control" means the occurrence of any of the following events:

(a) the Issuer becomes aware of any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date) becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent; or

(b) the sale (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all the assets of the Issuer and its Subsidiaries, taken as a whole, to another Person other than a Restricted Subsidiary.

"Clearing System Business Day" means Monday to Friday, inclusive, except December 25 and January 1.

"Clearstream" means Clearstream Banking S.A. and its successors.

"Collateral" means the rights, property and assets securing or otherwise benefitting the Notes and/or the Guarantees as described under the caption "—*Security*" and any rights, property or assets over which a lien has been granted to secure the obligations of the Issuer or the Guarantors under the Notes, the Guarantees or the Indenture.

"Commission" means the U.S. Securities and Exchange Commission.

"Commodities Agreement" means any agreement or arrangement designed to protect the relevant Person against fluctuations in commodities prices.

"Completion Date" means the date on which the Acquisition is consummated.

"Completion Date Guarantors" means Adevinta Finance AS, Adevinta Oak Holdings B.V. and, if eBay Classifieds Holding B.V. has not merged into Adevinta Oak Holdings B.V. on or prior to the Completion Date, eBay Classifieds Holding B.V.

"Completion Date Market Capitalization" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Issuer on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately following the Completion Date.

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(a) provision for taxes based on income or profits of the Issuer and the Restricted Subsidiaries for such period, and any charge for such taxes incurred and any charge for or in respect of any surrender of group relief by the Issuer or a Restricted Subsidiary pursuant to a Tax Sharing Agreement; plus

(b) the Consolidated Fixed Charges of the Issuer and the Restricted Subsidiaries for such period; plus

(c) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees), goodwill and other non-cash charges and expenses (including, without limitation, write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Issuer and the Restricted Subsidiaries for such period) of the Issuer and the Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; plus

(d) any expenses, charges or other costs related to the issuance, offer or sale of any Capital Stock, or any Permitted Investment, acquisition, disposition, recapitalization or listing or the Incurrence of Debt, in each case, whether or not successful; plus

(e) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Capital Stock held by such parties; plus

(f) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds, or such amount becoming payable, were included in computing Consolidated Net Income; plus

(g) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by the Issuer or any Restricted Subsidiary to the extent such expenses were included in computing Consolidated Net Income; plus

(h) any income, charge or other expense attributable to post-employment benefit, pension, fund or similar obligation other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; plus

(i) any net loss included in Consolidated Net Income attributable to non-controlling interests; plus

(j) with respect to any joint venture, an amount equal to the portion of those items described in clauses (a), (b) and (c) above relating to such joint venture corresponding to the Issuers' and its Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent the same was deducted (and not added back) in calculating Consolidated Net Income; plus

(k) to the extent not otherwise included herein, adjustments, and add-backs similar to those or of the nature of those made in calculating "Pro Forma Further Adjusted EBITDA" in the Offering Memorandum; plus

(l) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing or any other receivables financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period; plus

(m) non-cash items reducing such Consolidated Net Income for such period, other than the reversal of a reserve for cash charges in a future period in the ordinary course of business.

For the purposes of determining "Consolidated EBITDA", pro forma effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries.

"Consolidated Fixed Charges" means, for any period, without duplication and in each case determined in accordance with IFRS, the sum of:

(a) consolidated interest expense of the Issuer and the Restricted Subsidiaries to the extent deducted in calculating Consolidated Net Income for such period, plus, to the extent not otherwise included in consolidated interest expense:

  (i) amortization of original issue discount (but not including deferred financing fees, debt issuance costs and premium, commissions, fees and expenses owed or paid with respect to financings);

  (ii) the net payments made or received pursuant to any Hedging Agreements (including amortization of fees and discounts);

  (iii) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and similar transactions; and

  (iv) the interest portion of any deferred payment obligation and amortization of debt issuance costs; plus

(b) the interest component of the Issuer's and the Restricted Subsidiaries' Capitalized Lease Obligations accrued and/or scheduled to be paid or accrued during such period other than the interest component of Capitalized Lease Obligations between or among the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries; plus

(c) the Issuer's and the Restricted Subsidiaries non-cash interest expenses and interest that was capitalized during such period; plus

(d) the interest expense on Debt of another Person to the extent such Debt is guaranteed by the Issuer or any Restricted Subsidiary or secured by a Lien on the Issuer's or any Restricted Subsidiary's assets, but only to the extent that such interest is actually paid by the Issuer or such Restricted Subsidiary; plus

(e) cash and non-cash dividends due (whether or not declared) on the Issuer's Redeemable Capital Stock and any Restricted Subsidiary's Preferred Stock (to any Person other than the Issuer or any Restricted Subsidiary), in each case for such period,

minus (i) accretion or accrual of discounted liabilities other than Debt; (ii) any expense resulting from the discounting of any Debt in connection with the application of purchase accounting in connection with any acquisition; (iii) interest with respect to Debt of any Holding Company of any Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS; (iv) any Additional Amounts with respect to the Notes or other similar tax gross-up on any Debt (including, without limitation, under any Credit Facility), which is included in interest expenses under IFRS; (v) any capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Debt; and (vi) any interest income of the Issuer and the Restricted Subsidiaries.

"Consolidated Net Debt" means, as of any date of determination, the sum of the total amount of Debt of the Issuer and the Restricted Subsidiaries, less cash and Cash Equivalents, in each case that would be stated on the balance sheet of the Issuer and the Restricted Subsidiaries on a consolidated basis on such date. In respect of any applicable period, the exchange rate used to calculate Consolidated Net Debt will be either (as the Issuer's discretion) the weighted average exchange rate for the period of the Issuer's most recent four consecutive fiscal quarters for which internal consolidated financial statement are available prior to the date of determination or the weighted average exchange rate on the last day of the most recent period for which internal consolidated financial statements are available prior to the date of determination, *provided* that, where applicable, any amount of Debt will be stated so as to take into account the hedging effect of any currency hedging entered into in respect of or by reference to that Debt.

"Consolidated Net Income" means, for any period, the Issuer's and the Restricted Subsidiaries' consolidated net income (or loss) for such period as determined in accordance with IFRS, adjusted by excluding (to the extent included in such consolidated net income or loss), without duplication:

(a) the portion of net income (and the loss unless and to the extent funded in cash by the Issuer or a Restricted Subsidiary) of any Person (other than the Issuer or a Restricted Subsidiary), including Unrestricted Subsidiaries, in which the Issuer or any Restricted Subsidiary has an equity ownership interest, except that the Issuer's or a Restricted Subsidiary's equity in the net income of such Person for such period shall be included in such Consolidated Net Income to the extent of the aggregate amount of dividends or other distributions actually paid to the Issuer or any Restricted Subsidiary in cash dividends or other distributions during such period;

(b) solely for the purpose of determining the amount available for Restricted Payments under paragraph (2)(c)(i) of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," the net income (but not the loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary is not at the date of determination permitted, directly or indirectly, by operation of the terms of its articles of incorporation, charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its shareholders (other than (i) restrictions that have been waived or otherwise released, (ii) restrictions pursuant to the Indenture, (iii) contractual restrictions in effect on the Issue Date with respect to a Restricted Subsidiary or on the Completion Date with respect to Target and its Subsidiaries, and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date or on the Completion Date with respect to Target and its Subsidiaries, and (iv) restrictions specified in the covenant described under "*—Certain Covenants—Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries*") except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(c) net after-tax gains attributable to the termination of any employee pension benefit plan;

(d) any restoration to net income of any contingency reserve, except to the extent provision for such reserve was made out of income accrued at any time following the Issue Date;

(e) any net gain or loss arising from the acquisition of any securities or extinguishment, under IFRS, of any Debt of such Person;

(f) the net income attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued);

(g) the cumulative effect of a change in accounting principles;

(h) the net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiary (including pursuant to a sale and leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(i) any pre-tax special, extraordinary, one-off, irregular, exceptional, unusual or non-recurring gain, loss, expense or charge (including one-off investment in plant, property and equipment, for example vehicles or material handling equipment), or any charges in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the refinancing or any investments), acquisition costs including fees and expenses relating to the Acquisition and related financings, business optimization, system establishment, software or information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(j) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(k) any unrealized gains or losses in respect of any Hedging Agreements or other derivative instruments or forward contracts or any ineffectiveness recognized in earnings related to a qualifying hedge transaction or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Agreements;

(l) any unrealized foreign currency transaction gains or losses in respect of Debt or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from re-measuring assets and liabilities denominated in foreign currencies;

(m) any unrealized foreign currency translation or transaction gains or losses in respect of Debt or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(n) any goodwill or other intangible asset impairment charge or write-off or write-down; and

(o) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Debt.

"Consolidated Net Leverage Ratio" means, as at any date of determination, the ratio of: (1) the *pro forma* Consolidated Net Debt on such date, to (2) the *pro forma* Consolidated EBITDA for the period of the Issuer's most recent four consecutive fiscal quarters for which internal consolidated financial statement are available prior to the date of determination; *provided* that:

(a) if the Issuer or any Restricted Subsidiary has Incurred any Debt since the beginning of such period that remains outstanding or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is an Incurrence of Debt or both, Consolidated EBITDA and Consolidated Net Debt for such period shall be calculated, without duplication, after giving effect on a *pro forma* basis to such Debt as if such Debt had been Incurred on the first day of such period;

(b) if the Issuer or any Restricted Subsidiary has repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Debt (each a "Discharge") since the beginning of such period that is no longer outstanding or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is a Discharge of Debt or both, Consolidated EBITDA and Consolidated Net Debt for such period shall be calculated, without duplication, after giving effect on a *pro forma* basis to such Discharge as if such Discharge had occurred on the first day of such period;

(c) if, since the beginning of such period, the Issuer or any Restricted Subsidiary shall have made any Asset Sale, Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Sale for such period, or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto, for such period and the Consolidated Net Debt for such date or period shall be reduced by an amount equal to the Consolidated Net Debt directly attributable to any Debt of the Issuer or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Issuer and the continuing Restricted Subsidiaries in connection with such Asset Sale for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Net Debt for such date or period directly attributable to the Debt of such Restricted Subsidiary to the extent the Issuer and the continuing Restricted Subsidiaries are no longer liable for such Debt after such sale);

(d) if, since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger, consolidation, amalgamation or other combination or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of an asset occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, Consolidated EBITDA and Consolidated Net Debt for such period shall be calculated after giving *pro forma* effect thereto as if such Investment or acquisition occurred on the first day of such period; and

(e) if, since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Sale or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (c) or (d) if made by the Issuer or a Restricted Subsidiary during such period, Consolidated EBITDA and Consolidated Net Debt for such period shall be calculated after giving *pro forma* effect thereto as if such Asset Sale or Investment or acquisition occurred on the first day of such period, *provided*, *however*, the *pro forma* calculation of the Consolidated Net Leverage Ratio shall not give effect to (i) any Debt Incurred on the date of determination pursuant to paragraph (2) of "*—Certain Covenants—Limitation on Debt*" (other than with respect to clause (r)(ii) of such covenant) or (ii) the discharge on the date of determination of any Debt to the extent that such discharge results from the proceeds incurred pursuant to paragraph (2) of "*—Certain Covenants—Limitation on Debt*."

If any Debt bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Debt for a period equal to the remaining term of such Interest Rate Agreement).

For purposes of this definition, without double counting, (1) *pro forma* effect may be given to any transaction referred to in clauses (a) through (e) above, or the amount of income or earnings relating thereto, and the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such transaction (calculated on a *pro forma* basis as though such cost savings or synergies had been realized on the first day of the relevant period) net of the amounts of any actual benefits realized during the relevant period from such actions) shall be as determined in good faith by the Chief Financial Officer of the Issuer or an authorized responsible financial or accounting Officer of the Issuer and (2) when determining *pro forma* Consolidated EBITDA of the Issuer and the Restricted Subsidiaries, the Issuer may adjust Consolidated EBITDA to add an amount equal to the cost savings or synergies projected to be realized as the result of actions taken or to be taken on or prior to the date that is 24 months after the consummation of any transaction (calculated on a *pro forma* basis as though such cost savings or synergies had been realized on the first day of the relevant period), net of the amount of any actual benefits realized during the relevant period from such actions, as determined in good faith by the Chief Financial Officer of the Issuer or an authorized responsible financial or accounting Officer of the Issuer.

"*Consolidated Senior Secured Net Leverage*" means, as of the date of determination, the sum of the total amount of Senior Secured Debt of the Issuer and its Restricted Subsidiaries less cash and Cash Equivalents, in each case on a consolidated basis.

"*Consolidated Senior Secured Net Leverage Ratio*" means, as at any date of determination, the ratio of: (1) Consolidated Senior Secured Net Leverage as of the end of the most recent fiscal quarter for which internal consolidated financial statements are available, to (2) Consolidated EBITDA for the period of the Issuer's most recent four consecutive fiscal quarters for which internal consolidated financial statements are available, with such *pro forma* adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Net Leverage Ratio.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Debt ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

 (a) for the purchase or payment of any such primary obligation; or

 (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Contribution Amounts" means the aggregate amount of capital contributions applied by the Issuer to permit the Incurrence of Contribution Debt pursuant to clause (2)(t) of the covenant described under the caption "*—Certain Covenants—Limitation on Debt*."

"Contribution Debt" means Debt of the Issuer or any Restricted Subsidiary in an aggregate principal amount not greater than 100% of the aggregate amount of net cash contributions (other than the proceeds from the issuance of Redeemable Capital Stock or Preferred Stock or contributions by the Issuer or any Restricted Subsidiary) made to the equity capital of the Issuer or such Restricted Subsidiary (in each case, other than by a Subsidiary of the Issuer) (whether through the issuance or sale of Capital Stock (other than Redeemable Capital Stock or Preferred Stock) or Subordinated

Shareholder Debt or otherwise contributed to equity (other than through Redeemable Capital Stock or Preferred Stock)) in each case after the Issue Date; *provided* that such Contribution Debt:

(a) is Incurred within 180 days after the making of the related cash capital contribution; and

(b) is so designated as "Contribution Debt" pursuant to an Officer's Certificate no later than the date of Incurrence thereof.

"Credit Facility" or "Credit Facilities" means, one or more debt facilities or indentures, as the case may be, (including the Senior Credit Facilities) or commercial paper facilities, arrangements, instruments, note purchase agreements or commercial paper facilities and overdraft facilities, in each case, with banks, insurance companies or other institutional lenders or investors providing for revolving credit loans, term loans, bankers acceptances, receivables or inventory financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), notes, letters of credit or other Debt, in each case, as amended, supplemented, restated, modified, renewed, refunded, replaced, refinanced, repaid, increased or extended in whole or in part from time to time (each, for purposes of paragraph (2)(a) of "*—Certain Covenants—Limitation on Debt*," a "refinancing") (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the Senior Credit Facilities or one or more other credit or other agreements, indentures, note purchase agreements, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, charges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (a) changing the maturity of any Debt Incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (c) increasing the amount of Debt Incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

"Currency Agreements" means, in respect of a Person, any spot or forward foreign exchange agreements and currency swap, currency option or other similar financial agreements or arrangements designed to protect such Person against or manage exposure to fluctuations in foreign currency exchange rates.

"Debt" means, with respect to any Person on any date of determination, without duplication:

(a) the principal of indebtedness of such Person for borrowed money (including overdrafts) or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities Incurred in the ordinary course of business;

(b) the principal of obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;

(c) all reimbursement obligations of such Person in connection with any letters of credit, bankers' acceptances or other similar facilities (the amount of such obligation being equal at any time to the aggregate amount of drawings thereunder that have not then been reimbursed);

(d) all debt of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), which is due more than one year after its incurrence but excluding trade payables arising in the ordinary course of business;

(e) all Capitalized Lease Obligations of such Person;

(f) all obligations of such Person under or in respect of any Hedging Agreements (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);

(g) all Debt referred to in (but not excluded from) the preceding clauses (a) through (f) of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt (the amount of such obligation being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the obligation so secured);

(h) all guarantees by such Person of Debt referred to in this definition of any other Person;

(i) all Redeemable Capital Stock of such Person valued at the greater of its voluntary maximum fixed repurchase price and involuntary maximum fixed repurchase price; and

(j) Preferred Stock of any Restricted Subsidiary,

in each case to the extent it appears as a liability on the balance sheet in accordance with IFRS; *provided* that the term "Debt" shall not include: (i) non-interest bearing instalment obligations and accrued liabilities Incurred in the ordinary course of business that are (a) not more than 180 days past due or (b) more than 180 days past due but with the consent of the payee or as the result of a *bona fide* ongoing negotiation over such liabilities; (ii) any pension obligations of the Issuer or a Restricted Subsidiary; (iii) Debt incurred by the Issuer or one of the Restricted Subsidiaries in connection with a transaction where (a) such Debt is borrowed from a bank or trust company organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof, Switzerland, Norway or Canada or any commercial banking institution that is a member of the U.S. Federal Reserve System, in each case having a combined capital and surplus and undivided profits of not less than €250.0 million, whose long-term, unsecured, unsubordinated and unguaranteed debt has a rating immediately prior to the time such transaction is entered into, of "BBB−" or higher by S&P, "Baa3" or higher by Moody's, "BBB−" or higher from Fitch or the equivalent rating category of another internationally recognized rating agency and (b) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such Debt, or a Subsidiary or affiliate thereof, in amount equal to such Debt; (iv) obligations under a Tax Sharing Agreement, up to an amount not to exceed, with respect to such obligations, the amount of such Taxes that the Issuer and the Restricted Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis if the Issuer and the Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and the Restricted Subsidiaries; (v) any guarantee, indemnity, bond, standby letter of credit or similar instrument in respect of commercial obligations of the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such guarantees, indemnities, bonds or letters of credit are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the guarantee, indemnity, bond or letter of credit; (vi) Subordinated Shareholder Debt; (vii) in connection with any previous or future purchase by the Issuer of any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not definitively determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 60 days thereafter, (viii) obligations under or in respect of Qualified Receivables Financings, (ix) Contingent Obligations Incurred in the ordinary course of business and (x) any obligations arising as a result of cash held on behalf of customers or consumers.

For purposes of this definition, the "maximum fixed repurchase price" of any Redeemable Capital Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Debt will be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Redeemable Capital Stock, such Fair Market Value will be determined in good faith by the Board of Directors of the issuer of such Redeemable Capital Stock; *provided*, that if such Redeemable Capital Stock is not then permitted to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Redeemable Capital Stock as reflected in the most recent financial statements of such Person.

"Default" means any event that is, or after the giving of notice or passage of time or both would be, an Event of Default.

"Designated Non-cash Consideration" means the Fair Market Value of non-cash consideration received by the Issuer or one of the Restricted Subsidiaries in connection with an Asset Sale that is so designated as "Designated Non-cash Consideration" pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

"Disinterested Member" means, with respect to any transaction or series of related transactions, a member of the Issuer's Board of Directors who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions, *provided* that the ownership of Capital Stock in a Person that has a direct or indirect financial interest in or with respect to such transactions or series of related transactions will not in itself disqualify a member of the Issuer's Board of Directors from being a Disinterested Member with respect to any transaction or series of related transactions.

"Dutch Merger" means the merger between Adevinta Oak Holdings B.V. as acquiring company (*verkrijgende vennootschap*) and eBay Classifieds Holdings B.V. as disappearing company (*verdwijnende vennootschap*) pursuant to which eBay Classifieds Holdings B.V. will merge into Adevinta Oak Holdings B.V. as a consequence of which Adevinta Oak Holdings B.V. will receive all assets and liabilities of eBay Classifieds Holdings B.V. under universal title of succession and eBay Classifieds Holdings B.V. will cease to exist.

"Dutch Party" means any Guarantor that is organized under the laws of the Netherlands or otherwise resident for tax purposes of the Netherlands.

"eBay Scandinavia" means eBay Classifieds Scandinavia ApS.

"eBay Scandinavia Transaction "means the expected transaction following completion of the Acquisition whereby Schibsted Nordic Marketplaces AS will acquire Classifieds Scandinavia ApS from a Subsidiary of the Issuer.

"Equity Contribution" means any issuance of Capital Stock of the Issuer or contribution to the equity capital of the Issuer as consideration payable to eBay Inc. or its subsidiaries relating to the Acquisition as described in the Offering Memorandum.

"Equity Offering" means an issuance or sale of Capital Stock (which is Qualified Capital Stock) of the Issuer, or any Holding Company of the Issuer, other than on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions; *provided* that the net proceeds of such issuance or sale are contributed to the equity capital of, or as Subordinated Shareholder Debt to, the Issuer or any of the Restricted Subsidiaries.

"Euro Equivalent" means, with respect to any monetary amount in a currency other than euro, at any time for the determination thereof, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published under "Currency Rates" in the section of the Financial Times entitled "Currencies, Bonds & Interest Rates" on the date that is two Business Days prior to such determination.

"Euroclear" means Euroclear Bank SA/NV and its successors, as operator of the Euroclear System.

"European Government Obligations" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"Excluded Contribution" means Net Cash Proceeds or Fair Market Value property or assets received by the Issuer as capital contributions to the equity (other than through the Equity Contribution or the issuance of Redeemable Capital Stock) of the Issuer after the Completion Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Redeemable Capital Stock or Subordinated Shareholder Funding of the Issuer or in connection with the Equity Contribution), in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"Fair Market Value" means, with respect to any asset or property, the sale value that would be obtained in an arm's-length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Issuer's Board of Directors, Chief Executive Officer or Chief Financial Officer, in each case whose determination will be conclusive.

"Fitch" means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Fixed Charge Coverage Ratio" means, as of any date of determination, the ratio of (1) *pro forma* Consolidated EBITDA to (2) *pro forma* Consolidated Fixed Charges for the Issuer's most recent four consecutive fiscal quarters for which internal consolidated financial statement are available prior to the date of determination; *provided* that:

(a) if the Issuer or any Restricted Subsidiary has Incurred any Debt since the beginning of such period that remains outstanding or if the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio is an Incurrence of Debt or both, Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated, without duplication, after giving effect on a *pro forma* basis to such Debt as if such Debt had been Incurred on the first day of such period;

(b) if the Issuer or any Restricted Subsidiary has Discharged (as defined under the definition of "Consolidated Net Leverage Ratio") any Debt since the beginning of such period that is no longer outstanding or if the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio is a Discharge of Debt or both (in each case other than Debt Incurred under any revolving credit facility (including under the Senior Credit Facilities) unless such Debt has been permanently repaid), Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated, without duplication, after giving effect on a *pro forma* basis to such Discharge as if such Discharge had occurred on the first day of such period;

(c) if, since the beginning of such period, the Issuer or any Restricted Subsidiary shall have made any Asset Sale, Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Sale for such period, or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto, for such period and the Consolidated Fixed Charges for such period shall be reduced by an amount equal to the Consolidated Fixed Charges directly attributable to any Debt of the Issuer or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Issuer and the continuing Restricted Subsidiaries in connection with such Asset Sale for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Fixed Charges for such period directly attributable to the Debt of such Restricted Subsidiary to the extent the Issuer and the continuing Restricted Subsidiaries are no longer liable for such Debt after such sale);

(d) if, since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger, consolidation, amalgamation or other combination or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of an asset occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated after giving *pro forma* effect thereto as if such Investment or acquisition occurred on the first day of such period; and

(e) if, since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Sale or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (c) or (d) if made by the Issuer or a Restricted Subsidiary during such period, Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated after giving *pro forma* effect thereto as if such Asset Sale or Investment or acquisition occurred on the first day of such period,

provided, *however*, the *pro forma* calculation of the Fixed Charge Coverage Ratio shall not give effect to (i) any Debt Incurred on the date of determination pursuant to paragraph (2) of "*—Certain Covenants—Limitation on Debt*" (other than with respect to clause (r)(ii) of such covenant) or (ii) the discharge on the date of determination of any Debt to the extent that such discharge results from the proceeds incurred pursuant to paragraph (2) of "*—Certain Covenants—Limitation on Debt*."

If any Debt bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Debt for a period equal to the remaining term of such Interest Rate Agreement).

For purposes of this definition, without double counting, (1) *pro forma* effect may be given to any transaction referred to in clauses (a) through (e) above, or the amount of income or earnings relating thereto, and the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such transaction (calculated on a *pro forma* basis as though such cost savings or synergies had been realized on the first day of the relevant period) net of the amounts of any actual benefits realized during the relevant period from such actions) shall be as determined in good faith by the Chief Financial Officer of the Issuer or an authorized responsible financial or accounting Officer of the Issuer and (2) when determining *pro forma* Consolidated EBITDA of the Issuer and the Restricted Subsidiaries, the Issuer may adjust Consolidated EBITDA to add an amount equal to the cost savings or synergies projected to be realized as the result of actions taken or to be taken on or prior to the date that is 24 months after the consummation of any transaction (calculated on a *pro forma* basis as though such cost savings or synergies had been realized on the first day of the relevant period), net of the amount of any actual benefits realized during the relevant period from such actions, as determined in good faith by the Chief Financial Officer of the Issuer or an authorized responsible financial or accounting Officer of the Issuer.

"German Bidco" refers to a German subsidiary of Adevinta Finance AS that is intended to be incorporated following the Issue Date and intended to be the direct parent of Mobile.de on or following the Completion Date.

"Group" means the Issuer and its Subsidiaries.

"guarantee" means, as applied to any obligation:

(a) a guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation; and

(b) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of non-performance) of all or any part of such obligation, including, without limiting the foregoing, by the pledge of assets and the payment of amounts drawn down under letters of credit.

When used as a verb, "guarantee" shall have a corresponding meaning.

"Guarantee" means any guarantee of the Issuer's obligations under the Indenture and the Notes by any Restricted Subsidiary or any other Person in accordance with the provisions of the Indenture. When used as a verb, "Guarantee" shall have a corresponding meaning.

"Guarantors" means (a) the Completion Date Guarantors, (b) the Post-Completion Guarantors, and (c) any other Person that executes a Guarantee in accordance with the provisions of the Indenture and the Intercreditor Agreement, and their respective successors and assigns, in each case, until the Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"Hedging Agreements" means non-speculative Currency Agreements, Interest Rate Agreements and Commodities Agreements entered into in the ordinary course of business.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Hedging Agreements.

"Holder" means the Person in whose name a Note is recorded on the Registrar's books.

"Holding Company" of a Person means any other Person (other than a natural person) of which the first Person is a Subsidiary.

"IFRS" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect on the date hereof, or, with respect to the covenant entitled "*—Certain Covenants—Reports to Holders*" as in effect from time to time; provided that at any date after the Issue Date, the Issuer may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect from time to time. The Issuer shall give notice of any such election to the Trustee.

"Incur" has the meaning given to such term in paragraph (1) under the caption "*—Certain Covenants—Limitation on Debt*"; *provided* that any Debt or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Debt, and the payment of dividends on Capital Stock constituting Debt in the form of additional shares of the same class of Capital Stock, will not be deemed to be an Incurrence of Debt. Any Debt issued at a discount (including Debt on which interest is payable through the issuance of additional Debt) shall be deemed Incurred at the time of original issuance of the Debt at the initial accreted amount thereof.

"Intercreditor Agreement" means the intercreditor agreement to be dated on or prior to the Issue Date and among, *inter alios*, the Issuer, the Guarantors, the Trustee and the Security Agent, as amended and restated from time to time.

"Interest Rate Agreements" means, in respect of a Person, any interest rate protection agreements and other types of interest rate hedging agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) designed to protect such Person against or manage exposure to fluctuations in interest rates.

"Investment Grade Status" shall occur when all of the Notes receive two of the following:

(a) a rating of "BBB−" or higher from S&P;

(b) a rating of "Baa3" or higher from Moody's; and/or

(c) a rating of "BBB−" or higher from Fitch,

or the equivalent of such rating by any such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other similar obligations), advances or capital contributions (excluding advances or extension of credit to officers, customers, licensees, leasees, suppliers, directors or employees made in the ordinary course of business), or purchases or other acquisitions in consideration of Debt, Capital Stock or other securities, together with all items that are or would be classified as investments on a balance sheet (excluding the notes thereto) prepared in accordance with IFRS. If the Issuer or any Subsidiary of the Issuer sells or otherwise disposes of any Capital Stock of any direct or indirect Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Issuer, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the definition of Fair Market Value. The acquisition by the Issuer or any Subsidiary of the Issuer of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final sentence of paragraph (1) of the covenant described above under the caption "*—Certain Covenants—Limitation on Restricted Payments*." If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the Fair Market Value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final sentence of paragraph (1) of the covenant described above under the caption *"—Certain Covenants—Limitation on Restricted Payments*." The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"Issue Date" means November 5, 2020.

"Issuer" means Adevinta ASA, a Norwegian public company with limited liability and any successor thereto.

"Lien" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), security interest, hypothecation, assignment for or by way of security or encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which such Person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Management Advances" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Debt (or similar obligations) of the Issuer, its Subsidiaries or any Parent;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding the greater of €20.0 million and 3.0% Consolidated EBITDA in the aggregate outstanding at any time.

"Market Capitalization" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Issuer on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"Maturity" means, with respect to any debt, the date on which any principal of such debt becomes due and payable as therein or herein provided, whether at the Stated Maturity with respect to such principal or by declaration of acceleration, call for redemption or purchase or otherwise.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Nationally Recognized Statistical Rating Organization" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act.

"Net Cash Proceeds" means:

(a) with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents actually received (except to the extent that such obligations are financed or sold with recourse to the Issuer or any Restricted Subsidiary), net of:

  (i) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel, accountants, investment banks and other consultants) related to such Asset Sale;

  (ii) provisions for all taxes paid or payable, or required to be accrued as a liability under IFRS as a result of such Asset Sale;

  (iii) all distributions and other payments required to be made to any Person (other than the Issuer or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale; and

  (iv) appropriate amounts required to be provided by the Issuer or any Restricted Subsidiary, as the case may be, as a reserve in accordance with IFRS against any liabilities associated with such Asset Sale and retained by the Issuer or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations or potential purchase price adjustments associated with such Asset Sale, all as reflected in an Officer's Certificate delivered to the Trustee; and

(b) with respect to any capital contributions, issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to under "*—Certain Covenants—Limitation on Restricted Payments*," the proceeds of such issuance or sale in the form of cash or Cash Equivalents, payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Issuer or any Restricted Subsidiary), net of attorney's fees, accountant's fees and brokerage, consultation, underwriting and other fees and expenses actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of thereof.

"Offering Memorandum" means this offering memorandum in relation to the Notes.

"Officer" means (a) with respect to the Issuer or any Guarantor, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the General Counsel or the Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity, or (b) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors.

"Officer's Certificate" means with respect to any Person a certificate signed by an Officer of such Person.

"Parent" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established for purposes of holding an investment in any Parent.

"Pari Passu Debt" means Senior Debt including, without limitation, (a) any Debt of the Issuer that ranks equally in right of payment with the Notes or (b) with respect to any Guarantee, any Debt that ranks equally in right of payment to such Guarantee.

"Permitted Asset Swap" means the substantially concurrent purchase and sale or exchange of assets used or useful in a Permitted Business or a combination of such assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; provided, that any cash or Cash Equivalents received must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Asset Sales.*"

"Permitted Business" means any businesses in which the Issuer or any of its Subsidiaries is engaged on the Issue Date or the Target and its Subsidiaries is engaged in on the Completion Date, or that is similar, related, complementary, enhancing (in the reasonable opinion of the Issuer), incidental, ancillary thereto or an extension, development or expansion thereof.

"Permitted Collateral Liens" means:

(a) Liens on the Collateral that are described in one or more of the clauses (f), (g), (h), (i), (j), (k), (n), (o) (to the extent the acquired assets become Collateral and any Liens on such assets at the time they are acquired are not released), (p), (q), (r), (s), (w), (z), (aa), (bb), (cc), (dd), (ee) and (gg) of the definition of Permitted Liens;

(b) Liens on the Collateral to secure any Debt of the Issuer or any Restricted Subsidiary that is permitted to be Incurred under paragraph (1) or clauses (a), (b), (e)(i) (but only to the extent such guarantee is in respect of Debt that is permitted to be secured on the Collateral pursuant to any other clause of this definition), (f) (*provided* that any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Debt and any improvements or accessions to such assets and property), (h), (r) (*provided* that immediately following the Incurrence of Debt pursuant to such clause (r) and after giving effect thereto on a *pro forma* basis, the Consolidated Senior Secured Net Leverage Ratio would have been less than 4.25 to 1.00 or would not be greater than it was immediately prior to giving effect to the relevant acquisition, merger or consolidation), (t) or (u), in each case, of paragraph (2) of the covenant described under the caption "*—Certain Covenants—Limitation on Debt*"; and

(c) any Permitted Refinancing Debt in respect of Debt referred to in the foregoing clause (b),

provided, however, that, with respect to clauses (b) and (c) above, any such Lien ranks equal or junior to all other Liens on such Collateral securing the Notes or the Guarantees and each of the secured parties to any such Debt (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement.

A Lien shall be deemed to rank equally with another Lien notwithstanding (i) any different preference or hardening period applicable thereto, (ii) any other difference in priority so long as an "assignment of ranking" or other sharing arrangement has been entered into by or for the benefit of beneficiaries of each such Lien or (iii) any difference in validity or enforceability.

For purposes of determining compliance with this definition, (i) a Lien need not be incurred solely by reference to one category of Permitted Collateral Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (ii) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Collateral Liens, the Issuer shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (iii) the principal amount of Debt secured by a Lien outstanding under any category of Permitted Collateral Liens shall be determined after giving effect to the application of proceeds of any such Debt to refinance any such other Debt, (iv) any Lien securing Debt that was permitted to secure such Debt at the time of the Incurrence of such Debt shall also be permitted to secure any increase in the amount of such Debt in connection with the accrual of interest and the accretion of accreted value, (v) if any Debt or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to a percentage of Consolidated EBITDA at the time of incurrence of such Debt or other obligations, and is refinanced by any Debt or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause the percentage of Consolidated EBITDA to be exceeded if calculated based on the Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Debt or other obligation does not exceed an amount equal to the principal amount of such Debt or other obligation being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (vi) if any Debt or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to an amount in Euro, and is refinanced by any Debt or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause such Euro amount to be exceeded, such Euro amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Debt or other obligation does not exceed an amount equal to the principal amount of such Debt being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

"Permitted Debt" has the meaning given to such term under "*—Certain Covenants—Limitation on Debt*."

"Permitted Investments" means any of the following (in each case made by the Issuer or any of the Restricted Subsidiaries):

(a) Investments in cash or Cash Equivalents;

(b) intercompany Debt to the extent permitted under clause (2)(d) of "*—Certain Covenants—Limitations on Debt*";

(c) Investments in: (i) the Issuer; (ii) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary); or (iii) another Person (including the Capital Stock of such Person) if as a result of such Investment such other Person becomes a Restricted Subsidiary or such other Person is merged or consolidated or amalgamated with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

(d) Investments as a result of or retained in connection with an Asset Sale permitted under or made in compliance with "*—Certain Covenants—Limitation on Asset Sales*" to the extent such Investments are non-cash proceeds permitted thereunder;

(e) Investments (i) in payroll, travel, entertainment, moving, other relocation and similar advances to cover matters that are expected at the time of such advances to be treated as expenses in accordance with IFRS and (ii) Investments in the ordinary course of business consisting of endorsements for collection or deposit and customary trade arrangement with customers;

(f) Management Advances;

(g) Investments in the Notes, any Additional Notes and other Debt of the Issuer or any Restricted Subsidiary;

(h) Investments existing, or made pursuant to legally binding commitments in existence, at the Issue Date with respect to the Issuer and its Restricted Subsidiaries and at the Completion Date with respect to the Target and its Subsidiaries and any Investment that amends, extends, renews, replaces or refinances an Investment existing on the date of the Indenture; *provided* that the amount of any such Investment may be increased (i) as required by the terms of such Investment as in existence on the Issue Date with respect to the Issuer and its Restricted Subsidiaries and at the Completion Date with respect to the Target and its Subsidiaries or (ii) as otherwise not prohibited under the Indenture;

(i) Investments in any Hedging Agreements permitted under clause (2)(h) of "*—Certain Covenants—Limitation on Debt*";

(j) Investments in a Person to the extent that the consideration therefor consists of the Issuer's Qualified Capital Stock or the net proceeds of the substantially concurrent issue and sale (other than to any Subsidiary) of shares of the Issuer's Qualified Capital Stock or Subordinated Shareholder Debt;

(k) any Investments received (i) in satisfaction of judgments, foreclosure, perfection or enforcement of any liens or settlement of debts, (ii) in compromise of obligations of such persons that were Incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (iii) in compromise or resolution of obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of the Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (iv) litigation, arbitration or other disputes;

(l) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of clauses (a), (g), (h), (i) and (o) of paragraph (2) of the covenant described under "*—Certain Covenants—Limitation on Transactions with Affiliates*";

(m) lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business;

(n) Investments consisting of purchases and acquisitions of inventory, supplies, trading stock, materials and equipment or licenses or leases of intellectual property, in any case, either in the ordinary course of business or in furtherance of a Permitted Business and, in either case, as not prohibited by the Indenture;

(o) guarantees permitted to be incurred under the "*—Certain Covenants—Limitation on Debt*" covenant and (other than with respect to, or given in connection with the incurrence of, Debt) guarantees, keepwells and similar arrangements in the ordinary course of business;

(p) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the "*—Certain Covenants—Limitation on Liens*" covenant;

(q) (x) a minority Investment in any Person engaged in a Permitted Business and (y) Investments by the Issuer or any Restricted Subsidiary in Qualified Joint Ventures or Unrestricted Subsidiaries, including a guarantee thereof or loans or letter of credit thereto, the amount of which, measured by reference to the Fair Market Value of each such Investment on the day it was made but net of any distributions, dividends payments or other returns in respect of such Investments, not to exceed the greater of €225.0 million and 35.0% of Consolidated EBITDA in the aggregate outstanding at any one time; *provided*, that if an Investment is made pursuant to this clause (q) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (c) of the definition of "Permitted Investments" and not this clause (q);

(r) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any of the Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of the Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(s) (i) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and (ii) advance payments made in relation to capital expenditures in the ordinary course of business;

(t) any acquisition of assets or Capital Stock solely in exchange for the issuance of the Issuer's Capital Stock (other than Redeemable Capital Stock);

(u) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made but net of any distributions, dividends payments or other returns in respect of such Investments), when taken together with all other Investments made pursuant to this clause (u) that are at the time outstanding, not to exceed the greater of €225.0 million or 35.0% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause (u) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (c) of the definition of "Permitted Investments" and not this clause (u);

(v) loans or advances to directors, officers, employees or consultants of any Parent, the Issuer or any of its Restricted Subsidiaries to fund the purchase of Capital Stock of the Issuer or any Parent not to exceed the greater of €20.0 million and 3.0% of Consolidated EBITDA in any calendar year (with unused amounts in any twelve-month period being carried over to succeeding periods);

(w) Investments in receivables made in connection with any Qualified Receivables Financing, including Investments held in accounts permitted or required by the arrangements governing such Qualified Receivables Financing or any related Debt;

(x) Investments in Unrestricted Subsidiaries having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause (x) that are at the time outstanding, not to exceed the greater of €75 million 10.0% of Consolidated EBITDA at the time of such Investment; *provided* that, if an Investment is made pursuant to this clause (x) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (c) of the definition of "Permitted Investments" and not this clause (x); and

(y) Investment made in connection with the completion of OLX Brazil's acquisition of Grupo ZAP.

"Permitted Liens" means the following types of Liens:

(a) Liens existing or contemplated by written arrangements as of the Issue Date with respect to the Issuer and its Restricted Subsidiaries and at the Completion Date with respect to the Target and its Subsidiaries;

(b) Liens on any property or assets of a Restricted Subsidiary granted in favor of the Issuer or any Restricted Subsidiary;

(c) Liens securing Debt (including Liens securing any obligations in respect thereof) consisting of the Notes or the Guarantees, as the case may be;

(d) any interest or title of a lessor under any lease or any Capitalized Lease Obligation;

(e) Liens to secure Debt (including Capitalized Lease Obligations) permitted by clause (2)(f) of "*—Certain Covenants—Limitation on Debt*"; *provided* that any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Debt and any improvements or accessions to such assets and property;

(f) Liens arising out of conditional sale, title retention, consignment, deferred payment, supply agreements or similar arrangements for the sale or purchase of goods entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(g) statutory Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees, pension plan administrators or other like Liens arising in the ordinary course of the Issuer's or any Restricted Subsidiary's business and with respect to amounts not yet delinquent for more than 60 days or being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS shall have been made;

(h) Liens arising solely by virtue of any statutory or common law provisions relating to attorney's liens or bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depositary institution and any Lien or pledge arising under the general terms and conditions of banks in Germany or other financial institutions in Germany with whom the Issuer or any Restricted Subsidiary maintain bank accounts;

(i) Liens for taxes, assessments, government charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS shall have been made;

(j) Liens Incurred or deposits made to secure the performance of tenders, bids or trade or government contracts, or to secure leases, statutory or regulatory obligations, trade contracts, surety or appeal bonds, performance bonds or other obligations of a like nature Incurred in the ordinary course of business;

(k) zoning restrictions, survey exceptions, easements, licenses, reservations, title defects, rights of others for rights -of-way, utilities, sewers, electrical lines, telephone lines, telegraph wires, restrictions, encroachments and other similar charges, encumbrances or title defects incurred in the ordinary course of business that do not in the aggregate materially interfere with in any material respect the ordinary conduct of the business of the Issuer and the Restricted Subsidiaries on the properties subject thereto, taken as a whole;

(l) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any real property leased by the Issuer or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(m) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(n) Liens arising by reason of any judgment, decree or order of any court so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(o) Liens on property of, or on shares of Capital Stock or Debt of, any Person existing at the time such Person is acquired by, merged with or into or consolidated with, the Issuer or any Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, Capital Stock or Debt); *provided* that such Liens: (i) do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets acquired or than those of the Person merged into or consolidated with the Issuer or Restricted Subsidiary; and (ii) were created prior to, and not in connection with or in contemplation of, such acquisition, merger, consolidation, amalgamation or other combination;

(p) Liens securing the Issuer's or any Restricted Subsidiary's obligations under any Hedging Agreements permitted under clause (2)(h) "*—Certain Covenants—Limitation on Debt*" or any collateral for the Debt to which such Hedging Agreements relate;

(q) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or other insurance;

(r) Liens Incurred in connection with any cash management program established in the ordinary course of business for the Issuer's or any Restricted Subsidiary's benefit;

(s) Liens made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Issuer or any Restricted Subsidiary, including rights of offset and set-off;

(t) Liens on assets of a Restricted Subsidiary that is not a Guarantor to secure Debt of such Restricted Subsidiary (or any other Restricted Subsidiary that is not a Guarantor) and that is otherwise not prohibited under the Indenture;

(u) any extension, renewal or replacement, in whole or in part, of any Lien (excluding any Liens pursuant to clause (x) of this definition) permitted by the Indenture; *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets;

(v) Liens securing Debt Incurred to refinance Debt that has been secured by a Lien (excluding any Liens pursuant to clause (x) of this definition) permitted by the Indenture; *provided* that: (i) any such Lien shall not extend to or cover any assets not securing the Debt so refinanced; and (ii) the Debt so refinanced shall have been permitted to be Incurred;

(w) purchase money Liens to finance property or assets of the Issuer or any Restricted Subsidiary acquired in the ordinary course of business; *provided* that: (i) the related purchase money Debt shall not exceed the cost of such property or assets and shall not be secured by any property or assets of the Issuer or any Restricted Subsidiary other than the property and assets so acquired; and (ii) the Lien securing such Debt shall be created within 90 days of any such acquisitions;

(x) Liens Incurred by the Issuer or any Restricted Subsidiary with respect to obligations that do not exceed the greater of €300.0 million and 50.0% of Consolidated EBITDA;

(y) Liens Incurred by the Issuer or any Restricted Subsidiary with respect to Debt incurred pursuant to clause (v) of paragraph 2 of the covenant described under "*—Certain Covenants—Limitation on Debt*";

(z) Liens resulting from escrow arrangements, including in respect of software or other intangible assets, entered into in connection with any type of disposition, including by way of license, of assets;

(aa) any right of refusal, right of first offer, option or other arrangement to sell or otherwise dispose of an asset of the Issuer or any Restricted Subsidiary;

(bb) Liens arising under clauses 24 and 25 of the general terms and conditions (*algemene voorwaarden*) of the Dutch Banker's Association (*Nederlandse Vereniging van Banken*) or any similar term applied by or included in the terms and conditions of a Dutch bank;

(cc) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities or pursuant to any derivative or hedging transaction, or liens over cash accounts securing cash pooling arrangements;

(dd) any Liens, including any recovery rights or measures, as a result of a liability pursuant to or in connection with the existence and/or formation of a fiscal unity (*fiscale eenheid*) for Dutch corporate income tax and/or VAT purposes of which a Dutch Party is or becomes a member;

(ee) leases, subleases, licenses, sublicenses and other conveyances of assets (including real property) entered into in the ordinary course of business;

(ff) any encumbrance or restriction (including, but not limited to, pursuant to put and call agreements or buy/ sell arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(gg) Liens (including put and call arrangements) on Capital Stock, Debt or other securities of an Unrestricted Subsidiary or a joint venture that is not a Subsidiary of the Issuer that secure Debt or other obligations of such Unrestricted Subsidiary or joint venture respectively;

(hh) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(ii) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Debt; or

(jj) Liens on receivables and other assets of the type described in the definition of "Qualified Receivables Financing" Incurred in connection with a Qualified Receivables Financing.

For purposes of determining compliance with this definition, (i) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (ii) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Issuer shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (iii) the principal amount of Debt secured by a Lien outstanding under any category of Permitted Liens shall be determined after giving effect to the application of proceeds of any such Debt to refinance any such other Debt, (iv) any Lien securing Debt that was permitted to secure such Debt at the time of the Incurrence of such Debt shall also be permitted to secure any increase in the amount of such Debt in connection with the accrual of interest and the accretion of accreted value, (v) if any Debt or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to a percentage of Consolidated EBITDA at the time of incurrence of such Debt or other obligations, and is refinanced by any Debt or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause the percentage of Consolidated EBITDA to be exceeded if calculated based on the Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Debt or other obligation does not exceed an amount equal to the principal amount of such Debt or other obligation being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing, (vi) if any Debt or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to an amount in Euro, and is refinanced by any Debt or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause such Euro amount to be exceeded, such Euro amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Debt or other obligation does not exceed an amount equal to the principal amount of such Debt being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (vii) if any Debt or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to an amount in euro, and is refinanced by any Debt or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause such euro amount to be exceeded, such euro amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Debt or other obligation does not exceed an amount equal to the principal amount of such Debt being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

"Permitted Parent Payments" means, without duplication as to amounts, payments to any Parent to permit such entity to pay:

(a) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its articles of incorporation, charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and/or its Subsidiaries;

(b) obligations of any Parent in respect of directors' fees, remuneration and expenses (including director and officer insurance (including premiums therefore)) to the extent relating to the Issuer and/or its Subsidiaries;

(c) professional fees and expenses of any Parent related to the ownership of the Capital Stock of the Issuer and its Subsidiaries (including, without limitation, accounting, legal, audit corporate reporting, and administrative expenses and other reasonable and normal course expenses required to maintain such Parent's corporate existence or its holding of the Capital Stock of the Issuer);

(d) any income taxes to the extent such income taxes are attributable to the income of the Parent derived from the Issuer and its Subsidiaries or the Issuer and its Subsidiaries and reduced by any such income taxes directly paid by the Issuer or any of its Subsidiaries;

(e) payments to cover franchise taxes and other fees, taxes and expenses required to maintain the corporate existence of the Issuer and its Subsidiaries; and

(f) expenses incurred by any Parent in connection with any public offering or other sale of Capital Stock or Debt, (i) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Subsidiary of the Issuer or (ii) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed to the Issuer or a Subsidiary of the Issuer.

"Permitted Refinancing Debt" means any renewals, extensions, substitutions, defeasances, discharges, refinancings, exchanges or replacements (each, for purposes of this definition and paragraphs (2) and (3) of "*—Certain*

Covenants—Limitation on Debt," a "refinancing") of any Debt of the Issuer or a Restricted Subsidiary or pursuant to this definition, including any successive refinancings, as long as:

(a) such Debt is in an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) not in excess of the sum of: (i) the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding of the Debt being refinanced; and (ii) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such refinancing;

(b) if the Debt being refinanced is Subordinated Debt, the Stated Maturity of such Debt is no earlier than the Stated Maturity of the Debt being refinanced or, if shorter, the Stated Maturity of the Notes; and

(c) if the Debt being renewed, extended, substituted, defeased, discharged, refinanced or replaced is subordinated in right of payment to the Notes or the Guarantees (as applicable), such Permitted Refinancing Debt is subordinated in right of payment to, the Notes or the Guarantees (as applicable) on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Debt being renewed, extended, substituted, defeased, discharged, refinanced or replaced,

provided further, however, that Permitted Refinancing Debt shall not include (i) Debt of the Issuer or a Restricted Subsidiary that refinances Debt of an Unrestricted Subsidiary or (ii) Debt of a Restricted Subsidiary that is not a Guarantor that refinances Debt of the Issuer or a Guarantor.

"Permitted Reorganization" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving any Parent, the Issuer or any of its Restricted Subsidiaries (a "Reorganization") that is made on a solvent basis; *provided* that:

(a) any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries; and

(b) if any of the Guarantees are released pursuant to "*—Guarantees—Release of the Guarantees*," substantially equivalent Guarantees must be granted by a surviving entity, if any.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Post-Completion Guarantors" means LBC France, SCM Local, Mobile.de, Adevinta Spain, Marktplaats (subject to Dutch works council approval), Adevinta France SAS, Adevinta Holdco Spain S.L., Kijiji Canada, eBayK and German Bidco (if incorporated).

"Pre-Expansion European Union" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"Preferred Stock" means, with respect to any Person, Capital Stock of any class or classes (however designated) of such Person that is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class of such Person, whether now outstanding or issued after the Issue Date and including, without limitation, all classes and series of preferred or preference stock of such Person.

"*pro forma*" means, with respect to any calculation made or required to be made pursuant to the terms of the Notes, a calculation made in good faith by the Issuer's Chief Financial Officer.

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock and other securities of, any other Person. For purposes of any calculation required pursuant to the Indenture, the value of any Property shall be its Fair Market Value.

"Public Debt" means any Debt consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the Commission for public resale. The term "Public Debt" shall not include (i) the Notes, (ii) any Debt issued to institutional investors in a direct placement of such Debt that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not underwritten), (iii) any bank Debt, commercial bank or similar Debt, Capitalized Lease Obligation or recourse transfer of any financial asset or (iv) any other type of Debt Incurred in a manner not customarily viewed as a "securities offering."

"Public Offering" means any offering of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"Qualified Joint Venture" means a joint venture in which the Issuer or any of the Restricted Subsidiaries has a direct or indirect ownership interest that is engaged in a Permitted Business and that is not a Subsidiary of (i) the Issuer or (ii) any of the Restricted Subsidiaries.

"Qualified Receivables Financing" means any transaction or series of transactions that may be entered into by the Issuer or any of its Restricted Subsidiaries pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary or (b) any other Person, or may grant a security interest in, any receivables (whether now existing or arising in the future) of the Issuer or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables, the bank accounts into which the proceeds of such receivables are collected and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations, receivable sale facilities, factoring facilities or invoice discounting facilities involving receivables; *provided* that the Board of Directors will have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the applicable Restricted Subsidiary or Receivables Subsidiary.

"Receivables Fees" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"Receivables Repurchase Obligation" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Receivables Subsidiary" means a wholly owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Debt or any other obligations (contingent or otherwise) of which (a) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Debt) pursuant to Standard Securitization Undertakings), (b) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any Restricted Subsidiary, (c) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (d) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary of the Issuer has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Financing) other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"Redeemable Capital Stock" means any class or series of Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity of the Notes or is redeemable at the option of the Holder thereof at any time prior to such final Stated Maturity (other than upon a change of control of the Issuer in circumstances in which the Holders of the Notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity; *provided* that any Capital Stock that would constitute Qualified Capital Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of any "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes will not constitute Redeemable Capital Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in "*—Certain Covenants—Limitation on Asset Sales*" and "*—Certain Covenants—Change of Control*" and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's repurchase of such Notes as are required to be repurchased pursuant to "*—Certain Covenants—Limitation on Asset Sales*" and "*—Certain Covenants—Change of Control*."

"Replacement Assets" means (i) non-current properties and assets (including Capital Stock of a Person that is or becomes a Restricted Subsidiary and such Restricted Subsidiary's property, business or assets are used or useful in a Permitted Business or any and all businesses that in the good faith judgment of the Board of Directors of the Issuer are reasonably related) that replace the properties and assets that were the subject of an Asset Sale, or (ii) non-current properties and assets that are used or useful in a Permitted Business or any and all businesses that in the good faith judgment of the Board of Directors of the Issuer are reasonably related.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"Revolving Credit Facility" means the €450 million (equivalent) revolving credit facility made available to the Issuer, Adevinta Finance AS and, upon its accession as a borrower, eBay Classifieds Holding B.V pursuant to the Senior Credit Facilities Agreement.

"S&P" means Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. and its successors.

"Securities Act" means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"Security Agent" means Citibank, N.A., London Branch in its capacity as security agent for the secured creditors under the Intercreditor Agreement or any Additional Intercreditor Agreement or any successor thereto appointed in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement.

"Security Documents" means the security arrangements, charge agreements, collateral assignments, debentures and any other instrument and document executed and delivered pursuant to the Intercreditor Agreement or any of the foregoing, and in each case pursuant to which the Collateral is charged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes and the Trustee or notice of such charge, assignment or grant is given, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"Senior Credit Facilities" means the Term Loan Facility and the Revolving Credit Facility made available to the Issuer pursuant to the Senior Credit Facilities Agreement.

"Senior Credit Facilities Agreement" means the term and revolving credit facility agreement, dated on or about the date hereof, among, *inter alios*, the Issuer, as borrower, Adevinta Finance AS, Barclays Bank plc as agent, the Security Agent, the lenders as described therein and other parties named therein from time to time, as amended and restated from time to time.

"Senior Debt" means (i) any Debt of the Issuer or any Guarantor that is either secured or not Subordinated Debt and (ii) any Debt of a Restricted Subsidiary that is not a Guarantor other than Debt Incurred pursuant to clause (2)(d) of the covenant described under the heading "*—Certain Covenants—Limitation on Debt*."

"Senior Secured Debt" means, as of any date of determination, with respect to any specified Person, the total amount of Debt under Credit Facilities of such Person and its Restricted Subsidiaries on a consolidated basis that is secured by a first-priority Lien on the Collateral that is incurred under paragraph (1) of the covenant described under "*—Certain Covenants—Limitation on Debt*" or clauses (a), (b), (c), (r), (t) and (u) of paragraph (2) of the covenant described under "*—Certain Covenants—Limitation on Debt*" and any Permitted Refinancing Debt in respect thereof.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" of the Issuer within the meaning of Rule 1-02 (but excluding clause (1) of the definition of "significant subsidiary") under Regulation S-X promulgated by the SEC, as in effect on the Issue Date (including giving effect any voluntary compliance measures).

"Standard Securitization Undertakings" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Qualified Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"Stated Maturity" means, when used with respect to any Note or any instalment of interest thereon, the date specified in such Note as the fixed date on which the principal of such Note or such instalment of interest, respectively, is due and payable, and, when used with respect to any other debt, means the date specified in the instrument governing such debt as the fixed date on which the principal of such debt, or any instalment of interest thereon, is due and payable, including pursuant to any mandatory redemption provision, but shall not include any Contingent Obligations to repay, redeem or repurchase such principal prior to the date originally scheduled for the payment thereof.

"Subordinated Debt" means Debt of the Issuer or any of the Guarantors that is expressly subordinated in right of payment to the Notes or the Guarantees of such Guarantors, as the case may be.

"Subordinated Shareholder Debt" means, collectively, any funds provided to the Issuer by any direct or indirect Parent of the Issuer, or Affiliate of such Parent, pursuant to any security, instrument or agreement, other than Capital Stock, that pursuant to its terms:

(a) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Qualified Capital Stock or for any other security or instrument meeting the requirements of the definition);

(b) does not (including upon the happening of any event) require the payment in cash or otherwise, of interest or any other amounts prior to the first anniversary of the maturity of the Notes (*provided* that interest may accrete while such Subordinated Shareholder Debt is outstanding and accretion interest may become due upon maturity as permitted by clause (a) or acceleration of maturity as permitted by clause (c) below and any interest may be satisfied at any time by the issue to the holders thereof of additional Subordinated Shareholder Debt);

(c) does not (including upon the happening of any event) provide for the acceleration of its maturity and its holders have no right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, prior to the first anniversary of the maturity of the Notes;

(d) is not secured by a Lien or any assets of the Issuer or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Issuer;

(e) is contractually subordinated and junior in right of payment to the prior payment in full in cash of all obligations (including principal, interest, premium (if any) and Additional Amounts (if any)) of the Issuer under the Notes and the Guarantors under the Guarantees; and

(f) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Qualified Capital Stock of the Issuer;

provided that in any event or circumstance that results in such Debt ceasing to qualify as Subordinated Shareholder Debt, such Debt shall constitute an Incurrence of such Debt by the Issuer, and any and all Restricted Payments made through the use of the net proceeds from the Incurrence of such Debt since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"Subsidiary" means, with respect to any Person:

(a) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person; and

(b) any other Person (other than a corporation), including, without limitation, a partnership, limited liability company, business trust or joint venture, in which such Person, one or more Subsidiaries of such Person or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, has at least majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Person performing similar functions).

"Successor Parent" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned"(as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"Target" means eBay Services Mexico, S. de R.L. de C.V., mobile.de GmbH, eBay Classifieds Holding B.V. and their subsidiaries.

"TARGET Settlement Day" means any day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System is open.

"Tax Sharing Agreement" means any tax consolidation agreement or any similar arrangements in respect of any consolidated, combined, affiliated or unitary tax group or an arrangement relating to the surrender of group relief to which the Issuer or any of the Restricted Subsidiaries is a party.

"Term Loan Facility" means the € million (equivalent) term credit facilities made available to the Issuer, Adevinta Finance AS and, upon its accession, eBay Classifieds Holding B.V. pursuant to the Senior Facilities Agreement.

"Unrestricted Subsidiary" means any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer's Board of Directors pursuant to the covenant under the caption "*—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries*") and any Subsidiary thereof.

"U.S. dollars" means the lawful currency of the United States of America.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees (or Persons performing similar functions) of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

OFFERING AND TRANSFER RESTRICTIONS

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

(i) You acknowledge that:

(a) the Notes have not been registered under the Securities Act or any other securities laws of any other jurisdiction and are being offered for resale in transactions that do not require registration under the Securities Act or applicable laws of any other jurisdictions; and

(b) unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws of any other jurisdiction and in each case in compliance with the conditions for transfer set forth in paragraph (v) below.

(ii) You acknowledge that this offering memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

(iii) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

(a) you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A; or

(b) you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor and you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(iv) You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. Accordingly, you acknowledge that no representation or warranty is made by the Initial Purchasers as to the accuracy or completeness of such materials. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from us.

(v) You represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

(a) to us;

(b) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(c) through offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act;

(d) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of $250,000; or

(e) under any other available exemption from the registration requirements of the Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and to compliance with any applicable state securities laws and any applicable local laws and regulations.

You also acknowledge that to the extent that you hold the Notes through an interest in a Global Note (as defined under "*Book-entry, Delivery and Form*"), the Resale Restriction Period (as defined below) may continue until one year after the issuer, or any affiliate of the issuer, was the owner of such note or an interest in such global note and so may continue indefinitely.

(vi) You also acknowledge and agree that:

(a) the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A Global Notes (as defined under "*Book-entry, Delivery and Form*")) after the later of the closing date, the closing date of the issuance of any additional Notes and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes or 40 days (in the case of Regulation S Global Notes (as defined under "*Book-entry, Delivery and Form*")) after the later of the closing date, the closing date of the issuance of any additional Notes and when the Notes or any predecessor of the Notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the "*Resale Restriction Period*") and will not apply after the applicable Resale Restriction Period ends;

(b) if a holder of Notes proposes to resell or transfer Notes under clause (d) of paragraph (v) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the indenture governing the Notes which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the Securities Act;

(c) we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (c), (d) and (e) of paragraph (v) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and

(d) each note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A")) OR (B) IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [*IN THE CASE OF RULE 144A NOTES*][ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY),] [*IN THE CASE OF REGULATION S NOTES*][40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN

RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (D) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF $200,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING IN THE INDENTURE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE, TRANSFER AGENT OR REGISTRAR (AS APPLICABLE) AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER U.S. OR NON-U.S. FEDERAL, STATE, LOCAL OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT (EACH, A "PLAN"), OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS AND (B) IF SUCH HOLDER IS A PLAN, NEITHER THE ISSUER, THE GUARANTORS, THE INITIAL PURCHASERS OR ANY OF THEIR RESPECTIVE AFFILIATES HAS ACTED, OR WILL ACT IN A FIDUCIARY CAPACITY WITH RESPECT TO SUCH HOLDER'S INVESTMENT IN THIS SECURITY.

(vii) You represent and warrant that (A) either (i) no portion of the assets used by you to acquire or hold the Notes constitutes assets of any employee benefit plan subject to Title I of ERISA, any plan, account or other arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or provisions under any other Similar Laws, or an entity whose underlying assets are considered to include "plan assets" within the meaning of 29 C.F.R. Section 2510.3 101 (as modified by Section 3(42) of ERISA) of any such plan, account or arrangement or (ii) the acquisition and holding of the Notes by you will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law and (B) if you are a Plan, neither the Issuer, the Guarantors, the initial purchasers, or any of their respective affiliates has acted or will act in a fiduciary capacity with respect to its investment in the Notes.

(viii) You acknowledge and agree that we, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have been made by your purchase of Notes is no longer accurate, you will promptly notify us and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

(ix) A purchaser of Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(x) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer, the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Notice to Certain Investors*."

(xi) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(xii) You acknowledge and agree that:

(a) the Notes are being offered to investors in member states of the European Economic Area and the United Kingdom in reliance upon an exemption under the Prospectus Regulation; and

(b) any offer or resale of Notes in any member state of the European Economic Area or the United Kingdom must be for a minimum purchase price or a minimum consideration of at least $200,000.

(xiii) You represent that you are not a "retail investor". For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:

(a) a "retail client" as defined in point (11) of Article 4(1) of MiFID II;

(b) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a "qualified investor" as defined in the Prospectus Regulation.

(xiv) You understand and acknowledge that:

(a) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "retail investor" (as defined above) in the EEA or in the United Kingdom; and

(b) no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes (including an interest in a note) by employee benefit plans that are subject to Title I of ERISA, plans, individual retirement accounts and other plans and arrangements that are subject to Section 4975 of the Code or provisions under any Similar Laws and entities whose underlying assets are considered to include "plan assets" within the meaning of 29 C.F.R. Section 2510.3 101 (as modified by Section 3(42) of ERISA) of any such plan, account or arrangement (each, a "Plan").

General fiduciary matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "Covered Plan") and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control, conflicts of interest and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws. A fiduciary of a Plan should consider the Plan's particular circumstances and all of the facts and circumstances of the investment, including, but not limited to, the matters discussed above under "*Risk Factors*," in determining whether an investment in the Notes satisfies these requirements.

Each Covered Plan should consider the fact that none of the Issuer, the Guarantors or the initial purchasers or any of their respective affiliates (the "Transaction Parties") is acting, or will act, as a fiduciary to any Covered Plan with respect to the decision to invest in the Notes. The Transaction Parties are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to the decision to purchase or hold the Notes. All communications, correspondence and materials from the Transaction Parties with respect to the Notes are intended to be general in nature and are not directed at any specific purchaser of the Notes and do not constitute advice regarding the advisability of investment in the Notes for any specific purchaser. The decision to purchase and hold the Notes must be made solely by each prospective Covered Plan purchaser on an arm's length basis.

Prohibited transaction issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving "plan assets" of such Covered Plans with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engages in a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. For example, the acquisition and/or holding of Notes (including any interest in a note) by an Covered Plan with respect to which the Issuer, the Initial Purchasers or a Guarantor are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or "PTCEs," that may provide exemptive relief for direct or indirect prohibited transactions resulting from a Covered Plan's investment in a Note. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the Notes nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Covered Plan involved in the transaction and provided further that the Covered Plan pays no more than adequate consideration in connection with the transaction. Each of these PTCEs contains conditions and limitations on its application. Thus, the fiduciaries of a Plan that is considering acquiring and/or holding the notes in reliance of any of these, or any other, PTCEs should carefully review the conditions and limitations of the PTCE and consult with their counsel to confirm that it is applicable. There can be no assurance that any of the above-described exemptions or any other exemption will apply to an otherwise prohibited transaction involving a Covered Plan's investment in the Notes, or that all of the conditions of any such exemptions or any other exemption will be satisfied.

Plans and entities that are (or whose assets constitute the assets of) governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in section 3(33) of ERISA) that have not made an election under section 410(d) of the Code, and non-United States plans, while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code may nevertheless be subject to Similar Laws that include similar requirements. Fiduciaries of any such Plans should consult with their counsel before purchasing any Notes (including any interest in a Note).

Because of the foregoing, the Notes (including any interest in a note) should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a Note (including any interest in a Note) each purchaser and subsequent transferee will be deemed to have represented and warranted that (A) either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan, or (ii) the investment in the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws and (B) if purchaser or transferee is a Plan, neither the Issuer, the Guarantors, the Initial Purchasers, or any of their respective affiliates has acted or will act in a fiduciary capacity with respect to its investment in the Notes.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering an investment in the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be necessary and if so applicable, to the investment in the Notes.

Purchasers of the Notes (including any interest in a Note) have the exclusive responsibility for ensuring that their investment in the Notes complies with the applicable fiduciary responsibility rules of ERISA, the Code or any Similar Law and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. The provision of this offering memorandum and the sale of the Notes (including any interest in a Note) to a Plan is in no respect a recommendation or representation by the Issuer, the Initial Purchasers or any of their respective affiliates that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan or that such an investment is appropriate or advisable for Plans generally or for any particular Plan. Plans investing in the Notes (or interests therein) should consult and rely on their own counsel and advisers as to whether an investment in the Notes is suitable for the Plan.

BOOK-ENTRY, DELIVERY AND FORM

The Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes"). The Regulation S Global Notes will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

The Notes sold within the United States to "qualified institutional buyers" pursuant to Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes" and, together with the Regulation S Global Notes, the "Global Notes"). The 144A Global Notes will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes (the "144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, owners of interest in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the notes in certificated form and will not be considered the registered owners or "holders" of the notes, under the indenture governing the notes for any purpose.

So long as the notes are held in global form, the common depository (or its nominee) for Euroclear and/or Clearstream will be considered the sole holders of Global Notes for all purposes under the indentures governing the notes. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the indenture.

Neither we, any paying agent, transfer agent or registrar, the common depository for the accounts of Euroclear and Clearstream nor the Trustee under the indentures governing the notes nor any of our or their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the indenture, owners of Book-Entry Interests will receive definitive notes in registered form (the "Definitive Registered Notes"):

- if Euroclear or Clearstream notify us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 90 days,

- if Euroclear or Clearstream so requests following an event of default under the Indenture, or

- if we, in our sole discretion, notify the Trustee in writing.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream or us (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Offering and Transfer Restrictions*", unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, any paying agent, transfer agent or registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the applicable Global Notes will be evidenced through registration from time to time in the register maintained by the registrar, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the notes, however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream in connection with the redemption of such Global Note (or any portion thereof). We understand that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate, *provided*, *however*, that no Book-Entry Interest of less than €100,000 principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum)) will be made to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

We, the Trustee and any registrar, paying agent or transfer agent will treat the registered holder of the Global Notes (for example, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee and any registrar, paying agent or transfer agent or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or

- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, or

- Euroclear, Clearstream or any participant or indirect participant; or

- the records of the common depositary or the custodian.

Payments made by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name".

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such notes (each a "Euroclear/Clearstream Holder" and together, the "Euroclear/Clearstream Holders") through Euroclear and/or Clearstream, as applicable, in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of the Notes (including the presentation of the Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the indenture, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and/or Clearstream and in accordance with the provisions of the indenture governing the notes.

The Global Notes will bear a legend to the effect set forth in "*Offering and Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Offering and Transfer Restrictions*."

During the Resale Restriction Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the indenture governing the notes) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Offering and Transfer Restrictions*" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the Resale Restriction Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A (if available).

Subject to the foregoing, and as set forth in "*Offering and Transfer Restrictions*", Book-Entry Interests may be transferred and exchanged as described under "*Description of Notes—Transfer and Exchange*." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture governing the notes) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Offering and Transfer Restrictions*."

Information Concerning Euroclear and Clearstream

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and/or Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear and/or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or modified at any time.

None of us, the Trustee, or any registrar, transfer agent or paying agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Application has been made to the Luxembourg Stock Exchange for the Notes represented by the Global Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. We expect that secondary trading in the Notes will also be settled in immediately available funds.

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN TAX CONSIDERATIONS

The following summary of Norwegian, EU and United States federal income tax considerations of, ownership and disposition of the Notes is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this offering memorandum. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Notes. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the Notes. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of the Notes, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this offering memorandum, and of any actual changes in applicable tax laws after such date.

Norwegian taxation

Norwegian tax legislation does not currently include statutory legislation relating specifically to notes. Instead, taxation treatment must be derived from general tax rules and principles applicable to capital income and capital gains. Therefore, the answers to certain questions in respect of the legal basis and principles of recognition of income related to the notes may be uncertain.

Due to the general nature of this summary, potential investors are advised to consult with and rely upon their own tax advisers. Noteholders tax resident in jurisdictions other than Norway should consult with and rely upon local tax advisers as regards the tax position in their country of residence.

Non-Norwegian holders

Payment of interest

Payments of interest on the Notes to persons or legal entities having no connection with Norway other than holding of the Notes, and therefore not considered resident in Norway for tax purposes (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), are not subject to any withholding tax or any other tax liability in Norway.

However, the Norwegian Government has, through the state budget of the income year 2021, proposed to introduce withholding tax on, inter alia, outbound interest payments.

Pursuant to the proposal, a Norwegian debtor will be liable to withhold 15 per cent tax on gross interest payments to any creditor who is both (i) a related party to the issuer and (ii) is tax resident in a low-tax jurisdiction.

A "related party" is a company or other legal entity which controls, is controlled by, or is under common control with, the issuer. "Control" means the direct or indirect ownership of 50 per cent or more of the issued share capital or voting rights. Further, a "low-tax jurisdiction" is a jurisdiction in which the effective taxation of the overall profit of the company is less than two thirds of the effective taxation such company would have been subject to if it had been resident in Norway. An exemption is made if the related entity is resident in a low tax-jurisdiction within the EEA and is actually established and carrying out genuine economic activities in the EEA-state.

If implemented, withholding tax will apply on payments from July 1, 2021. A recipient, being the beneficial owner to the payments, may however be protected by a tax treaty—typically reducing the tax rate on interest payments.

Sale, exchange and redemption of Notes

Gains or profits realized on the sale, exchange or redemption of the Notes by persons or legal entities having no connection with Norway, and therefore not considered resident in Norway for tax purposes (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), are not subject to any tax liability in Norway.

Stamp duties and net wealth taxation

No Norwegian issue tax or stamp duties are payable in connection with the issue of the Notes.

Notes held by persons or legal entities having no connection with Norway, and therefore not considered resident in Norway for tax purposes (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), will not be subject to net wealth taxation in Norway.

Norwegian holders

Payment of interest

Holders of Notes resident in Norway for tax purposes will be subject to Norwegian capital income taxation on interest which is currently 22 per cent. The same applies to persons and legal entities that hold the Notes in connection with any business activity conducted or managed in Norway. The applicable tax rate is 25 per cent for financial companies subject to the Norwegian Financial Tax.

If the Notes are not listed in a regulated market within six months following issuance, Norwegian holders who are individuals resident in Norway for tax purposes will be subject to additional Norwegian taxes on the interest received at a flat tax rate of currently 22%. The basis for the additional tax is equal to the interest accrued on the Notes reduced by the tax rate of 22% and less a risk-free interest rate ("*skjermingsfradrag*"). The risk-free interest rate is determined by the Norwegian Directorate of Taxes based on the interest rate published by Norges Bank on a bi-monthly basis. Through the state budget of the income year 2021 it was proposed that such interest income to personal holders (after adjustment for tax and risk-free return allowance) shall be increased by a factor of 1.44.

Interest income is as a general rule taxable on an accrual basis, so that all interest paid or accrued during the income year is taxable. Where a Note is sold during the income year, the seller will be taxed for any unpaid accrued interest prior to the date of sale and the buyer will be taxed for interest accrued from the date of acquisition of such Note.

When calculating the taxable interest income, interest in foreign currency under the Notes is calculated in Norwegian kroner based on the exchange rate at the date of payment, or at the exchange rate as of December 31 for interest that is accrued but not paid during the income year.

Sale, exchange and redemption of Notes

Holders of Notes resident in Norway for tax purposes are taxed in Norway on realized gains (including sale, exchange and redemption) of Notes and have a right to deduct losses, which arise on such realization, *provided that* one of the following conditions is met:

- the Notes are classified as debentures ("*mengdegjeldsbrev*") as opposed to non-negotiable debt, or
- the realization of the Notes is connected to business activities.

For the purpose of this memorandum, it is assumed that the Notes are classified as debentures.

Gains are taxable as ordinary income, currently at a rate of 22 per cent. Losses are deductible at the same rate. This will include gains or losses attributed to any change in the denominated currency (other than NOK). Such gains or losses are taxable events if the Notes are not classified as debentures or not connected to business activities. Such gains will further be subject to special timing rules for tax purposes. The applicable tax rate is 25 per cent for financial companies subject to the Norwegian Financial Tax.

The taxable gain/deductible loss is calculated per Note and is equal to the sales price less the cost price of the Note to the Norwegian holder, including costs incurred in relation to the acquisition or realization of the Note. Any amount of unpaid interest accrued at the time of a transfer of a Note is subtracted from the sales price, reducing the seller's taxable gain/increasing the seller's deductible loss, provided that the unpaid interest accrued is taxed as interest for the seller. The buyer's cost price is reduced correspondingly.

Any gain received or loss incurred in foreign currency when realizing Notes shall be calculated in Norwegian kroner. The cost price shall be calculated in Norwegian kroner based on the exchange rate at the time of acquisition of the Notes, whereas the sales price is calculated in Norwegian kroner based on the exchange rate at the time of sale, exchange, redemption, retirement or other taxable realization.

The same applies to persons and legal entities that hold the Notes in connection with any business activity conducted or managed in Norway.

Net wealth taxation

Corporate holders of Notes who are resident in Norway for tax purposes are not subject to Norwegian net wealth tax.

Individual holders of Notes who are residents in Norway for tax purposes are subject to net wealth tax, taxable on an annual basis. The taxable value of a Note is the listed price on December 31 of the income year, or the presumed sales value if no listed price is quoted, calculated in Norwegian kroner, based on the exchange rate as of the same date, and is included in the basis for the computation of net wealth tax imposed on Norwegian individual Note holders. The marginal net wealth tax rate is 0.85% of the value assessed.

Stamp duties

No Norwegian issue tax or stamp duties are payable in connection with the issue of the Notes.

United States federal income taxation

The following discussion is a summary of United States federal income tax considerations that may be relevant to a U.S. Holder (as defined below) with respect to the ownership and disposition of the Notes. This description addresses only the United States federal income tax considerations relevant to holders that acquire the Notes upon original issuance pursuant to this offering at the "issue price" (e.g., the first price at which a substantial amount of such Notes is sold for money to investors) and that will hold the Notes as capital assets.

This summary does not address all aspects of United States federal income taxation that may be relevant to investors in light of their particular circumstances, or to investors subject to special treatment under United States federal income tax law (including, for example, banks or other financial institutions, insurance companies, tax-exempt entities, dealers or traders in securities or currencies, regulated investment companies, real estate investment trusts, grantor trusts, partnerships or other pass-through entities for United States federal income tax purposes, traders in securities that have elected the mark-to-market method of accounting, persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement, persons that acquire Notes as part of a synthetic security, straddle, hedge, conversion transaction or other integrated investment, holders whose functional currency is not the U.S. dollar, persons that received the Notes as compensation for the performance of services and certain former citizens or long-term residents of the United States). In addition, this summary does not address any aspect of United States federal estate and gift or alternative minimum tax consequences, the Medicare tax on net investment income or any foreign, state or local tax considerations. This summary is based on the Internal Revenue Code of 1986, as amended, its legislative history and existing Treasury Regulations promulgated thereunder, judicial and administrative interpretations thereof and the tax conventions between the United States and Norway, in each case as in effect and available on the date hereof and all of which are subject to change, possibly on a retroactive basis, which could affect the tax consequences described below.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of a Note that is (i) a citizen or individual resident of the United States, (ii) a corporation or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust (x) if a United States court is able to exercise primary supervision over the administration of such trust and one more United States persons have the authority to control all substantial decisions of such trust or (y) if such trust validly elects to be treated as a United States person for United States federal income tax purposes.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds Notes, the United States federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisors as to the tax consequences of an investment in the Notes.

Prospective holders should consult their tax advisors with respect to the United States federal, state, local and foreign tax consequences of owning or disposing of the Notes in light of their particular circumstances.

Payments of interest. Payments of interest on a Note generally will be included in the income of a U.S. Holder as ordinary interest income in accordance with the U.S. Holder's method of accounting for United States federal income tax purposes.

U.S. Holders using the cash basis method of accounting who hold Notes will be required to include in income the U.S. dollar value of each interest payment based on the spot rate of exchange in effect on the date the payment is received, regardless of whether the payment is in fact converted into U.S. dollars at that time and will recognize no exchange gain or loss on receipt of the payment. U.S. Holders using the accrual method of accounting may translate accrued interest on the Notes into U.S. dollars at the average rate of exchange for the period or periods during which the interest accrued (or portion thereof), or, at the U.S. Holder's election, at the spot rate of exchange on the (i) last day of the accrual period, (ii) last day of the taxable year if the accrual period straddles the U.S. Holder's taxable year, or (iii) the date the interest payment is received if such date is within five days of the end of the accrual period. The election described in the preceding sentence must be consistently applied to all debt instruments from year to year and can be changed only with the consent of the U.S. Internal Revenue Service, or "IRS." Accrual basis U.S. Holders will recognize ordinary exchange gain or loss on the receipt of payment in respect of accrued interest on the Notes (including upon sale or other disposition of a Note, proceeds attributable to accrued interest previously included in income) in an amount equal to the difference, if any, between (i) the U.S. dollar value of the payment (as determined based on the spot rate of exchange in effect on the date the payment is received) and (ii) the amount of interest income accrued in respect of the payment. A U.S. Holder may have foreign currency exchange gain or loss (generally taxable as ordinary gain or loss) if the interest payment is converted into U.S. dollars after the date of receipt. In general, foreign currency exchange gain or loss will be treated as U.S. source gain or loss for foreign tax credit purposes.

If any foreign taxes are withheld with respect to interest payments on a Note, a U.S. Holder would be required to include in income any additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum) received and any tax withheld from the interest payment, notwithstanding that such withheld tax is not in fact received by such U.S. Holder. A U.S. Holder may be entitled to deduct or credit this tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all foreign taxes for a particular year). Interest income (including foreign taxes withheld from the interest payments and any additional amounts (as described under "*Description of Notes—Additional Amounts*" in this offering memorandum)) on the Notes generally will be considered foreign source income and, for purposes of certain limitations imposed on the United States foreign tax credit, generally will be considered passive income. The calculation of foreign tax credits or deductions and the timing thereof for United States federal income tax purposes involves the application of complex rules that depend upon a U.S. Holder's particular circumstances. Accordingly, U.S. Holders should consult their tax advisors regarding the creditability or deductibility of such taxes.

Sale, exchange, retirement or other taxable disposition of Notes. A U.S. Holder will generally recognize capital gain or loss upon the sale, exchange, retirement or other taxable disposition (collectively, a "disposition") of a Note in an amount equal to the difference, if any, between the amount realized from such disposition (less any amounts attributable to accrued but unpaid interest, which will be taxable as ordinary interest income unless such interest has already been taken into account by such U.S. Holder) and such U.S. Holder's adjusted tax basis in the Note. If the Notes are traded on an established securities market, a U.S. Holder using the cash method of accounting and, if it so elects, a U.S. Holder using the accrual method of accounting, will determine the U.S. dollar value of the amount of euros realized upon a disposition by translating such amount at the spot rate of exchange on the settlement date of such disposition. The election described in the preceding sentence must be consistently applied to all debt instruments from year to year and can be changed only with the consent of the IRS. A U.S. Holder using the accrual method of accounting that does not make such election will recognize U.S. source exchange gain or loss to the extent there are exchange rate fluctuations between the disposition date and settlement date of a Note.

A U.S. Holder's adjusted tax basis in a Note will generally be equal to the U.S. dollar value of the purchase price on the date of purchase, calculated at the spot rate of exchange on that date.

Any capital gain or loss recognized will generally be long-term capital gain or loss if, at the time of the disposition, the Note has been held for more than one year. Long-term capital gains of individuals and certain other non-corporate U.S. Holders are eligible for reduced rates of taxation. The deductibility of capital losses is subject to certain limitations. Capital gain or loss, if any, realized by a U.S. Holder on the disposition of Notes generally should be treated as United States source income or loss for United States foreign tax credit purposes.

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the disposition of a Note equal to the difference, if any, between the U.S. dollar value of the U.S. Holder's purchase price for the Note (i) on the date of disposition and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realized only to the extent of total gain or loss realized on the disposition (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

A U.S. Holder may have foreign currency exchange gain or loss (generally taxable as ordinary gain or loss) upon the conversion into U.S. dollars after the date of receipt. In general, foreign currency exchange gain or loss will be treated as U.S. source gain or loss for foreign tax credit purposes.

Tax return disclosure requirement. Treasury Regulations require the reporting to the IRS of certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on, or the disposition of, a Note or foreign currency received in respect of a Note. U.S. Holders should consult their tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Information with respect to foreign financial assets. U.S. Holders who are individuals and who own "specified foreign financial assets" (which includes debt of non-U.S. entities) with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. If a U.S. Holder does not file a required IRS Form 8938, such holder may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such holder for the related tax year may not close before the date which is three years after the date on which such report is filed. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

PLAN OF DISTRIBUTION

Barclays Bank PLC, Citigroup Global Markets Limited, BNP Paribas, BofA Securities Europe SA, DNB Bank ASA, ING Bank N.V., London Branch, and J.P. Morgan Securities plc are the Initial Purchasers. Subject to the terms and conditions set forth in a purchase agreement dated the date of the final offering memorandum (the "Purchase Agreement"), entered into in connection with issuance of the Notes, the Issuer has agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase the Notes from the Issuer the principal amount of Notes set forth in the Purchase Agreement.

Subject to the terms and conditions set forth in the Purchase Agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the Purchase Agreement if any of the Notes are purchased. If an Initial Purchaser defaults, the Purchase Agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the Purchase Agreement may be terminated.

The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the Purchase Agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

The Notes have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (i) in the United States to QIBs within the meaning of Rule 144A; and (ii) outside the United States in offshore transactions to non-U.S. persons in compliance with Regulation S. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act. Until 40 days after the commencement of this Offering, an offer or sale of Notes within the United States by a dealer (whether or not it is participating in the Offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Initial Purchasers that are not registered with the Securities and Exchange Commission as U.S. registered broker-dealers will effect offers and sales of the notes (i) solely outside of the United States, or (ii) within the United States, to the extent permitted by Rule 15a-6 under the Exchange Act, through their U.S.-registered broker-dealers and as permitted by the Financial Regulatory Authority regulations.

Solely for the purposes of the product approval process of each of the manufacturers, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

No action has been taken in any jurisdiction, including in Norway, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Guarantees may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes and the Guarantees may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "Notice to Certain Investors."

EEA and the United Kingdom

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA and/or in the UK has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA and/or the UK may be unlawful under the PRIIPS Regulation. This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA or the United Kingdom will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

New Issue of Securities

The Notes are a new issue of securities with no established trading market. The Issuer does not intend to apply for listing of the Notes on any U.S. securities exchange or for inclusion of the Notes on any automated dealer quotation system.

Application has been made to list the Notes on the Official List of the Exchange and to trading on the Euro MTF Market thereof within a reasonable period of time following the Issue Date. The Euro MTF Market is not a regulated market for purposes of MiFID II.. Consummation of the offering of the Notes was not conditioned on us making an application for or obtaining such listing or admission to trading. The Issuer cannot assure you that the prices at which the Notes will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will continue after this Offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Exchange Act and may be limited. Accordingly, the Issuer cannot assure you that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable. We also cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement Cycle

The delivery of the Notes was made against payment therefor on the date specified on the cover page of this offering memorandum, which was the tenth business day following the date of pricing of the Notes (such settlement cycle being herein referred to as "T+10"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who traded the Notes on the date of date of devivery of the Notes or the next seven business days were required, by virtue of the fact that the Notes settle in T+10, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wished to make such trades should have consulted their own advisors.

No Sales of Similar Securities

The Issuer and the Guarantors have agreed that they will not during the period from the date of this offering memorandum and including the date that is 45 days after such date, without first obtaining the prior written consent of the Initial Purchasers, offer, sell, contract to sell or otherwise dispose of, any debt securities issued or guaranteed by the Issuer or any of the Guarantors, except for the Notes sold to the Initial Purchasers pursuant to the Purchase Agreement.

Price Stabilization and Short Positions

In connection with the Offering, the Stabilizing Manager or one or more of its affiliates (or persons acting on their behalf) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes during the stabilization period at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may cease at any time, but must end no later than 30 days after the date on which the Issuer received the proceeds of the issue, or no later than and 60 days after the date of allotment of the Notes. Any stabilization action or over allotment must be conducted by the Stabilizing Manager (or person acting on behalf of the

Stabilizing Manager) in accordance with all applicable laws and regulations and will be undertaken at the offices of the Stabilizing Manager (or persons acting on their behalf) and on the Official List of the Exchange.

In connection with the Offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the Offering. The Initial Purchasers must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the Offering.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

None of the Issuer, the Guarantors or any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, none of the Issuer, the Guarantors, or any of the Initial Purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Certain of the Initial Purchasers or their respective affiliates have engaged in, and/or may in the future engage in, investment banking, financial advisory, hedging, commercial banking, treasury management, transaction and clearing services, corporate pension management, broking, consulting and/or other commercial dealings in the ordinary course of business with the Issuer or its affiliates for which they may receive customary advisory and transaction fees and expense reimbursement. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates (including the Notes). Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer or its subsidiaries may routinely hedge their credit exposure to these entities consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities (including potentially, the Notes). Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Furthermore, each of the Initial Purchasers or certain of their respective affiliates are mandated arrangers and underwriters under the Senior Facilities Agreement and certain of the Initial Purchasers act as lenders under the €600 million multi-currency term loan and revolving credit facility and the Grupo ZAP Bridge Term Loan Facilities, which will be cancelled and repaid in connection with the Transactions, and so may receive funds in full payment thereof from the proceeds of this Offering.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND SECURITY INTERESTS

Set out below is a summary of certain limitations on the enforceability of the guarantees and the security interests in each of the jurisdictions in which guarantees or Collateral are being provided. It is a summary only and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes or Collateral will be located. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the guarantees and the security interests on the Collateral. Also set forth below is a brief description of certain aspects of insolvency law in Norway, the European Union, the Netherlands, Germany, France Spain and Canada.

Norway

Limitations on guarantees and security—financial assistance

A Norwegian private limited liability company's legal capacity or ability to provide financial assistance (including placing funds at disposal, granting loans, or providing security or guarantees) may be limited by applicable law, including, but not limited to the mandatory provisions of sections 8-7 and 8-10 of the Norwegian Limited Companies Act (*aksjeloven*) (the "Norwegian Companies Act"). If any of these limitations apply to the financial assistance, such financial assistance (in whole or in part) may be deemed to be invalid and the value of e.g. the underlying guarantee or security interest may be significantly reduced or fall away all together.

Section 8-7 restricts a Norwegian private limited liability company's ability to grant financial assistance in favour of its (direct or indirect) parent company or any of its affiliates out of its distributable reserves unless such financial assistance falls within one or more of the exemptions listed in section 8-7. These exemptions include, inter alia, an exemption for financial assistance granted by a wholly-owned subsidiary to its parent (or any of its direct or indirect parent companies, subject to each such entity being wholly-owned by its immediate parent company) provided that such financial assistance is in the economic interest of the group of companies.

Pursuant to section 8-10 (1) of the Norwegian Companies Act, a Norwegian private limited liability company may, as a starting point, only provide financial assistance in connection with the acquisition of its own or its direct or indirect parent company's shares out of its distributable reserves. As of 1 January 2020 the regulations were amended to permit financial assistance where the acquirer will form part of the company's group following the acquisition (i.e. the acquirer following the acquisition will have decisive influence over the Norwegian company (i.e. typically having, as a result of an agreement or through the ownership of shares or other ownership interests in the other company (directly or indirectly), (i) a majority of the voting rights in the company, or (ii) a right to elect or remove a majority of the members of the board of directors of the company) subject to the following conditions:

- the acquirer is domiciled in an EU/EEA-country;
- the financial assistance is provided on commercial terms and principles and relate to fully paid-in shares;
- the financial assistance is approved by the board of directors and at least two-thirds of the votes cast and of the share capital represented at a general meeting of the company before the financial assistance is provided;
- the board of directors of the Norwegian company must ensure that a credit appraisal is carried out with respect to the beneficiary of the financial assistance;
- the board prepares a report which *inter alia* include the background for the proposal, terms related thereto, the price to be paid for the shares, an assessment of the company's interest in providing the financial assistance and the consequences as to the equity and liquidity of the company;
- the board shall prepare a declaration confirming that it is in the company's interest to provide the financial assistance and that the company will meet its legal requirements to sound equity and liquidity; and
- the report and the declaration must be enclosed with the summons to the general meeting referred to above, will be public and shall without undue delay be filed with the Norwegian Business Register before the financial assistance is provided.

The principle of corporate benefit also exists in Norway and may, inter alia, impose a restriction on a Norwegian company's ability to offer a guarantee and provide security to or in favour of shareholders or parties related to a shareholder in addition to the restrictions on financial assistance and upstream/cross-stream guarantees and security described above.

Foreign Currency

Norwegian courts may award judgment in currencies other than Norwegian Kroner, but the debtor is nevertheless in relation to such judgment entitled to make payment in Norwegian Kroner at the rate of exchange prevailing at the date of such payment.

Brief and high level description of creation and perfection of security / Enforcement of security in Norway

The validity and enforceability of any guarantee or security interest provided by a Norwegian company will be subject to any Norwegian laws from time to time in effect relating to bankruptcy, liquidation, insolvency, reorganization, administration, moratorium or dissolution and any other laws or legal procedures affecting creditors' rights in general and to any provision generally applicable under Norwegian law with regard to the invalidation or revision of contracts and/or unfair contract terms. Enforcement of a security interest created under Norwegian law may only take place in a manner authorized by Norwegian law.

Norwegian law requires a statutory basis for establishing a security interest. The Norwegian Mortgages and Pledges Act (*panteloven*) (the "Pledge Act") is the legal basis for most types of security which can be established pursuant to Norwegian law. It is a general condition for establishing a security interest that the assets to be pledged are transferable. The security will only be enforceable against third parties if appropriate steps to perfect the security interest have been taken. The procedure for perfecting a security interest varies depending on the type of asset being subject to the security interest. Any security interest in respect of which legal protection has not been obtained without undue delay following the creation of the debt in respect of which such security interest was granted, will be held invalid in the event i) that a petition for the bankruptcy or debt negotiations in respect of the pledgor/assignor has been filed within three months of the obtaining of legal protection for such security and the pledgor/assignor is declared bankrupt or debt negotiations are initiated as a consequence of such petition, or ii) that it is found that the obtaining of legally protected security interest at the time of such obtaining represents an act of ill faith on the part of the relevant creditor in relation to the other creditors of the pledgor/assignor. Moreover, if the relevant security interest is not perfected, the holder of the security interest may have difficulty enforcing or be entirely unable to enforce such holder's rights in the relevant assets in competition with third parties, including an administrator in bankruptcy and other creditors who claim a security interest in the same assets. Under Norwegian law, the ranking of security interests is determined by the date on which they were perfected. A security interest created on a later date over the same assets, but which was perfected at an earlier time generally has priority.

As a main rule, a secured creditor does not have a general step-in right to security assets in an enforcement situation and agreements on enforcement cannot be validly entered into prior to the occurrence of an event of default. Instead, enforcement must be sought through the Norwegian courts or the Norwegian enforcement authorities.

Also, for specific security assets, and under certain circumstances, a creditor may take possession or directly enforce its rights upon enforcement. This is the case for security established over receivables (such as trade receivables or bank account claims) whereby the secured party may instruct the relevant debtor to pay the outstanding amounts directly to the secured party instead of the chargor.

The concept of a security trustee, as understood under U.S. law, does not exist under Norwegian law. In Norway a security trustee would be considered to be acting as a security agent. In practice in Norway, in an arrangement with a security agent acting on behalf of the secured parties, as these exist from time to time, it is generally recognized under Norwegian law that the security agent will be able to enforce the security on behalf of the secured parties and apply any proceeds to the secured parties. In order to commence any legal action regarding a claim (for enforcement purposes or otherwise) against the debtor the security agent may be required to disclose to the court the identity of the creditors and have the creditors join in or participate as claimants in the proceedings. It has been established by the Norwegian Supreme Court that a bond trustee for an undisclosed number of noteholders can, based on the provisions in the relevant bond agreement or indenture, take legal action against the issuer on behalf of and in lieu of the holders of the Notes without having to disclose the identity of the holders of the Notes. However, the relevant Norwegian court would have to examine the relevant indenture together with the other relevant agreements relating to the Notes and this Offering to determine whether the trustee would be able to act in such capacity.

Limitations on guarantees and security—other limitations

A bankruptcy estate and any entity providing financing of debt reorganization proceedings under the Norwegian Temporary Act on Reorganization to Mitigate Economic Hardship Resulting from COVID-19 (*Rekonstruksjonsloven)* (the "Temporary Reorganization Act") has a first priority mortgage right against each asset being mortgaged to a third party as security for the obligations of the bankruptcy estate and to secure loans granted to finance debt reorganization proceedings of up to 5% of the value of such asset. Such mortgage rights are to secure necessary costs related to the bankruptcy proceedings and debt reorganization proceedings. Under Norwegian law such mortgage rights are applicable also in respect of cross collateral arrangements, and such mortgage rights may increase accordingly as a result thereof. Such statutory lien is not applicable to financial security (cash deposits and financial instruments) established pursuant to the Norwegian Financial Collateral Act (*Lov om finansiell sikkerhetsstillelse*) (the "Financial Collateral Act"), cf. the Norwegian Pledge Act Section 6-4 (9).

The security granted by a Norwegian company might be subject to defects, encumbrances, liens and other imperfections which could adversely affect the value of the security and the ability to enforce or realize the security. Furthermore, the ranking of security interest can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions. There can be no assurance that the assets over which a Norwegian company grants a security are, or will be, free and clear from third-party prior ranking security rights or other interests arising by operation of law.

According to the Norwegian Enforcement Act (*tvangsfullbyrdelsesloven*), enforcement of claims is contingent upon the existence of an enforceable basis for execution, which may require a relevant party to obtain a court judgment, arbitral award or similar decisions. Obtaining such awards may be a lengthy and costly process. A Norwegian court may reject a mere technical or minor default under an agreement without a payment default as a proper basis for execution, unless the relevant event of default is held to be material. Enforcement of rights under Norwegian law may furthermore be or become limited by prescription, lapse of time or barred under the Norwegian Limitation Act and claims under a document may become subject to set-off, counterclaim or other defenses.

Furthermore, the Financial Agreements Act (*finansavtaleloven*) places various restrictions on the ability of a company incorporated in Norway to grant security and guarantees in favour of third parties and, inter alia, requires that a maximum amount is specified in respect of each security interest and guarantee. Limitations on a company's ability to grant security may also be restricted by the relevant company's constitutional documents and, in the case of a share pledge, the articles of association of the company's whose shares are subject to security.

Insolvency

The primary legislation on insolvency and bankruptcy in Norway is found in the Norwegian Act on Debt Arrangement and Bankruptcy (*konkursloven*) (the "Bankruptcy Act") and the Norwegian Act on Creditors' Recovery (*dekningsloven*) (the "Recovery Act"). It is a formal requirement for the opening of bankruptcy proceedings that that a company (or person) is insolvent, meaning that the debtor is both illiquid (i.e., the company is unable to pay its obligations as they come due) and with negative net assets based on real, not book, values (i.e. the value of the company's assets is lower than its debt).

Financial institutions licensed under the Norwegian Financial Undertakings Act dated 10 April 2015 are exempted from the Bankruptcy Act and subject to special provision implementing the Banking Recovery and Resolution Directive (2014/59/EU) ("BRRD"). Companies comprised by the Norwegian Financial Undertakings Act include (i) banks, (ii) credit/mortgage providers, (iii) financing companies, (iv) insurance companies, (v) pension companies and (vi) parent companies in financial groups.

Further, relevant rules are laid down in the Temporary Reorganization Act. The financial distress caused by the COVID-19 outbreak in the spring of 2020 has prompted the Norwegian government to enact the Temporary Reorganization Act which, according to the Temporary Reorganization Act, will remain in place until 1 January 2022.

Insolvency Proceedings

Upon receipt of a petition for bankruptcy proceedings from the company's board or a creditor, the court shall make an appraisal of the company's economic situation, taking into account all relevant factors in the particular case. The company shall be deemed insolvent if the value of the company's debt exceeds the value of the company's assets and the company is unable to pay its debts when due (unless the company's inability to pay its debts is temporary), cf. the above statements on "Insolvency".

Once the company is declared bankrupt, the court shall appoint a bankruptcy administrator (*bostyrer*). The bankruptcy administrator shall manage the bankruptcy estate in the manner most beneficial to both secured and unsecured creditors and take all measures to ensure a swift and advantageous realization of the assets of the company. Hence, the primary objective of the bankruptcy administrator will, under Norwegian law, be to realize all assets, distribute the proceeds to the creditors and dissolve and de-register the company. The company will cease to exist after bankruptcy has been declared.

The bankruptcy administrator normally sends out an information letter to all known creditors at an early stage of the bankruptcy proceedings. Further, a public announcement is made in a local newspaper commonly read in the community where the debtor is located and on the Brønnøysund Register Centre's website. An initial meeting of creditors is held in the bankruptcy court, normally within four weeks of the opening of bankruptcy proceedings. Further court meetings are usually not held and must be requested by the court or the bankruptcy administrator or a member of the creditors' committee. Creditors can only request such meetings when they represent at least one-fifth of the creditors, both with regard to number and amount.

As a general rule, the bankruptcy estate seizes all assets and rights of the company at the time the company was declared bankrupt, and all assets acquired thereafter, as well as any assets that can be recovered by the bankruptcy administration. The rights of the bankruptcy estate include the right to sell the assets, continue the business, enter into or start legal proceedings to obtain assets, reverse transactions (under specific circumstances) and enter into various types of agreements. The secured creditors may, in principle, realize the security, and cover their claims; however, keeping in mind that the realization of a number of categories of security during the first six months after the opening of a bankruptcy will be subject to the approval of the bankruptcy estate (the same principles apply to official debt reorganization proceedings). The bankruptcy estate has the right, subject to certain conditions being fulfilled, to realize the security and divide the proceeds between the secured creditors and other holding legal rights in the assets.

Norwegian bankruptcy legislation has rules whereby certain transactions by the debtor made within a certain period of time prior to the opening of bankruptcy proceedings may be avoided/reversed. A distinction can be made between objective and subjective rules. Objective rules apply to transactions regardless of whether the company was insolvent at the time of the transaction and whether the company or the counterparty can be reproached for having entered into the transaction. As a starting point, only transactions entered into within a three-month period prior to the bankruptcy proceeding can be set aside, according to an objective rule. The objective rules apply to, for example, gift transactions, security for older debt and extraordinary payments (such as payments before due time, payments made by unusual means or payments that have considerably weakened the company's ability to meet payments). Pursuant to the subjective rule a transaction which improperly (i) gives preference to one creditor at the expense of the others, (ii) prevents the debtor's assets from being used to cover the creditor's claims, or (iii) increases the debtor's liabilities in a manner which is detrimental to the creditors, may be avoided if the debtor's financial situation was weak or became seriously weakened by the transaction. A condition to the application of the rule is that the other party knew or should have known of the debtor's financial difficulties and the circumstances which rendered the transaction improper. The subjective rule applies to transactions made 10 years prior to the bankruptcy.

Pursuant to the Temporary Reorganization Act, debtors that are facing or that in the near future will face serious economic problems may petition to the court for the commencement of debt reorganization proceedings. Any of the company's creditors may request debt reorganization proceedings if the debtor is unable to meet its obligations as they fall due. The goal of such proceedings is to enable the debtor to restructure its debts, following either unanimous creditor consent ("Unanimous Reorganization") or consent from a requisite majority of the creditors affected (a "Non-unanimous Reorganization"). The commencement of debt reorganization proceedings results in the appointment of a reorganization official and a creditor committee that together form a reorganization committee. The reorganization committee is charged with supervising the debtor during the proceedings and assisting it with putting forward a reorganization proposal to its creditors. Subject to certain exceptions, the enforcement rights of creditors are suspended during the proceedings.

A debtor in debt reorganization proceedings has certain possibilities for securing new financing with security interests over its assets that rank ahead of existing security interests. First, the debtor may, subject to the consent of the reorganization committee, offer superpriority security interests over its plant and machinery, inventory and trade receivables to lenders financing the continuation of the debtor's business activities during the proceedings and the associated expenses. There is no numerical limit to the sums that may be secured on a superpriority basis, but existing secured creditors may petition for the reversal of the reorganization committee's consent if the superpriority security interest has a material adverse effect on their position. Second, loans obtained to finance the continuation of the debtor's business activities during the proceedings and the associated expenses enjoy a statutory first lien over all of the debtor's assets, subject to the limitations described above.

Assets (including receivables) acquired by a debtor while under debt reorganization proceedings will as a starting point fall outside the scope of existing security interests.

A Unanimous Reorganization may in principle consist of any amendments to the debtor's debts. The adoption of a reorganization proposal as Unanimous Reorganization generally requires the consent of all creditors concerned. However, in the event that no creditors have rejected the proposal following the expiry of a voting period set by the reorganization official, the proposal will be deemed approved if it has been approved by creditors representing three-fourths of the claims affected.

The following measures may be imposed as part of a Non-unanimous Reorganization:

- a rescheduling of the debtor's payment obligations;
- a reduction of the debtor's debts;

- the conversion of debt to equity capital;

- the transfer of all or parts of the debtor's business and assets to a purchaser;

- the transfer and winding up of all the debtor's business and assets with the debtor being released from debts exceeding the proceeds of the winding up; and/or

- a combination of the above measures.

A Non-unanimous Reorganization cannot encroach upon the rights of non-consenting secured creditors, creditors that enjoy preferential priority in bankruptcy (except for certain tax claims) and creditors with set-off rights. However, secured claims may be encroached upon if and to the extent the reorganization committee deems that the claim exceeds the value of the secured assets.

The adoption of a Non-unanimous Reorganization requires the approval of creditors representing a majority of the claims with voting rights. The claims with voting rights will generally be the claims that are affected by the proposal.

Following the approval of a requisite majority, a Non-unanimous Reorganization must be sanctioned by the court. The court may, in addition to reviewing whether procedural requirements have been observed, review the fairness of the proposal. Such review will take into account whether individual creditors have been compensated to consent to the reorganization, the burden-sharing among the creditors and whether creditors are worse off than if the debtor was instead subject to bankruptcy proceedings.

Priority of Certain Creditors

Under Norwegian bankruptcy law, there are two main groups of priority claims: first priority claims and second priority claims. First priority claims consist of salary claims within certain time and amount limitations. Second priority claims consist of certain tax and VAT claims within certain time limitations.

However, none of these claims has priority over secured creditors. Secured creditors are secured up to the value of the secured property. Exceeding claims are transferred to ordinary unsecured claims. The priority clauses simply state that first priority claims must be covered in full before any dividend is payable to second priority claims and that second priority claims must be covered inn full before any dividend is payable to unsecured claims.

Solvent Enforcement

Enforcement of security normally requires that the pledgee or chargee file an application to the enforcement authorities for the enforcement of the security. Certain types of security may, however, be enforced without the involvement of the enforcement authority or a court, typically security established pursuant to the Financial Collateral Act and charges over monetary claims. A provision granting the secured party such right of enforcement is typically included in any security agreement between the pledgor/chargor and the secured party.

Enforcement of a guarantee claim against a solvent guarantor will in principal require a final, legally binding judgment by a court (unless the guarantee is made as an enforceable promissory note). Thereafter the creditor may apply to the enforcement authorities for enforcement of his or her claim.

European Union

Some of the Guarantors are organized under the laws of Member States of the European Union or the EEA.

Pursuant to the EU Insolvency Regulation, which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its "center of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views. To date, no final decisions have been made in cases that have been brought before the European Court of Justice in relation to questions of interpretation of the effects of the EU Insolvency Regulation throughout the European Union. Article 3(1) of the EU Insolvency Regulation states that the "center of main interests" of a debtor shall be the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties." Article 3(1) of the EU Insolvency Regulation further provides that "in the case of a company or legal person, the place of the registered office shall be presumed to be the center of its main interests in the absence of proof to the contrary." This gives rise to a rebuttable presumption that, in the case of a company, its center of main interests is the place of the company's registered office. That presumption shall only apply if the registered office has not been moved to another Member State within the three-month period prior to the request for the opening of insolvency proceedings. Pursuant to Preamble 30 of the EU Insolvency Regulation, in relation to a company, it also should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. The courts have taken into consideration a number of factors in determining the "center of main interests" of a company, including in particular where board meetings and shareholders' meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's "center of main interests" may change from time to time.

The EU Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation. If the "center of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State or had an establishment in such EU Member State in the three-month period prior to the request for commencement of main insolvency proceedings. An "establishment" is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Pursuant to Article 4 of the EU Insolvency Regulation, a court requested to open insolvency proceedings is required to examine whether it has jurisdiction pursuant to Article 3 of the EU Insolvency Regulation and, pursuant to Article 5 of the EU Insolvency Regulation, such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction. Where main proceedings have been opened in the Member State in which the company has its center of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment shall be secondary insolvency proceedings. Where main proceedings in the Member State in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment where either (a) insolvency proceedings cannot be opened in the Member State in which the company's center of main interests is situated under that Member State's law; or

(b) the territorial insolvency proceedings are opened at the request of a creditor which is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from or is in connection with the operation of the establishment or at the request of a public authority that has the right to make such a request under the law of the Member State in which the establishment is located. Irrespective of whether the insolvency proceedings are main or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the lex fori concursus, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor. Furthermore, pursuant to Article 6 of the EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with its Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

The opening of insolvency proceedings in a Member State pursuant to the EU Insolvency Regulation shall not affect the rights in rem of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole that change from time to time, belonging to the debtor that are situated within the territory of another Member State at the time of the opening of proceedings. Rights in rem include:

- the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;
- the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;
- the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled;
- a right in rem to the beneficial use of assets.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings which will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The insolvency practitioner appointed by a court in a Member State which has jurisdiction to open main proceedings (because the company's center of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

The EU Insolvency Regulation provides:

a) for cooperation and communication between insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings and, in order to facilitate the coordination of main, territorial and secondary insolvency proceedings concerning the same debtor for cooperation and communication between (i) courts and (i) insolvency practitioners and courts;

b) for specific cooperation, communication and coordination measures in order to ensure the efficient administration of insolvency proceedings relating to different companies forming part of the same group;

c) that the Member States shall establish and maintain a register of insolvency proceedings; and

d) that the European Commission shall establish a decentralized system for the interconnection of such insolvency registers.

EU Directive on preventive restructuring frameworks

The EU directive 2019/1023 of the European Parliament and the Council of June 20, 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (the "EU Restructuring Directive") was published on June 26, 2019.

The objectives of the EU Restructuring Directive are to ensure that (i) viable enterprises and entrepreneurs that are in financial difficulties have access to effective national preventive restructuring frameworks that enable them to continue operating, (ii) honest insolvent or over-indebted entrepreneurs (i.e. individuals) can benefit from a full discharge of debt after a reasonable period of time, thereby affording them a second chance and (iii) the effectiveness of procedures concerning restructuring, insolvency and discharge of debt is improved, in particular with a view to shortening their length.

The EU Restructuring Directive aims to achieve a higher degree of harmonization in the field of restructuring, insolvency, discharge of debt and disqualifications by establishing substantive minimum standards for preventive restructuring procedures as well as for procedures leading to a discharge of debt for entrepreneurs in order to promote a culture that encourages early preventive restructuring to address financial difficulties at an early stage, when it appears likely that insolvency can be prevented and the viability of the business can be ensured. Most notably, the EU Restructuring Directive provides for a framework pursuant to which (a) a stay of individual enforcement actions by creditors against debtors must be introduced by Member States national legislation, (b) all creditor claims shall be grouped into separate classes each of which shall reflect a commonality of interests (at a minimum, creditors of secured and unsecured claims shall be treated in separate classes), (c) creditor claims may be restructured in a restructuring plan by majority vote with a majority of not more than 75% of the amount of the claims in each class and, where the Member State so requires, a majority in number of affected parties in each class and (d) a cross-class cram-down is introduced whereby a restructuring plan may, under certain conditions, be adopted and bind dissenting creditors even if the creditors of one or more classes do not consent to the restructuring plan with the required majority. The transposition of the EU Restructuring Directive into national legislation shall protect new financing and interim financing and may also provide priority ranking to new or interim financing granted in the context of the restructuring.

The EU Restructuring Directive shall be transposed into national laws or regulations by Member States by July 17, 2021 (with the exception of the provisions relating to the use of electronic means of communication for which the time period for the transposition expires in certain respects on July 17, 2024 or, in others, on July 17, 2026), subject to a maximum 1 year extension of the transposition period for Member States encountering particular difficulties in implementing the EU Restructuring Directive.

The Netherlands

Insolvency proceedings—general

The Notes will be guaranteed by Adevinta Oak and Marktplaats (the "Dutch Guarantors"), which are entities, each a Dutch Guarantor Post-Completion, incorporated under Dutch law. Provided that its center of main interest under Regulation (EU) no. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast) is deemed to be located in the Netherlands, proceedings by or against a Dutch Guarantor may be commenced in the Netherlands and consequently be based on Dutch insolvency laws.

Dutch insolvency law differs significantly from insolvency proceedings in the United States and may make it more difficult for Holders of Notes to recover the amount they may expect to recover in liquidation or bankruptcy proceedings in the United States.

There are two primary insolvency regimes under Dutch law. The first, suspension of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate and distribute the proceeds of the assets of a debtor to its creditors. Both insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*). A general description of the principles of both insolvency regimes is set out below.

Insolvency proceedings—suspension of payments

An application for a suspension of payments can only be made by the debtor itself. Once the request for a suspension of payments is filed the court will immediately (*dadelijk*) grant a provisional suspension of payments. A court hearing among other creditors is required to decide on the definitive suspension of payments. If a draft composition (*ontwerp akkoord*) is filed simultaneously with the application for suspension of payments, the court can order that the composition will be processed before a decision about a definitive suspension of payments. If the composition is accepted by the creditors and subsequently irrevocably confirmed by the court (*gehomologeerd*), the provisional suspension of payments ends. The definitive suspension of payments will generally be granted unless (i) a qualified minority ((a) more than one-quarter of the amount of claims held by creditors represented at the creditors' meeting or (b) more than one-third of the number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors declare against it (ii) there is a valid fear that the debtor will try to prejudice the creditors during a suspension of payments or if there is no prospect that the debtor will be able to satisfy its creditors in the (near) future. The suspension of payments will only affect unsecured, non-preferential creditors.

In a suspension of payments, whether definitive or provisional, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is (i) approved by a simple majority (*gewone meerderheid*) of the meeting of the recognized and of the admitted creditors representing at least 50% of the amount of the recognized and of the admitted claims and (ii) subsequently irrevocably ratified (*gehomologeerd*) by the court. In addition, the composition may also be accepted by the District Court or, if appointed, the supervisory judge (*rechter-commissaris*) if (i) three-fourths of the admitted and recognized ordinary creditors present at the creditor's meeting voted in favor of the composition and (ii) the non-acceptance of the composition during the creditor's meeting is the consequence of a vote against the composition by one or more creditors who, taking into consideration all relevant circumstances, in particular the percentage that such creditor(s) would receive in case of a bankruptcy of the debtor, could not have come to the decision to vote against the composition if such creditor would have acted reasonably. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the Holders of Notes to effect a restructuring and could reduce the recovery of a holder of notes in Dutch suspension of payments proceedings. Interest payments that fall due after the date on which a suspension of payments is granted cannot be claimed in a composition.

Insolvency proceedings—comparison with Chapter 11 proceedings under U.S. bankruptcy law

Unlike Chapter 11 proceedings under U.S. bankruptcy law, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims during a suspension of payments, under Dutch law, secured and preferential creditors (including, among other parties, tax and social security authorities) may enforce their rights against assets of the company in suspension of payments or bankruptcy to satisfy their claims as if there were no suspension of payments or bankruptcy. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, the court may order a "cooling down period" of up to two months, extendable by another period of up to two months during which enforcement actions by secured or preferential creditors are barred. In addition, certain preferred creditors have a preference by virtue of law. Unlike secured creditors, preferred creditors are not entitled to foreclose on assets of the insolvent debtor. They do have priority in the distribution of the proceeds of the insolvent debtor's assets.

Insolvency proceedings—bankruptcy

Under Dutch law, a debtor can be declared bankrupt when it is no longer able to pay its debts when due. Bankruptcy can be requested by a creditor of a claim when there is at least one other creditor. At least one of the claims (of the creditor requesting bankruptcy or the other creditor) needs to be due and payable. The debtor can also request the application of bankruptcy proceedings itself. Furthermore, the Public Prosecution Service (*het Openbaar Ministerie*) can request the application of bankruptcy proceedings for reasons of public interest (*openbaar belang*). In Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. As in suspension of payments proceedings, the court may order a "cooling down period" (*afkoelingsperiode*) for a maximum of four months during which enforcement actions by secured or preferential creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. Note that any applicable cooling down period does not bar creditors of the bankruptcy estate (*boedelschuldeisers*) to take enforcement actions against the bankruptcy estate if and when a claim of such creditor has become due and payable. The right of secured creditors can be affected because, a receiver (curator) can force a secured party to foreclose its security right within a reasonable time (as determined by the receiver pursuant to Article 58(1) of the Dutch Bankruptcy Act), failing which the receiver will be entitled to sell the relevant rights or assets and distribute the proceeds to the secured party after a deduction of liquidation costs. Furhermore, excess proceeds of enforcement must be returned to the receiver and may not be offset against an unsecured claim of the company's secured creditor. The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the Holders of Notes that were not due and payable by their terms on the date of the bankruptcy of a Dutch Guarantor will be accelerated and become due and payable as of that date. Each of these claims will have to be submitted to the receiver to be verified by the receiver in accordance with the applicable provisions of the Dutch Bankruptcy Act. "Verification" under Dutch law means that the receiver takes a preliminary decision on the value of the claim and whether and to what extent it will be admitted in the bankruptcy proceedings. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceedings but only would have been payable on a date one year after the date of bankruptcy may be based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified. The existence, value and ranking of any claims submitted by holders of notes may be challenged in the Dutch bankruptcy proceedings. Generally, in a creditors' meeting (*verificatievergadering*), the receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. In order to qualify for a distribution in the liquidation, creditors whose claims or value thereof are disputed in the creditors meeting by others than the debtor may be referred to separate court proceedings (*renvooi procedure*). These renvooi procedures could cause the Holders of Notes to recover less than the percentage they would receive if their claim was fully acknowledged or less than they could recover in a U.S. liquidation. Such renvooi procedures could also cause payments to the Holders of Notes to be delayed compared with holders of undisputed claims. Furthermore, a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if (i) it is approved by a simple majority of the meeting of unsecured non-preferential creditors with admitted and provisionally admitted claims, representing at least 50% of the total amount of the admitted and provisionally admitted unsecured non preferential claims and (ii) subsequently irrevocably ratified (*gehomologeerd*) by the court. Also, the composition may be accepted by the District Court or, if appointed, the supervisory judge if (i) three-fourths of the admitted and (provisional) recognized ordinary creditors present at the creditor's meeting voted in favor of the composition and (ii) the non-acceptance of the composition during the creditor's meeting is the consequence of a vote against the composition of one or more creditors that, taking into consideration all relevant circumstances, in particular the percentage that such creditor(s) would receive in case of a bankruptcy of the debtor, could not have come to the decision to vote against the composition if such creditor would have acted reasonably. The Dutch Bankruptcy Act does not in itself recognize the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the creditors of the bankruptcy estate, secured and the preferential creditors, are distributed among the unsecured non-preferential creditors, which will be satisfied on a pro rata basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed.

Under Dutch law, as soon as a debtor is declared bankrupt, in principle all pending executions of judgments against such debtor, as well as all attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors), will be terminated by operation of law. The opening of bankruptcy proceedings and the granting of suspension of payments will have retroactive effect until 0:00h of the day that the debtor is declared bankrupt or suspension of payments is (provisionally) granted, respectively. Simultaneously with the opening of the bankruptcy, a Dutch receiver will be appointed. The proceeds resulting from the liquidation of the bankruptcy estate may not be sufficient to satisfy unsecured creditors. Litigation pending on the date of the bankruptcy order is automatically stayed.

Insolvency proceedings—set off, fraudulent conveyance

Set-off is allowed prior to the bankruptcy, although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off. Also, payments made prior to the bankruptcy order may be nullified in Dutch insolvency proceedings. Voluntary (onverplichte) payments made by the debtor can be nullified if the debtor and the payee knew or should have known at the moment of payment that the creditors would be prejudiced. In case of bankruptcy, knowledge exists where the parties could foresee the bankruptcy of the debtor with a reasonable amount of probability. Knowledge of prejudice is presumed by law for transactions performed within a "suspect period" of one year prior to an adjudication of bankruptcy. This is applicable for certain transactions only, the most important application being in cases where the obligations of the insolvent debtor materially exceed those of the other party, the satisfaction of existing obligations of the insolvent debtor that are not yet due and acts between the insolvent debtor and its counterparty when the shares in both are held (indirectly) by the same shareholder or if the insolvent debtor and its counterparty are part of the same group of companies. Even payments made that were due and payable can be nullified if (i) the payee knew that the application for bankruptcy of the debtor was filed at the moment of payment or (ii) the debtor and the payee engaged in this payment in a conspiracy in order to prejudice other creditors.

In addition, the receiver may challenge a transaction if it was conducted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) the transaction was conducted at a time when the counterparty knew that a request for bankruptcy had been filed or (ii) if such transaction was conducted as a result of deliberation between the debtor and the counterparty in order to give preference to the counterparty over the debtor's other creditors. Consequently, the validity of any such transactions conducted by a Dutch legal entity may be challenged and it is possible that such a challenge would be successful.

Insolvency proceedings—Act on Court Confirmation of Extrajudicial Restructuring Plans

The Dutch legislature has prepared a bill for the implementation of a composition outside bankruptcy or suspension of payments proceedings and is referred to as the Act on Confirmation of Extrajudicial Restructuring Plans (the *Wet Homoglatie Onderhands Akkoord* or "WHOA"). The Lower House of the States General (*Tweede Kamer der Staten-Generaal*) voted in favor of the bill on 26 May 2020 and the bill, which was earmarked by the Dutch government as urgent in view of the impact of COVID-19 on many businesses, has been sent to the Upper House of the States General (*Eerste Kamer der Staten-Generaal*) for its vote. The government aims to have the bill enter into force as soon as possible. Under the WHOA, a proceeding inspired by the Chapter 11 proceedings under United States bankruptcy law and the scheme of arrangement under English bankruptcy laws, allows for companies in financial distress the opportunity to arrange for a financial restructuring outside formal insolvency proceedings by means of a court-approved restructuring plan. The WHOA provides that the debtor stays in possession and can offer a composition plan to its creditors (including secured creditors and shareholders) if it is reasonably expected to be unable to pay its debts. The creditors and shareholders with dissimilar rights are placed in different classes. Creditors and shareholders are considered to have dissimilar rights if (i) they have different rights in case of bankruptcy proceedings and/or (ii) are offered different rights under the restructuring plan. The new legislation also allows that group companies, both domestic and foreign, providing guarantees for the debtor's obligations are included in the plan, if (i) the relevant group companies are reasonably expected to be unable to pay their debts as they fall due, (ii) they have agreed to the proposed restructuring plan insofar as it concerns their obligations and (iii) the Dutch court has jurisdiction over the relevant group companies. Upon confirmation by the court, the restructuring plan becomes binding on the debtor and all creditors and shareholders who were entitled to vote and thus may alter creditors' and/or shareholders' rights. In addition, the WHOA provides for the possibility of cross-class cram downs. Under this legislation, the court may upon the request of the debtor proclaim a "cooling-down period" (*afkoelingsperiode*), during which third parties, including parties with security rights in rem such as the Notes Collateral Agent, may be prohibited from enforcing their claims over assets that pertain to the debtor's estate, for a maximum of four months, to be extended until a maximum total "cooling-down period" of eight months. In addition, the WHOA provides for certain measures facilitating the process and deal certainty such ipso facto clauses are temporarily not enforceable and the debtor has the ability to terminate onerous contracts with court approval.

Parallel debt

It is generally assumed that under Dutch law security interests such as rights of pledge cannot be validly created in favor of a person who is not the creditor of the claim that the security interest intends to secure. The beneficial holders of the Notes from time to time will not be party to the security documents. In order to permit the holders of the Notes from time to time to have a secured claim, the Dutch security documents relating to the Notes will provide for the creation of a "parallel debt". Pursuant to the parallel debt, the security trustee (or equivalent) becomes the holder of its own independent claim equal to each amount payable by an obligor under the Notes. The pledges governed by Dutch law will directly secure the parallel debt. The parallel debt concept has not been tested under Dutch law and there is no certainty that it will eliminate or mitigate the risk of enforceability posed by Dutch law.

Limitations on validity and enforceability of the obligations of a Dutch Guarantor under the Guarantee

Pursuant to Dutch law, the obligations of a Dutch Guarantor under the Guarantee may be affected by the standards of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure (*niet-toerekenbare tekortkoming*) and unforeseen circumstances (onvoorziene omstandigheden).

Other general defenses include claims that the notes should be avoided on grounds of abuse of circumstances (*misbruik van omstandigheden*), deceit (*bedrog*), intimidation (*bedreiging*) or mistake (*dwaling*), the right to set off (*verrekening*) and the right to suspend performance (*opschortingsrecht*) or dissolve (*ontbinding*) a contract if the other party is in default in respect of its obligations.

In addition, a guarantee issued by a Dutch company and a security interest provided by a Dutch company may be suspended (*schorsen*) by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the motion of the holder or holders of 10% or more of the shares in such company, as well as on the motion of a trade union and of other entities entitled thereto in the articles of association of a Dutch company. Likewise, the guarantee or security itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

The validity and enforceability of the obligations of a Dutch Guarantor under the Guarantee may be successfully contested by it (or its administrator (*bewindvoerder*) in suspension of payments or its receiver (*curator*) in bankruptcy) on the basis of an ultra vires (*doeloverschrijding*) provisions of Section 2:7 of the Dutch Civil Code (*Burgerlijk Wetboek*) which give legal entities the right to nullify a legal act entered into if both (i) the obligations of the company do not fall within the scope of the objects clause as set out in the company's articles of association and (ii) the company's counterparty knew or should to have known (without independent investigation) of this fact. In determining whether a transaction is in furtherance of the objects and purposes of a Dutch company, a court will consider (i) the text of the objects clause in the company's articles of association and (ii) all relevant circumstances including whether the issuing of the notes is in the company's corporate interests (*vennootschappelijk belang*) and to its benefit and whether the company's subsistence is jeopardized by the issuing of the notes. The mere fact that a certain legal act (*rechtshandeling*) is explicitly reflected in a Dutch company's objects clause may not be conclusive evidence that such legal act is not ultra vires.

Germany

Insolvency

Certain of the Guarantors are organized under the laws of Germany, have their registered offices in Germany and, except for shareholding interests in certain subsidiaries, substantially all of their assets are located in Germany. Consequently, any insolvency proceedings with regard to these certain Guarantors are likely to be initiated in Germany and, if these Guarantors were held to have their "center of main interests" within the territory of Germany at the time the application for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed, German insolvency law would most likely govern such proceedings. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*) may not be as favorable to creditors as the insolvency laws of other jurisdictions, including, inter alia, in respect of priority of creditors' claims, the ability to obtain post-petition interest and the duration of the insolvency proceedings and hence may limit the ability of creditors to recover payments due on the Notes, as applicable, to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor and/or a creditor files a petition for the opening of insolvency proceedings (*Antrag auf*

Eröffnung des Insolvenzverfahrens). Insolvency proceedings must be initiated by the debtor and can be initiated by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of illiquidity (*Zahlungsunfähigkeit*).

A debtor is over-indebted when its liabilities exceed the value of its assets (based on their liquidation value) unless, based on the prevailing circumstances, a continuation of the business is predominantly likely (*überwiegend wahrscheinlich*).

A debtor is considered to be illiquid if it is unable to pay its debts when they fall due. As a guideline, the debtor is deemed illiquid if it is unable to pay 10% or more of its due and payable liabilities during the subsequent three weeks, unless it is virtually certain that the debtor can close the liquidity gap shortly thereafter (*demnächst*) and it can be deemed acceptable to the creditor to continue to wait for the payments owed by such debtor. In addition, only the debtor can file for the opening of insolvency proceedings in case of impending illiquidity (*drohende Zahlungsunfähigkeit*), if there is the imminent risk for such debtor of being unable to pay its debts as and when they fall due, whereas impending illiquidity does not give rise to an obligation for the management of the debtor to file for insolvency proceedings.

If a limited liability company (*Gesellschaft mit beschränkter Haftung, GmbH*) such as the German Guarantors (as defined below) or any other company not having an individual as a personally liable shareholder gets into a situation of illiquidity and/or over-indebtedness, the managing director(s) or under circumstances the shareholders of such company must file a petition for the opening of insolvency proceedings without undue delay but in any event no later than three weeks after such company has become illiquid and/or over-indebted. The management of a debtor can be exposed to criminal sanctions as well as damage claims in the event that filings for insolvency are delayed or not made at all. The occurrence of illiquidity or over-indebtedness may lead to any payments, including any payments under the relevant Guarantees becoming voidable. The Act to Temporarily Suspend the Obligation to File for Insolvency and to Limit Directors' Liability in the Case of Insolvency Caused by the COVID-19 Pandemic (as amended, the "COVInsAG"), provides, inter alia, for a suspension of the obligation to file for insolvency due to over-indebtedness until December 31, 2020. The suspension—as in force from October 1, 2020—applies unless the insolvency is not caused by consequences of the COVID-19 pandemic. The COVInsAG also provides for a relief from claw back for the satisfaction of claims or the provision of collateral for these claims, which the creditor was entitled to receive and unless the creditor knew that the restructuring and refinancing efforts of the debtor were not suitable to eliminate an existing illiquidity of the debtor in the meaning of section 17 of the German Insolvency Code (*Insolvenzordnung*).

If a company faces imminent illiquidity and/or is over-indebted it may also file for a preliminary protection scheme (*Schutzschirmverfahren*) unless—from a third party perspective—there is no reasonable chance of a successful restructuring. In such case and upon request of the debtor, the court will appoint a preliminary custodian (*vorläufiger Sachwalter*) and prohibit enforcement measures (other than with respect to immoveable assets). It may also implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During that period, the debtor must prepare an insolvency plan which will ideally be implemented in formal debtor-in-possession proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

The insolvency proceedings are court-controlled, and, upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings. As part of such protective measures the court may appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*). The rights and duties of the preliminary administrator depend on the decision of the court. The duties of the preliminary administrator may be, in particular, to safeguard and preserve the debtor's property and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage and dispose of the business and assets of the debtor may pass to the preliminary insolvency administrator. This only applies where the debtor has not (successfully) applied for so-called debtor-in-possession proceedings (*Eigenverwaltung*), in which event the court will only appoint a preliminary custodian (*vorläufiger Sachwalter)*, who will supervise the management of the affairs by the debtor. During preliminary insolvency proceedings, a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) generally will be appointed by the court if the debtor satisfies two of the following three requirements:

- a statement of financial position total in excess of €6,000,000 (after deducting an equity shortfall if the debtor is over-indebted);
- revenues of at least €12,000,000 in the 12 months prior to the last day of the financial year preceding the filing; and/or
- 50 or more employees on an annual-average basis.

The requirements apply to the entity subject to the proceedings without taking into account the assets of other group companies. The preliminary creditors' committee will be able to participate in certain important decisions taken during the preliminary insolvency proceedings. It will, for example, have the power to influence the following: the selection of a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or an insolvency administrator (*Insolvenzverwalter*), orders for debtor-in-possession proceedings (*Anordnung der Eigenverwaltung*), and the appointment of a preliminary custodian (*vorläufiger Sachwalter*). In case the members of the preliminary creditors' committee unanimously agree on an individual such suggestion is binding on the court unless the suggested individual is not eligible (i.e., not competent and/or not impartial). The court opens formal insolvency proceedings (*Insolvenzeröffnung*) if certain formal requirements are met (in particular, but not limited to, evidence being provided of an existing cause of insolvency) and there are sufficient assets to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open main insolvency proceedings if third parties, for instance, creditors, advance the costs themselves. In the absence of such advancement, the petition for opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of the insolvency proceedings, an insolvency administrator (*Insolvenzverwalter*) is usually appointed by the court who has full administrative and disposal authority over the debtor's assets unless debtor-in-possession proceedings (*Eigenverwaltung*) are ordered. The insolvency creditors (*Insolvenzgläubiger*) are only entitled to change the individual appointed as insolvency administrator at the occasion of the first creditors' assembly (*erste Gläubigerversammlung*) with such change requiring that (i) a simple majority of votes cast (by head count and amount of insolvency claims) has voted in favor of the proposed individual becoming the insolvency administrator and (ii) the proposed individual being eligible as officeholder, i.e., sufficiently qualified, business-experienced and impartial. The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations or may deem it necessary to wind down the debtor. Satisfaction of these liabilities as preferential debts of the estate (*Masseverbindlichkeiten*) will be preferred to any insolvency liabilities created by the debtor prior to the opening of insolvency proceedings.

For the holders of the Notes, some of the most important consequences of such opening of formal insolvency proceedings against a company subject to the German insolvency regime would be the following:

- the right to administer and dispose of assets of the German Guarantors would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate, unless debtor-in-possession proceedings (*Eigenverwaltung*) are ordered;
- if the court does not order debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by management of the German subsidiary of the Issuers after the opening of formal insolvency proceedings are null and void by operation of law;
- if, during the final month preceding the date of filing for insolvency proceedings, a creditor in the insolvency proceedings acquires through execution (e.g., attachment) a security interest in part of the debtor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings;
- claims against the German Guarantors may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*).

Under German insolvency law, termination rights, automatic termination events or "escape clauses" entitling one party to terminate an agreement, or resulting in an automatic termination of an agreement, upon the opening of insolvency proceedings in respect of the other party, the filing for insolvency or the occurrence of reasons justifying the opening of insolvency proceedings (*insolvenzbezogene Kündigungsrechte oder Lösungsklauseln*) may be invalid if they frustrate the election right of the insolvency administrator whether or not to perform the contract unless they reflect termination rights applicable under statutory law. This may also relate to agreements that are not governed by German law.

Moreover, powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrator opts for performance.

Any person that has a right to segregation (*Aussonderung*), i.e., the relevant asset of this person does not constitute part of the insolvency estate, does not participate in the insolvency proceedings; the claim for segregation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All other creditors, whether secured or unsecured (unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)) who wish to assert claims against the debtor need to participate in the insolvency proceedings. Any individual enforcement action brought against the debtor by any of its creditors other than creditors with preferred claims (*Absonderung der Masseverbindlichkeit*) is subject to an automatic stay once the insolvency proceedings have been opened (and, if so ordered by a court, also between the time when an insolvency petition is filed and the time when insolvency proceedings commence). Unsecured creditors may file their claims in the insolvency proceedings and will be paid on a pro rata basis from the insolvency estate (to the extent sufficient assets are available). Certain secured creditors have preferential rights regarding the enforcement of their security interests, but German insolvency law imposes certain restrictions on their ability to enforce their security interests outside the insolvency proceedings and in many cases the insolvency administrator will have the sole right to enforce the security. Whether or not a secured creditor remains entitled, after the initiation of insolvency proceedings, to enforce security granted to it by the relevant debtor depends on the type of security.

The insolvency administrator generally has the sole right (i) to realize any moveable assets within its possession which are subject to preferential rights (*Absonderungsrechte*) (e.g., pledges over movable assets and rights (*Mobiliarpfandrechte*) transfer by way of security (*Sicherungsübereignung*)) as well as (ii) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). If such enforcement right is vested in the insolvency administrator, the enforcement proceeds, less certain contributory charges for (i) assessing the value of the secured assets (*Feststellungskosten*) and (ii) realizing the secured assets (*Verwertungskosten*) which, in the aggregate, usually add up to 9% of the gross enforcement proceeds (plus VAT (if any)), are paid to the creditor holding the relevant security interest in the relevant collateral up to an amount equal to its secured claims. The unencumbered assets of the debtor serve to satisfy the costs of the insolvency proceeding (*Massekosten*) first and afterwards the preferred creditors of the insolvency estate (*Massegläubiger*). Typically, liabilities resulting from acts of the insolvency administrator after commencement of formal insolvency proceedings constitute liabilities of the insolvency estate. Thereafter, all other claims (insolvency claims (*Insolvenzforderungen*)), in particular claims of unsecured creditors, will be satisfied on a pro rata basis if and to the extent there is cash remaining in the insolvency estate (*Insolvenzmasse*). A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and which requires, among other things and subject to certain exceptions, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules.

Under German insolvency laws, it is possible to implement a debt-to- equity swap through an insolvency plan. However, it will not be possible to force a creditor into a debt-to-equity swap with regards to the debt owed to it by the debtor if it does not consent to such swap. Creditors secured by pledges over shares in subsidiaries of the debtor are entitled to preferential satisfaction with regard to the proceeds realized in an enforcement process which has to be effected by means of a public auction outside the insolvency process. However, in the absence of authoritative case law, it is uncertain whether the secured creditors are entitled to initiate the enforcement process in respect of the pledged shares on their own or, as far as the pledged assets are part of any insolvency estate, whether the insolvency administrator has standing to realize the pledges on behalf of and for the benefit of the secured creditors. Even if the law vests the right of disposal regarding the relevant collateral in the insolvency administrator, the secured creditor retains the right of preferred satisfaction with regard to the disposal proceeds (*Absonderungsrecht*). Consequently, the enforcement proceeds minus certain contributory charges as described above are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts will be allocated to the insolvency estate (*Insolvenzmasse*) and would, after deduction of the costs of the insolvency proceedings (as described above) and after satisfaction of certain preferential liabilities be distributed among the non-preferential unsecured creditors, including, to the extent their claims exceed the enforcement proceeds of the security interests, the holders of the Notes. If a German subsidiary or a subsidiary subject to German insolvency proceedings grants security over its assets to creditors other than the holders of the Notes, such security may result in a preferred treatment of creditors secured by such security. The proceeds resulting from such collateral securing creditors other than the holders of the Notes may not be sufficient to satisfy the holders of the Notes under the Guarantees granted by the German Guarantors after satisfaction of such secured creditors.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a moveable asset that is subject to this right. The insolvency administrator, however, must compensate the creditor for any loss of value resulting from such use. It may take several years before an insolvency dividend, if any, is distributed to unsecured creditors. An alternative distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and requires, in principle, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In the case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately (i.e., there is no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and vis-à-vis each entity have to be dealt with separately. Recently, the German legislator adopted an act to facilitate the handling of group insolvencies (*Gesetz zur Erleichterung der Bewältigung von Konzerninsolvenzen*) which entered into force on April 21, 2018. However, this act mainly provides for coordination of and cooperation between insolvency proceedings of group companies. The act does not provide for a consolidation of the insolvency proceedings of the insolvent group companies, or a consolidation of the assets and liabilities of a group of companies or pooling of claims among the respective entities of a group, but rather stipulates four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may be competent for each group entity insolvency proceeding; (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated (although the relevant court may in its discretion still appoint different administrators); (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "coordination insolvency administrator" (*Koordinationsverwalter*) with the ability to propose a "coordination plan" (*Koordinationsplan*).

Other than secured and unsecured creditors, German insolvency law provides for certain creditors to be subordinated by law (in particular, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or payment of a consideration), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors. Claims of subordinated creditors in the insolvency proceedings (*nachrangige Insolvenzgläubiger*) are satisfied only after the claims of other non-subordinated creditors (including the unsecured insolvency claims) have been fully satisfied. See also below under "*Satisfaction of Subordinated Claims*."

During the suspension of filing obligations as set out above, the COVInsAG also provides for a relief from lender liability, as any new loans or the provision of collateral for such loans is not regarded against *bonos mores*. This relief shall include deferrals and "amend & extend" transactions.

The German insolvency laws may be subject to further amendments in near future. On June 20, 2019, the EU Restructuring Directive has been adopted. The EU Restructuring Directive has been published on June 26, 2019 in the Official Journal of the European Union, from which date the member states will have approximately two years to implement the substantive parts of the EU Restructuring Directive in their national legislation, although a one-year extension can be granted. The EU Restructuring Directive aims to put in place key principles for all member states on effective preventive restructuring and second chance frameworks, and measures to make all types of insolvency procedures more efficient by reducing their length and associated costs and improving their quality. The key feature of the EU Restructuring Directive is the introduction of a preventive restructuring framework. The EU Restructuring Directive sets out minimum EU standards to be applied by the member states (i.e., minimum harmonization), but leaves a large degree of discretion regarding the implementation of certain other features. Most notably, the EU Restructuring Directive provides for a framework pursuant to which claims of the relevant creditors may be modified in a restructuring plan by majority vote with a majority of not more than 75% of the amount of claims in each class and where applicable a majority by numbers and against the voting of a single creditor in a pre insolvency restructuring procedure, i.e., outside formal insolvency proceedings. The EU Restructuring Directive also provides for cross class cram down, i.e., even if the creditors of one class voting on the restructuring plan did not consent to the restructuring plan with the required majority, the restructuring plan might still be adopted and take effect for the dissenting creditors. Further, the EU Restructuring Directive provides for a stay on enforcement, which needs to be transposed into national legislation. The implementation of the EU Restructuring Directive into national legislation might also include priority ranking for new financing. On September 19, 2020, the German ministry of justice and consumer protection published a ministerial draft bill (*Referentenentwurf*), followed by a draft bill (*Regierungsentwurf*) published on October 14, 2020 by the German Federal Government on a Law on Development of Restructuring and Insolvency Laws (*Gesetz zur Fortentwicklung des Sanierungs-und Insolvenzrechts, SanInsFoG*), providing in particular for the implementation of the EU Restructuring Directive into German law and stipulating certain other amendments of German insolvency laws, e.g. the implementation of the framework for an optional restructuring plan, the option for proceedings led by the debtor and modular proceedings, a moratorium even before insolvency proceedings are opened as well as certain measures due to consequences from COVID-19. According to the current draft the law shall enter into force on January 1, 2021. This timing as well as the scope of regulations law are (as long as not determined by the EU Restructuring Directive) still subject to changes in the on-going legislative process (*Gesetzgebungsverfahren*).

Limitation on Enforcement

Mobile.de, eBayK and German Bidco (the "German Guarantors") are (or will be, with respect to German Bidco) incorporated in Germany in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) and any security (including a guarantee) granted by such a GmbH is subject to certain provision of the Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung* or *GmbHG*).

As a general rule, sections 30 and 31 of the GmbHG ("Sections 30 and 31") prohibit a GmbH from disbursing its assets to its (direct or indirect) shareholders to the extent that the amount of the GmbH's net assets determined in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*) (i.e., assets minus liabilities and liability reserves) is or would fall below, or increases or would increase an existing shortfall of, the amount of its stated share capital (*Begründung oder Vertiefung einer Unterbilanz*). The Guarantees and any other security granted by a GmbH in order to secure the liabilities of a direct or indirect parent or sister company are considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to secure the liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31 and to protect management from personal liability, it is standard market practice for credit agreements, indentures, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries in the legal form of a GmbH incorporated or established in Germany. This could lead to a situation in which the respective Guarantee or security granted by a GmbH can only be partially enforced or cannot be enforced at all.

German capital maintenance rules are subject to evolving case law. Future court rulings may further limit the access of a shareholder to assets of its subsidiaries constituted in the form of a GmbH, which can negatively affect the ability of the German (direct or indirect) subsidiaries of the Issuers to make payments under the Guarantees, of the beneficiaries of the Guarantees to enforce the Guarantees or of the secured parties to enforce the collateral.

Furthermore, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding so-called destructive interference (*existenzvernichtender Eingriff*) (i.e., a situation where a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a guarantee or security interest granted by a German (direct or indirect) subsidiary of the Issuers. In such case, the amount of proceeds to be realized in an enforcement process may be reduced, even to zero. German capital maintenance rules are subject to ongoing court decisions. Future court rulings may further limit the access of shareholders to assets of their subsidiaries constituted in the form of a GmbH, which can negatively affect the ability of the Issuers to make payment on the Notes, of the subsidiaries to make payments on the Guarantees, of the secured parties to enforce the collateral or of the beneficiaries of the Guarantees to enforce the Guarantees.

Notwithstanding that the incurrence of the Guarantees by the German Guarantors should, as of today, not result in any illiquidity (*Zahlungsunfähigkeit*) of such German Guarantor, the enforcement of the Guarantees and security interests granted by such German Guarantor may be excluded (entirely) pursuant to certain limitations contained in the relevant Indenture or relevant Security Documents, as applicable, including in case the granting or enforcement of such Guarantee or security interests and/or the filing for insolvency as a consequence of a claim by any so secured finance party under such Guarantee or security resulted or would result in any personal liability of the relevant German Guarantor's managing directors pursuant to section 64 sentence 3 GmbHG and certain additional requirements set out in the Notes and the relevant Indenture are met.

In addition, under German law, a creditor who provided additional, or extended existing, funding to a debtor or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor's (impending) insolvency or of circumstances indicating such debtor's (impending) insolvency at the time such funding was provided or extended or such security was granted and, in addition the security granted by the debtor may become void due to tortious inducement of breach of contract. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, for example, the creditor was to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of bonos mores (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto. It cannot be ruled out that German courts may apply this case law with respect to the granting of guarantees by any of the German Guarantors.

Parallel Debt; Security Interests

Under German law, certain "accessory" security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor of the secured claim be the same person. Such security interests cannot be held for the benefit of a third party by a pledgee which does not itself hold the secured claim. The holders of interests in the Notes from time to time will not be parties to the security documents. In order to permit the holders of the Notes from time to time to benefit from pledges granted to the security agent under German law, the Intercreditor Agreement will provide for the creation of a "parallel debt." Pursuant to such parallel debt, the security agent becomes the holder of a claim equal to the sum of any amounts payable by any obligors under, in particular, the Notes and the relevant Indenture (the "Parallel Debt Obligation"). The pledges governed by German law will directly and exclusively secure the Parallel Debt Obligation, rather than secure the obligations under the Notes or the Guarantees or the holders of the Notes directly. The Parallel Debt Obligation is in the same amount and payable at the same time as the obligations of the Issuers and the Guarantors under the Notes and the Guarantees (the "Principal Obligations"), and any payment in respect of the Principal Obligations will discharge the corresponding Parallel Debt Obligation and any payment in respect of the Parallel Debt Obligation will discharge the corresponding Principal Obligations. Although the security agent will have, pursuant to the parallel debt, a claim against the Issuers and the Guarantors for the full principal amount of the Notes, there are no published court decisions confirming the validity of the parallel debt structure and of the pledges granted under German law to secure such parallel debt, and hence there is no certainty that German courts will uphold such pledges. Therefore, the ability of the security agent to enforce the Collateral may be restricted.

Moreover, the Security Agent holds the pledges in trust. This means that in the case of an insolvency of the Security Agent, the insolvency administrator over the insolvency estate of the Security Agent may successfully claim that there is no separation right of the holders of the Notes with respect to the secured claims. As a consequence the secured claims (including the Parallel Debt Obligations) and the accessory security rights would remain with the (then insolvent) Security Agent.

German law does not generally permit the appropriation of pledged assets by the pledgee upon enforcement of the pledge. The enforcement of a share pledge under German law usually requires the sale of the asset constituting the collateral through a formal process involving a public auction to which certain waiting periods and notice requirements apply. Under German law, it is unclear whether the security interest in the collateral gives the security agent the right to prevent other creditors of the entities having granted such security from foreclosing on and realizing the asset constituting the collateral. Some courts have held that certain types of security interests only give their holders priority (according to their ranking) in the distribution of any proceeds from the realization of the asset constituting the collateral and no right to intervene (i.e., the right to request the court to impose a stay on proceedings initiated by other creditors).

Hardening Periods and Fraudulent Transfer

In the event of insolvency proceedings with respect to a company, which would be based on and governed by the insolvency laws of Germany, the security interests granted as well as a guarantee provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) administrator (or in case of debtor-in-possession proceedings, the custodian (*Sachwalter*)) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*).

On the basis of these rules, an insolvency administrator or custodian may challenge (*anfechten*) transactions which are deemed detrimental to insolvency creditors and which were effected prior to the commencement of insolvency proceedings. Such transactions can include the payment of any amounts to the holders of the Notes as well as granting them any security interest (including guarantees). The administrator's or custodian's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the commencement of insolvency proceedings. If the Notes, the Guarantees or the security were avoided, holders of the Notes would only have a general unsecured claim in insolvency proceedings in the amount of their original investment and the holders of the Notes would be under an obligation to repay the amounts received by the insolvency estate or to waive such Guarantee or security interest.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the provision of security or the repayment of debt) may be avoided in the following cases:

- any act (*Rechtshandlung*) granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction for a debt (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*) at the time when such act was taken and the creditor knew of such illiquidity (or of circumstances that imperatively suggested that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that imperatively suggested such illiquidity or filing);

- any act (*Rechtshandlung*) granting an insolvency creditor, or enabling an insolvency creditor, to obtain security or satisfaction for a debt to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (ii) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time, or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that imperatively suggested such detrimental effect);

- a transaction (*Rechtsgeschäft*) by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity or such filing at the time of the transaction;

- any act (*Rechtshandlung*) by the debtor without (adequate) consideration (e.g., whereby a debtor grants security or a guarantee for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;

- any act (*Rechtshandlung*) performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intent to prejudice its insolvency creditors and the other party knew of such intention at the time of such act. In case the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction for a debt, the above ten-year period is reduced to four years; "knowledge by the beneficiary of the act" in terms of such provision is presumed if the beneficiary knew that the debtor was imminently illiquid (*drohende Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors; in case the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction in a form or at a time to which or at which such creditor was entitled, the "knowledge by the beneficiary of the act" is presumed if the beneficiary knew that the debtor was actually illiquid (*eingetretene Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors; the fact that the creditor agreed on a payment plan with the debtor or agreed to deferred payments establishes a presumption that he had no knowledge of the debtor being illiquid at this time;

- any non-gratuitous contract concluded between the debtor and a related party of the debtor which directly operates to the detriment of the creditors can be avoided unless such contract was concluded more than two years prior to the filing for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors; in terms of corporate entities, the term "related party" includes, subject to certain limitations, members of the management or supervisory board, shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons that are spouses, relatives or members of the household of any of the foregoing persons;

- any act (*Rechtshandlung*) that provides security or satisfaction for a shareholder loan (*Gesellschafterdarlehen*) made to the debtor or a similar claim if (i) in case of the provision of security, the act took place during the ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition, or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition; and

- any act (*Rechtshandlung*) whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for the opening of insolvency proceedings or thereafter and (ii) a shareholder of the debtor had granted security or was liable as a guarantor (*Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. With respect to a "related party," there is a general statutory presumption that such party had "knowledge."

The COVInsAG, however, provides for a privileged treatment of any kind of newly granted third-party financing (*i.e.*, not only traditional cash loans but also commercial credits and other forms of financing) and shareholder loans under German insolvency law avoidance provisions. Thus, the repayment (including reasonable interest payments) of third-party financing and shareholder loans by September 30, 2023 shall not be considered disadvantageous to creditors if the relevant financing is granted between March 1, 2020 and December 31, 2020 and the debtor fulfilled the requirements for the suspension of the filing duties. This privilege also includes the provision of collateral in favor of third-party financing providers, but does not apply in case of the provision of collateral in favor of a shareholder loan or receivables from economically similar acts.

The granting of security concurrently with the incurrence of debt may be qualified as a "cash transaction" and may as such be privileged i.e., under certain circumstances, not being subject to voidness rights under German insolvency law (*Bargeschäftsprivileg*).

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order (*Vollstreckungstitel*) but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to void certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). The conditions for avoidance under the German Code on Avoidance differ to a certain extent from the above-described rules under the German Insolvency Code and the avoidance periods are calculated from the date when a creditor exercises its rights of avoidance in the courts.

Satisfaction of Subordinated Claims

The insolvency estate shall serve to satisfy the liquidated claims held by the personal creditors against the debtor on the date when the insolvency proceedings were opened. The following claims shall be satisfied ranking below the other claims of insolvency creditors in the order given below, and according to the proportion of their amounts if ranking with equal status: (i) interest and penalty payments accrued on the claims of the insolvency creditors from the day of the opening of the insolvency proceedings; (ii) costs incurred by individual insolvency creditors due to their participation in the proceedings; (iii) fines, regulatory fines, coercive fines and administrative fines, as well as such incidental legal consequences of a criminal or administrative offence binding the debtor to pay money; (iv) claims to the debtor's gratuitous performance of a consideration; and (v) claims for repayment of a shareholder loan (Gesellschafterdarlehen) or claims resulting from legal transactions corresponding in economic terms to such a loan. The CovInsAG, however, suspends the statutory subordination of shareholder loans and receivables from economically similar acts in insolvency proceedings applied for up until September 30, 2023 for shareholder loans newly granted between March 1, 2020 and December 31, 2020 and the debtor fulfilled the requirements for the suspension of the filing duties.

Spain

The following is a brief description of certain aspects of insolvency law in Spain and of the limitations applicable to the guarantees provided by Adevinta Spain.

Spanish Insolvency Law

The Spanish Royal Legislative Decree 1/2020 of 5 May approving the Spanish Recast Insolvency Law, as amended from time to time (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) (the "Spanish Recast Insolvency Law") regulates pre-insolvency and court insolvency proceedings, as opposed to out-of- court liquidation (which, pursuant to Spanish corporate law, is only available when the debtor has sufficient assets to meet its liabilities). Prospective investors should note that the Spanish Recast Insolvency Law originally regulated by Law 22/2003 suffered various reforms and amendments since first published in 2003. The Spanish Government has approved in 2020 the latest recasting, in force as from 1 September 2020, in order not only to incorporate all these amendments but also to clarify and harmonize certain questions raised by the courts and the doctrine since its first application by Spanish courts, however, it should be noted that certain matters are still be subject to different views and different interpretations by the relevant insolvency courts from time to time.

The entry into force of Directive 2019/1023 of the European Parliament and of the Council, of June 20, 2019, on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, implies that Spain will have two years as of such date for the transposition of such Directive into the Spanish regulations. This transposition process will probably lead to the approval of certain amendments to the Spanish Recast Insolvency Law. Notwithstanding the foregoing, the transposition process has not been initiated yet and, therefore, is still uncertain how this Directive will affect the Spanish Recast Insolvency Law.

In addition, due to the health crisis generated by the COVID-19, on March 14, 2020, the Spanish Government declared a State of Alarm (*Estado de Alarma*) in Spain from March 14 to June 21, 2020 and, from that date, the Spanish Government has enacted certain Royal Decree Laws that temporarily amend certain provisions of the Spanish insolvency regime, as further described below. Moreover, future changes, amendments or restatements of the Spanish Insolvency Act cannot be disregarded either.

Concept and petition for insolvency

Adevinta Spain and Adevinta Holdco Spain S.L., (the "Spanish Guarantors") are incorporated under the laws of Spain. As a general rule, in the event of an insolvency of a Spanish Guarantor, insolvency proceedings may be initiated in Spain and governed by Spanish law. Namely, the Spanish Recast Insolvency Law, as further amended, regulates court insolvency proceedings.

The Spanish full-blown insolvency proceeding (bankruptcy), which is referred to as "concurso de acreedores," applies to all persons and legal entities (save for limited exceptions specifically contemplated in the Spanish Recast Insolvency Law, such as public entities). These proceedings may lead either to the restructuring of the business or to the liquidation of the assets of the debtor.

The insolvency laws of Spain may not be as favorable to your interests as creditors as the laws of the United States, the United Kingdom or other jurisdictions to which you may be familiar. The following is a brief description of certain aspects of the insolvency laws of Spain.

In Spain, insolvency proceedings are only triggered upon debtor's current insolvency (insolvencia actual) or imminent insolvency (insolvencia inminente). Under the Spanish Recast Insolvency Law, a debtor is insolvent when it becomes unable to regularly meet its obligations as they become due and payable (current insolvency) or when it expects that it will shortly be unable to do so (imminent insolvency). Insolvency proceedings are available as a type of legal protection that a debtor may request in order to avoid the attachment of its assets by its creditors.

A petition for current insolvency may be initiated by the debtor (in the case of a company, by a decision of its directors) ("Voluntary Insolvency"), by any of its creditors, *provided that* it has not acquired the credit within the six months prior to the filing of the petition for insolvency, for inter vivos acts, on a singular basis and once the credit was mature or by certain other interested third parties ("Mandatory Insolvency"). Notwithstanding, only the debtor is entitled to file a petition for insolvency on the basis of its imminent insolvency.

The Spanish Recast Insolvency Law provides that insolvency proceedings conclude following either the court confirmation of the implementation of an agreement between the creditors and the debtor (the "Company Voluntary Agreement" or the "CVA") or the liquidation of the debtor's estate. An insolvency proceeding can also conclude: (i) at any moment when it is verified that there are insufficient assets to pay post-insolvency debt; (ii) at any moment when it is verified that all of the credits have been paid, or the situation of insolvency does no longer exist; or (iii) when it is verified that all of the creditors have waived their credit rights.

Voluntary insolvency

Insolvency is generally considered voluntary (*concurso voluntario*) if filed by the relevant debtor. The debtor must file a petition for insolvency within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for Mandatory Insolvency occur (please see "—*Mandatory Insolvency*" section below). In the event of failure to file a petition for insolvency within the statutory two-month period, the directors might be held liable in the event of liquidation for the unpaid claims.

Notwithstanding the foregoing, this general rule of the debtors' duty to file for insolvency within the referred two-month period does not apply if the debtor notifies the relevant court the initiation of negotiations with its creditors, to obtain support to reach a pre-arranged CVA; a collective out-of-court workout (a refinancing agreement or *acuerdo de refinanciación*) set out in articles 598 or 606 of the Spanish Recast Insolvency Law; or an out-of-court repayment agreement (*acuerdo extrajudicial de pagos*) under articles 631 et seq. of the Spanish Recast Insolvency Law (the "Creditors' Negotiations Communication").

If the debtor files with the relevant court a Creditors' Negotiations Communication (regulated under articles 583 et seq. of the Spanish Recast Insolvency Law), on the top of those two months, the debtor gains an additional three-month period to (i) obtain accessions to a pre-arranged CVA, (ii) achieve a refinancing agreement with its creditors or achieve an out-of-court repayment agreement, and one further month to file for the declaration of insolvency, unless it is no longer insolvent. During this three-month period, creditors' petitions for Mandatory Insolvency will not be accepted. During the fourth-month period: (i) the debtor has the duty to file for insolvency, unless a pre-arranged CVA, a collective out of court workout or an out of court repayment agreement is achieved (*i.e.*, the company would gain four month grace period to file for insolvency by a Creditors' Negotiations Communication); and (ii) the mandatory petitions could be filed but would not be accepted if the debtor has filed a voluntary insolvency petition (*i.e.*, voluntary case filings have priority over involuntary ones within the fourth month).

Likewise, the Creditors' Negotiations Communication to obtain support to reach a pre-arranged CVA or a collective out-of-court workout (a refinancing agreement or *acuerdo de refinanciación*) set out in articles 598 or 606 of the Spanish Recast Insolvency Law, prevents the commencement of court or out-of-court enforcement actions and/or suspends (as applicable) existing enforcement actions, over assets or rights which are necessary for the company's business operations (other than those arising from public law claims) during a three-month period. In addition, enforcement proceedings that have been brought by creditors holding financial liabilities (*pasivos financieros*), as defined in article 606 of the Spanish Recast Insolvency Law, shall be prohibited or suspended (as applicable); *provided that* it is evidenced that at least 51% of the creditors holding financial liabilities (by value) have supported the initiation of negotiations to enter into a refinancing agreement and have agreed to suspend or not initiate enforcement proceedings against the debtor while creditors holding financial liabilities are still negotiating. Nevertheless, secured creditors shall be entitled to bring enforcement proceedings against the corresponding secured assets. However, if these secured assets are necessary for the continuity of the debtor's business or professional activity, once enforcement proceedings have been initiated, they shall be immediately suspended until three months have elapsed from the date when the Creditor's Negotiations Communication is filed. Financial securities subject to the RDL 5/2005 and security interests over collateral located outside of Spain should not be affected by the Creditors' Negotiations Communication automatic stay.

Please note that, as a consequence of the of the Covid-19 outbreak, the Spanish government has enacted the Act 3/2020, of September 18 (in force as of September 20) which has stayed the obligation to file for insolvency until December 31, 2020 (please note that despite their obligation having been stayed, the directors still have the right to file for insolvency upon current or imminent insolvency.

Likewise, according to the Act 3/2020, if the debtor files a Creditors' Negotiations Communication before December 31, 2020, the debtor has a six month grace period to file for insolvency as from the filing of the notice (instead of the ordinary four-month term).

Mandatory Insolvency

Insolvency is considered necessary (*concurso necesario*) if filed by a third-party creditor and, in certain cases, by the insolvency mediator (*mediador concursal*). Under Section 2.4 of the Spanish Recast Insolvency Law, a creditor can seek a debtor's declaration of insolvency if (i) such creditor can prove that the debtor has failed to attach any assets, or sufficient assets, to pay the amount owed; or (ii) evidences before court a final previous judicial or administrative declaration of insolvency; or (iii) there is a generalized default on payments by such debtor; (iv) there is a seizure of assets affecting or comprising the generality of such debtor's assets; or (v) there is a misplacement, "fire sale" or ruinous liquidation of the debtor's assets; or (vi) there is a generalized default on certain tax, social security and employment obligations during the applicable statutory period (three months) prior to the filing of the relevant insolvency request. Upon receipt of an insolvency petition by a creditor, the court may issue provisional interim measures to protect the assets of a debtor and may request a guarantee from the petitioning creditor asking for the adoption of such measures to cover damages caused by the preliminary protective measures.

The relevant debtor may oppose to the mandatory insolvency petition, and for which it will have to prove that it is not insolvent, unless the creditor's insolvency petition is based on (i) the evidence of a final previous judicial or administrative final declaration of insolvency; (ii) the failure to seize sufficient assets of the debtor to pay the amounts owed; or (iii) the seizure of assets affecting or comprising the generality of such debtor's assets, where the Insolvency Court (as defined below) will hand down an order declaring the opening of the insolvency proceeding without hearing the debtor. In this case, the Insolvency Court (as defined below) will then summon the parties to a hearing, and will finally render a court ruling either dismissing the application filed by the creditor, or declaring the insolvency of the debtor.

Request of coordinated insolvency

The insolvency of a company that forms part of a group of companies, including the parent company, does not automatically lead to the insolvency of the remaining companies of the group. As stated above, a company is insolvent when it cannot regularly meet its payment obligations as they fall due. This analysis is conducted individually at each company level.

Notwithstanding the above, creditors may apply for a coordinated insolvency declaration of two or more of its debtors (*acumulación de concursos*) if either: (a) the assets are commingled, or (b) such debtors form part of the same group of companies.

Therefore, the request for the coordinated insolvency of two or more legal entities may only be filed by a common creditor of the relevant companies and each of the affected companies must in fact be separately insolvent.

Coordinated insolvency may also be requested by the companies themselves provided that they form part of the same group.

As to ongoing insolvency proceedings, any of the insolvent debtors or the insolvency administrator, as the case may be, may apply for the procedural coordination under certain circumstances (and, in particular, if the insolvent debtors form part of the same group of companies). Moreover, creditors may apply for the procedural coordination of the insolvency proceedings of two or more of its debtors already declared if either (a) the assets are commingled, or (b) they pertain to the same group of companies, provided that a petition has not been submitted by any of the insolvent debtors or by the insolvency administrator pursuant to Article 41 of the Spanish Recast Insolvency Law.

It is important to note that coordinated insolvency proceedings do not entail substantive consolidation. As a result, and as a general rule, a "group insolvency" does not lead to a commingling of the debtors' assets and creditors of such group. This means that the creditors of one company of the group will not have recourse against other companies of the same group (except where cross-guarantees exist, in which case such a financial claim shall be subordinated).

The current system that the Spanish Recast Insolvency Law provides for is basically a procedural which is aimed at making the insolvency proceedings as time and cost-efficient as possible. However, exceptionally, for the purpose of drafting the insolvency report, by the insolvency administrator only, assets and liabilities amongst the insolvent companies may be consolidated where the estates and liabilities are so commingled, in order to avert unjustified cost and delay.

Enforcement and termination in a pre-insolvency scenario

It is uncertain that the obligations under the Notes and the Guarantee of a Spanish Guarantor will be enforced in accordance with their respective terms in every circumstance, such enforcement being subject to, *inter alia*, the nature of the remedies available in the Spanish courts, the acceptance by such court of jurisdiction, the discretion of the courts, the power of such courts to stay proceedings, the provisions of the Spanish law on civil procedure (*Ley 1/2000, de 7 de enero, de Enjuiciamento Civil*, the "Spanish Law on Civil Procedure") regarding remedies and enforcement measures available under Spanish law, the provisions of the Spanish Recast Insolvency Law and other principles of law of general application. In this regard:

- Spanish law does not expressly recognize the concept of an indemnity. Article 1,152 of the Spanish Civil Code (*Código Civil*) establishes that any penalty (*cláusula penal*) agreed by the parties in an agreement will substitute damages (*indemnización de daños*) and the payment of interest (*abono de intereses*) in an event of breach, unless otherwise agreed. Spanish courts may modify the penalty agreed between the relevant parties on an equitable basis if the debtor has partially or irregularly performed its obligations, unless the penalty (liquidated damages) was aimed at such partial performance (and the liquidated damages clause is not disproportionate under fairness standards). There is doubt as to the enforceability in Spain of punitive damages.

- Where obligations are to be performed in a jurisdiction outside Spain, they may not be enforceable in Spain to the extent that performance would be illegal under the laws of the applicable jurisdiction.

- Spanish law precludes the validity and performance of contractual obligations to be left at the discretion of one of the contracting parties. Therefore, Spanish courts may refuse to uphold and enforce terms and conditions of an agreement giving discretionary authority to one of the contracting parties.

- Spanish law, as applied by the Spanish Supreme Court, precludes an agreement being terminated on the basis of a breach of obligations, undertakings or covenants that are merely ancillary or complementary to the main payment undertakings of the relevant agreement and allows Spanish courts not to enforce any such termination. Under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law (*fraude de ley*) and the provisions whose application was intended to be avoided shall apply.

- A Spanish Court may award damages if the specific performance of an obligation is deemed impracticable.

- A Spanish Court may amend the terms of contracts to the extent required to restore a proportionate balance between the obligations of both parties where such balance has been materially altered to the benefit of one of the parties because of the occurrence of unexpected and exceptional circumstances, which were unforeseeable at the time when the contract was executed.

A Spanish Court may award damages if the specific performance of an obligation is deemed impracticable.

A Spanish Court may modify the obligations deriving from contracts in the terms considered necessary in order to restore the balance between the obligations, if unexpected and exceptional circumstances arise that were unforeseeable when the contracts were executed, which would have been expressly or implicitly assumed.

Certain effects of insolvency

For the debtor

As a general rule and subject to certain exceptions, the debtor in a voluntary insolvency retains its powers to manage and dispose of its business, but is subject to the supervision of the insolvency administrator (*administración concursal*) appointed by the court. In the case of mandatory insolvency, as a general rule and subject to certain exceptions, the debtor no longer has power over its assets, and management powers (including the power to dispose of assets) are conferred solely upon the insolvency administrator. However, the court has the power to modify this general regime subject to the specific circumstances of the case. In addition, upon the insolvency administrator request, the court has the power to swap the intervention regime for a suspension regime or vice versa.

Actions carried out by the debtor in breach of any required supervision of the insolvency authorities may be declared null and void unless ratified by the insolvency administrators.

Subject to certain exceptions linked to the maintenance and conservation of the debtor's estate, the debtor shall not sell or create security over its rights and assets without the Court's authortization until the approval of the creditor's arrangement plan (*convenio de acreedores)* or the opening of the liquidation phase.

On contracts

Under articles 156-158 of the Spanish Recast Insolvency Law, all clauses in contracts with reciprocal obligations that allow any party to terminate an agreement based solely on the other party's declaration of insolvency are deemed as not included in the agreement and, therefore, unenforceable, except if expressly permitted by specific laws (*i.e.*, agency laws or the Spanish Royal Decree Law 5/2005, applicable to financial collateral, as defined therein ("RDL 5/2005").

A declaration of insolvency does not affect the effectiveness of contracts with reciprocal obligations pending on performance by both the insolvent party and the counterparty, which remain in full force and effect and the obligations of the insolvent debtor will be fulfilled against the insolvent estate as post-insolvency credits/estate claims (*con cargo a la masa)*. However, if there has been a breach of such an agreement by either party after it has been declared insolvent, the court can terminate any such contracts at the request of the non-breaching party of the agreement or declare that the agreement remains in force because it is beneficial for the insolvency proceedings (*mantenimiento del contrato en interés del concurso*), in which case the non-insolvent party is entitled to seek specific performance against the insolvent estate and the claims stemming from such agreement will be considered as a post-insolvency credit/estate claims.

Likewise, even in the event of non-breach by the counterparty of its obligations under such an agreement after the declaration of insolvency of the debtor, the insolvency administrator (together with the insolvent debtor or by its sole discretion if the insolvent debtor's powers to manage and dispose of its business have been conferred to the insolvency administrator, as provided above) may request the insolvency court to resolve the termination of the agreement (on the grounds of convenience for the insolvency proceedings (*resolución del contrato en interés del concurso*)). The termination of such contracts may result in the insolvent debtor having to return, and indemnify damages to, its counterpart against the insolvent estate. In the event that the insolvent debtor, the insolvency administrator and the counterparty agree on the termination of the agreement and its effects, the insolvency court will approve the parties' agreement; otherwise, if the insolvency court upholds termination, it will also fix the damages claim to be received by the non-breaching party due to the termination of the agreement.

Additionally, the declaration of insolvency determines that interest accrual is suspended, except (i) pursuant to recent case law from the Spanish Supreme Court and article 152 of the Spanish Recast Insolvency Law, ordinary/legal interest secured with an *in rem* right (so long as included as a contingent claim in the proof of claims), in which case interest accrues up to the value of the security ($^{9}/_{10}$ of the collateral fair value minus senior claims) (*i.e.*, default interest are in any event stayed following the insolvency declaration) and (ii) any wage credits in favor of employees, which will accrue the legal interest set forth in the corresponding Law of the State Budget (*Ley de Presupuestos del Estado*).

On enforcement proceedings

As a general rule, the enforcement rights of unsecured creditors are suspended upon the court declaration of insolvency (with the exception of certain actions conducted by public authorities that no do not concern assets necessary for the continuation of the commercial or professional activity of the debtor). Additionally, once the insolvency proceeding is declared open, singular, judicial or extrajudicial enforcements may not be initiated, nor may administrative or tax demands for payment to be collected coercively against the assets of the debtor be continued.

The enforcement of any security over certain assets or rights that are necessary for the continuation of the commercial or professional activity of the debtor may not be commenced and the procedures already initiated before the declaration of insolvency shall be suspended for one year. Enforcement will be suspended even if at the time of declaration of insolvency the notices announcing the public auction have been published.

i. After such one-year moratorium without liquidation having started, a separated enforcement could be instituted, so long as the secured creditor is not bound by a creditors' agreement affecting its claim.

ii. Enforcement proceedings conducted before other courts or notary publics will be stayed within this one-year period unless the insolvency court declares that the collateral is not necessary for the continuation of the commercial or professional activity of the debtor.

When it comes to determining which assets or rights of the debtor are used for its professional or business activities, courts have generally embraced a broad interpretation and will likely include most of the debtor's assets and rights. Nevertheless, shares/quota shares held by an insolvent debtor in another company whose only activity is the holding of a material asset and servicing the financing provided in connection with the acquisition of that asset, are not considered to be an asset necessary for the debtor's business activity as long as the foreclosure of the relevant security interest that has been granted over such shares/quota shares does not bring about the termination or amendment of the insolvent debtor's contracts with such subsidiary allowing the insolvent debtor to exploit such asset.

The above regime does not affect financial collateral foreseen under RDL 5/2005 (the Spanish law implementing the EU Financial Collateral Directive), which shall be still enforceable, or where the collateral is located in another EU member state by the time of insolvency regulation. If the collateral is located in a non-EU state by the time of insolvency declaration, the automatic stay (if any) and, in general, the effects of the insolvency will be governed by the insolvency law of the state where the collateral is located.

Pursuant to articles 44, 52 et seq. and 142 et seq. of the Spanish Recast Insolvency Law, in order to protect the interests of the debtor and creditors, the jurisdiction of the court dealing with insolvency proceedings is extended to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor or administrative law).

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings which can have an effect on the insolvent estate (excluding enforcement proceedings with regard to financial collateral (as defined in RDL 5/2005) or collateral located in an EU state other the Spain or, subject to local law, a third state. When compatible, in order to protect the interests of the debtor and creditors, the Spanish Recast Insolvency Law extends the jurisdiction of the court dealing with insolvency proceedings, which is then legally authorized to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor, or administrative law).

Finally, prospective investors should also note that enforcement of any security interests will be subject to the provisions of Spanish Law on Civil Procedure and Spanish Recast Insolvency Law (where applicable), which may entail delays in the enforcement.

Ranking of claims (priority rules)

The court decision issued by the competent Insolvency Court declaring the opening of insolvency proceedings for a particular debtor (*auto de declaración de concurso*) shall contain an express request for the creditors (i) to declare those debts owed to them within the period of one month period as from the day after the publication of the insolvency proceedings in the Spanish Official Gazette (*Boletín Oficial del Estado*), and (ii) to provide the insolvency administrator with the relevant documentation to justify such credits.

Based on the documentation provided by the creditors and documentation held by the debtor, the court insolvency administrator shall draw up a list of acknowledged creditors/claims and classify them according to the categories established in the Spanish Recast Insolvency Law that are summarized below.

Under the Spanish Recast Insolvency Law, claims are classified in two groups:

i. Post-insolvency credits/Estate claims (*créditos contra la masa*): Section 242 of the Spanish Recast Insolvency Law sets out the so-called "estate claims," which are pre-deductible (when they become due) claims from the estate (excluding those assets of the insolvent debtor subject to *in rem* security). Debt against the insolvent estate includes, among others: (i) certain amounts of the employee payroll; (ii) costs and expenses of the insolvency proceedings; (iii) certain amounts arising from services provided by the insolvent debtor under reciprocal contracts and outstanding obligations that are declared to remain in force after insolvency declaration as well as obligations to return and indemnity in cases of voluntary termination or breach by the insolvent debtor; (iv) those that derive from the exercise of a claw back action within the insolvency proceeding concerning bilateral contracts (except in cases of bad faith), (v) certain amounts arising from obligations created by law or tort liability of the insolvent debtor after the declaration of insolvency and until its conclusion; (vi) certain debts incurred by the debtor following the declaration of insolvency; (vii) insolvency administrator's fees; (viii) in case of liquidation, the financing granted to the debtor under a CVA; and (ix) 50% of the new funds lent under a refinancing agreement entered into in compliance with the requirements set forth in articles 598 or 606 of the Spanish Recast Insolvency Law, excluding the new funds lent by persons being in a special relationship with the debtor through a share capital increase, loan or analogous transaction. These post-insolvency claims are deemed "super-senior" in the sense that they are not subject to ranking or acknowledgement and, in principle, must be paid as and when they fall due; therefore, these claims are preferred to all others, except for proceeds from collateral subject to specially privileged claims (as described below).

ii. Insolvency claims (*créditos concursales*): Insolvency claims are classified as follows:

- Specially Privileged Claims (*créditos con privilegio especial*): Creditors benefiting from special privileges, representing security over certain assets (in rem securities) up to the amount of the value of their security, *provided that* such security is listed in the creditors' list (in this regard, the value of a security shall be 90% of the reasonable value of the secured asset determined in accordance with the rules set out in articles 273 et seq of the Spanish Recast Insolvency Law minus senior claims). The part of the claim exceeding the value of their security will be classified according to the nature of the claim. These claims benefiting from special privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one year and certain additional limitations set forth in the Spanish Recast Insolvency Law. As a general rule, privileged creditors are not subject to the CVA, except if they give their express support by voting in favor of the CVA and if certain majorities have been reached among privileged creditors (see "—*Conclusion of insolvency—Settlement*"). In the event of liquidation, they are the first to collect payment against the assets on which they are secured up to the value of the security. However, the insolvency administrator has the option to halt any enforcement of the securities and pay these claims as administrative expenses under specific payment rules.

- Generally Privileged Claims (*créditos con privilegio general*): Creditors benefiting from a general privilege, including, among others, (i) specific labor claims and specific claims brought by public entities or authorities; (ii) 50% of the claims held by the creditor who filed for the insolvency of the debtor (*provided that* it is not a subordinated creditor); and (iii) 50% of the new funds under a refinancing agreement entered into in compliance with the requirements set forth in articles 598 or 606 of the Spanish Recast Insolvency Law. Similarly to specially privileged claims, these generally privileged claims are not subject to the CVA unless creditors holding claims benefiting from general privileges which represent at least 60% (or 75% depending on the workout measures envisaged under the CVA) of the total value of claims benefiting from general privileges of the same class vote in favor of such Reorganization Plan. In the event of liquidation, they are the first to collect payment against assets other than those secured by a specially privileged claim after specially privileged creditors, in accordance with the ranking established under the Spanish Recast Insolvency Law.

- Ordinary Claims (*créditos ordinarios*): Ordinary creditors are all those creditors who have claims that are not classified as non subordinated or non privileged claims, and they shall be paid pro rata once the estate claims and both generally and specially privileged claims have been paid.

- Subordinated Claims (*créditos subordinados*): Subordinated creditors is a category of claims which includes, among others: credits communicated late (outside the specific one-month period mentioned above); credits which are contractually subordinated vis-à-vis all other credits of the debtor; credits relating to unpaid interest claims (including default interest), except for those credits secured with an in rem right up to the value of the security interest; fines; and claims of creditors which are "specially related parties" to the insolvent debtor.

  In the case of a legal entity, the following shall be deemed as "specially related parties": (i) shareholders with unlimited liability (in case such shareholders are natural persons it would include any special related party to these shareholders, as described herein); (ii) limited liability shareholders holding directly or indirectly 10% or more of the insolvent company's share capital (or 5% if the company is listed or has securities listed in a secondary official market) at the time the credit is generated; (iii) directors (*de jure*, *de facto* or shadow directors), insolvency liquidators, shadow directors and those holding general powers of attorney from the insolvent company (including those people that have held these positions during the two years prior to the declaration of insolvency); and (iv) companies pertaining to the same group as the debtor and their respective shareholders provided such shareholders meet the minimum shareholding requirements set forth in (ii) above (i.e. 10% or 5% if the relevant company is listed). Furthermore, in the absence of evidence to the contrary, assignees or awardees of claims belonging to any of the persons mentioned in this paragraph are presumed to be persons specially related to the insolvent debtor as long as the acquisition has taken place within two years prior to the insolvency proceedings being declared open.

  Notwithstanding the above, creditors who have directly or indirectly capitalized their credit rights pursuant to a refinancing agreement entered into in compliance with the requirements set forth in articles 598 or 606 of the Spanish Recast Insolvency Law (and who have even been appointed as directors) shall not be considered as being in a special relationship with the debtor, in respect of credits against the debtor, as a result of the financing granted under such refinancing agreement. Claims related to accrued and unpaid interest, unless and to the extent they are secured by an *in rem*, right are also subordinated.

  Subordinated creditors are second-level creditors. They do not have voting rights on the CVA but are subject to its terms, being paid once ordinary claims are satisfied pursuant to the terms of the CVA. Thus, subordinated creditors have limited chances of collecting payment according to the ranking established in the Spanish Recast Insolvency Law.

  As an exception to the subordination regime, new financing granted to the debtor pursuant to a refinancing agreement regulated under articles 598 or 606 of the Spanish Recast Insolvency Law, which also contemplates a capitalization of credit rights before the granting of new financing, shall not be classified as subordinated claim under article 281 of the Spanish Recast Insolvency Law; *provided that* the requirements set out in article 283 of the Spanish Recast Insolvency Law are met. This is an incentive to promote refinancing and capitalization of credit rights.

  Moreover, as a consequence of the of the Covid-19 outbreak, the Act 3/2020, of September 18 (in force as of September 20) has enhanced the position of certain "specially related parties" in order to solve situations of lack of liquidity. Accordingly, in insolvency proceedings declared on or before 14 March 2022: (i) financing granted by specially related parties; or (ii) financing in which they have been subrogated as creditors because of due payment (e.g., as a result of the enforcement of a personal guarantee, resulting in a claim of the guarantor vis-à-vis the debtor) would not be subordinated, but rather considered ordinary or privileged credit claims.

No termination effect

The general principle of "no termination effect" is established such that all agreements remain effective at the time of the insolvency. Therefore, the declaration of insolvency does not impair the existence of the contracts entered into by the debtor, which would remain in force. Any contractual arrangements establishing the termination of a contract with reciprocal obligations and/or entitling the relevant creditor to terminate it in the event of the declaration of insolvency of the debtor will be unenforceable.

As a general rule, the declaration of insolvency does not alter the general contractual rules on termination, but under the Spanish Recast Insolvency Law, the judge may decide to remedy an eventual default of the insolvent party by reinstating an agreement, with the effect that any outstanding amounts and further payments under the agreement will be post-insolvency claims. If the court deems it appropriate for the interests of the insolvent party, it is also entitled to terminate an agreement, with compensation for damages if it deems it is best for the insolvency proceeding. There are specific rules for employment agreements, mainly affecting collective dismissals, which are dealt with by the insolvency judge.

Setoff

The Spanish Recast Insolvency Law generally prohibits setoff of the credits and debts of the insolvent company once it has been declared insolvent, but such setoff whose operating requirements were met before the declaration of insolvency can still apply. However, setoff may be exercised by a determined creditor vis-à-vis the insolvent company if the governing law of the reciprocal credit right of the insolvent company permits it under insolvency scenarios. In addition, setoff as part of an executory contract is also permitted.

Hardening Periods

There is no claw back date by operation of law. Therefore, there are no prior transactions that automatically become void as a result of the initiation of insolvency proceedings, but instead the insolvency administrator (or creditors that have asked the insolvency administrator to do so in the absence of action by the insolvency administrator) must expressly challenge those transactions that are considered detrimental to the insolvent debtor's estate. Under the Spanish Recast Insolvency Law, in particular under article 226 therein, upon the declaration of insolvency, only transactions that could be deemed as having damaged (*perjudiciales*) the insolvent debtor's estate (*i.e.*, causing a so-called "patrimonial damage") during the two years prior to the date the insolvency is declared, may be challenged, even if there was no fraudulent intention. Transactions taking place earlier than two years prior to the declaration of insolvency may be rescinded subject to Spanish Civil Code based actions (*i.e.*, fraudulent conveyance, which has a four-year look-back period).

The Spanish Recast Insolvency Law does not define the meaning of "patrimonial damage." Damage does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest resulting in the damage to the insolvent debtor's estate or the prejudice to the equality of the treatment among creditors which drives insolvency proceedings (*par condition creditorum*). There are several "irrebuttable presumptions" expressly set forth by the Spanish Recast Insolvency Law (*i.e.*, free disposals and prepayment or cancellation of the company's claims or obligations prior to them being due and where the due dates of the relevant claims or payment obligations fall after the date of declaration of insolvency), except if such obligations were secured by an *in rem* security, in which case such transactions are subject to a rebuttable presumption of "patrimonial change" as set forth below. In addition to the above, the Spanish Recast Insolvency Law sets forth certain actions which are deemed to cause a "patrimonial damage" to the insolvent company, but which are "rebuttable presumptions" and therefore subject to being contested by the other party (*i.e.*, disposals in favor of "specially related parties" (as described above), the provision of security in respect of previously existing obligations or in respect of new obligations replacing existing ones and the payment or other acts to terminate obligations being secured by an in rem security and which mature after the date of declaration of insolvency). Ordinary transactions carried out within the debtor's ordinary course of business cannot be rescinded; *provided that* they are carried out at arm's length.

Consequently, those acts that have been entered into by the relevant debtor may be rescinded if carried out during the two year hardening period and considered detrimental for such debtor's estate. In particular, judges have considered detrimental payments made by an insolvent company prior to a declaration of insolvency, determining that in some situations a debtor could not be compelled to repay its obligations at the time of payment, because it was already unable to regularly pay debts as they came due.

Guarantees granted by a Spanish company in favor of a third party, to secure other group companies' debt may be subject to claw back, on the basis that such guarantees may be considered as detrimental to the guarantor's estate, if the guarantor is not able to show that there was a tangible and identifiable corporate benefit for the guarantor to grant such guarantee (beyond an abstract group interest or general mentions to pertinence to the same group of companies or the so-called "group interest"). Whether or not the granting of any upstream guarantee by the guarantor is detrimental to the guarantor's estate is a factual matter that will need to be proven on a case by case basis (the beneficiary of the guarantee bearing the burden of such proof).

Case law has sustained that, when the parties had envisaged the creation of the security at the time of granting the financing, if there is a solid business reason to delay the constitution of the security, damage would not exist. In this sense, the Court ruling from Commercial Court no. 1 of Oviedo, dated 18 February 2010 (AC 2010\525) indicated that "*in order to value if a security is contextual to the creation or birth of the claim, it must be verified if the transactions that gave rise to granting the claim and the security were conceived by the parties simultaneously, hence reducing any importance given to the temporary delays there may be in order to technically grant the security*".

Neither refinancing agreements regulated in articles 598 or 606 of the Spanish Recast Insolvency Law, nor any transactions, acts and payments accomplished or any guarantees instituted in the performance of such refinancing agreements, will be subject to an insolvency clawback actions, provided that they comply with the requirements set out below in section "*—Cramdown effects of certain refinancing agreements*."

The consequence of the court resolution rescinding a prejudicial act is that the parties involved are required to return their reciprocal consideration with any accrued rents or interest (concerning bilateral contracts, otherwise, the only party obliged to return is the non-insolvent one). Such claims are generally regarded as estate claims unless in case of bad faith of the relevant creditor in which case its claims will be subordinated.

Notwithstanding the foregoing, pursuant to article 16 of the EU Insolvency Regulation and 730 of the Spanish Recast Insolvency Law, acts and transactions governed by laws other than Spanish law will not be subject to claw back actions if such act or transaction cannot be rescinded or challenged by any means and under any grounds whatsoever (i.e., not only in insolvency scenarios) under the relevant non-Spanish applicable laws. Procedurally, there is no safe harbor against a lawsuit being filed and lenders being served to appear before Spanish courts, but the lawsuit should be dismissed on the merits if lenders prove (i) that the act or transaction at issue is subject to foreign law and (ii) that such act or transaction is unavoidable under the circumstances pursuant to that foreign law.

Protection of Certain Refinancing Agreements

Certain refinancing agreements denominated "collective refinancing agreements" may be protected from claw-back risk provided that they comply with certain requirements further explained in the section referred to as "*Cramdown effects of certain refinancing agreements*."

In the case that such refinancing agreements are not subject to the procedure of judicial sanctioning therein described (*homologados*), they may still have certain (but not total) protection against clawback, if they are backed by at least $^{3}/_{5}$ (60%) of the total claims of the insolvent debtor (calculated on an individual and on a consolidated basis but excluding intragroup claims). Among other requisites, the refinancing agreements must be founded on a viability plan reflecting that the insolvent debtor will be viable in the short and medium term and must comply with the rest of requirements explained below.

Cramdown effects of certain refinancing agreements

In order to seek protection against claw back, refinancing agreements (out-of-court workouts) may be judicially sanctioned (*homologados*) by the commercial court that will be competent to conduct an eventual insolvency proceeding of the debtor, upon request by the debtor or by any creditor having entered into such refinancing agreements, if: (i) the refinancing agreement is entered into in the context of a viability plan that allows the continuity of the professional activity of the debtor in the short and medium term; (ii) they entail a significant enlargement of debtor's credit or a change in the financial structure by either granting a longer term or replacing previous claims with new ones; (iii) they have been subscribed by creditors holding financial liabilities representing, at least, 51% of the debtor's financial liabilities whether or not subject to financial supervision (excluding from the calculation of such thresholds public creditors, labor creditors and those of commercial transactions) at the date of the refinancing agreement; (iv) the debtor's auditor issues a certificate acknowledging that the required thresholds have been reached (in the case of a group of companies, certain courts have held that the majority refers both individually to each company and to the group as a whole, without the intercompany claims being taken into account); and (v) the refinancing agreement and the documents substantiating performance of conditions (iii) to (iv) above are formalized in a public instrument. Such judicially sanctioned refinancing agreements may not be subject to a claw back action (save in case of fraud under general fraudulent conveyance actions).

As to the rules to calculate whether the required thresholds have been reached, all creditors holding an interest in a syndicated loan will be deemed to have adhered to the refinancing agreement if it is favorably voted upon by at least 75% of the liabilities represented by the loan, or a lower majority if so established in the syndicated loan agreement. Whether dissident financial creditors have standing to object to homologation and whether the crammed down content may fall beyond the statutory one is not clear among Spanish scholars or courts and therefore it is not possible yet to ascertain what its practical effects will be.

The following effects of homologated refinancing agreements may be imposed on (i) dissenting or non-participating unsecured financial creditors or (ii) on dissenting or non-participating secured financial creditors to the extent of that part of their secured claim not covered by their security interest, as such security interest is to be valued in accordance with the rules set out in the Spanish Recast Insolvency Law:

(a) If the judicially sanctioned refinancing agreement is supported by creditors representing at least 60% of the debtor's financial liabilities:

    i. stays of payments either of principal, interest or any other owed amount may be granted for up to five years; or

    ii. the debt converted into so-called profit participation loans (*préstamos participativos*) profit-participating loans of duration up to 5 years.

Further, these effects may be extended to the amount of secured claims of non-participating or dissenting financial creditors in the amount covered by their security interest (valued in accordance with the rules set out in articles 273-277 of the Spanish Recast Insolvency Law), when the agreement has been entered into by financial creditors holding secured claims which represent at least 65% of the value of all secured claims of the debtor.

(b) If the homologated refinancing agreement is supported by creditors representing at least 75% of the debtor's aggregate financial liabilities:

i. a deferral either of principal, interest or any other owed amount for a period of 5 or more years (but not more than 10 years);

ii. haircuts (note that a cap has not been established);

iii. capitalization of debt. Nevertheless, those creditors that have not supported such refinancing agreement (either because they did not sign the agreement or because they oppose it) may choose between (i) the debt for equity swap contemplated by the agreement; or (ii) a discharge of their claims equal to the nominal amount (including any share premium) of the shares/quota shares that would have corresponded to that creditor as a consequence of the relevant debt for equity swap (which works as the default option);

iv. conversion of debt into profit participating loans of up to 10 years, convertible bonds, subordinated loans, payment in kind facilities, or in any other financial instrument with a ranking, maturity and features different to the original debt; and

v. assignment of assets or rights as assignment in kind for total or partial payment of the debt (*datio pro solute or pro solvendo*).

Further, these effects may be extended to the amount of secured claims of non-participating or dissenting financial creditors in the amount covered by their security interest (valued in accordance with the rules set out in articles 273-277 of the Spanish Recast Insolvency Law), when the agreement has been entered into by financial creditors holding secured claims which represent at least 80% of the value of all secured claims of the debtor.

Conclusion of insolvency

Settlement

Once the debtor's assets and liabilities have been identified, the Spanish Recast Insolvency Law encourages creditors to reach a CVA regarding payment of the insolvency debts. The CVA may be proposed either by the debtor or by the creditors, and it shall set forth how, when and up to what amount creditors are to be paid. Once executed, the CVA must be honored by the debtor and respected by the creditors.

The CVA must contain proposals for write-offs and stays. Article 317 of Spanish Recast Insolvency Law provides that it may also contain alternative or additional proposals for all creditors or for certain classes of creditors (except for public entities), including conversion of debt into shares, into profit-sharing credits, convertible bonds or subordinated debt, or any financial instrument different from the original debt. It may also include proposals for allocation of all assets or of certain assets to a specific person with a commitment from the acquirer to continue the activity and to pay off the debt as determined in the CVA.

The proposals in the CVA shall include a payment schedule.

In order for a CVA to be deemed approved by the creditors, the following majorities shall be met at the creditors' meeting:

(a) In case the CVA contains write-offs equal to or less than 50% of the amount of the claims; to stays on the payment of principal, interest or any other outstanding amount, for a period not exceeding five years; or, in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into profit participating loans (*préstamos participativos*) over the same period, at least 50% of the unsecured liabilities (ordinary claims) have voted in favor of such CVA. Notwithstanding the above, a simple majority will suffice when the CVA consists of (i) full payment of ordinary or unsecured claims within a period not exceeding three years or (ii) immediate repayment of outstanding ordinary unsecured claims applying a write off of less than 20%.

(b) In case the CVA contains stays of between five and ten years; write-offs of more than 50% of the amount of the claims and, in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into profit-participating loans over the same period and any other proposal permitted under the Spanish Recast Insolvency Law, 65% of the unsecured liabilities (ordinary credits) should have voted for the CVA.

The holders of subordinated credits and those creditors considered as especially related to the debtor are not entitled to vote.

Although in principle privileged creditors are not subject to an approved CVA (unless they have expressly voted in its favor) the effects of an approved CVA can be extended to privileged creditors; *provided that* the relevant CVA has been approved by the following majorities of creditors within its category of creditors (labor creditors, public law creditors, financial creditors or others):

(a) In case the CVA contains a write-off (or debt discharges) equal to or less than 50% of the amount of the claims, stays for a period no longer than 5 years or conversion of debt into profit participating loans, also for a period no longer than 5 years, at least 60% of privileged creditors have voted in favor; and

(b) In case the CVA contains a write-off of more than 50% of the claim; stays (for a period between 5 and 10 years), conversion of debt into profit participating loans also for a period between 5 and 10 years, and any other proposal permitted under the Spanish Recast Insolvency Law, at least 75% of privileged creditors have voted in favor.

Liquidation

Failure to obtain the approval of a CVA or upon debtor's petition at any time leads to liquidation. The debtor must file a petition for liquidation if, after a CVA has been approved, it becomes aware of no longer being able to meet the payment commitments and obligations undertaken after the approval of such CVA. In such a case, the company will be aimed at dissolution and the directors (in the event of voluntary insolvency) will be removed. Deferred credits will compulsorily fall due and credits consisting of other benefits are converted into cash credits.

The insolvency administrator will be required to prepare a liquidation plan that must be approved by the insolvency court. The insolvency administrator is required to report quarterly on the liquidation and has one year to complete it. If the liquidation is not completed within one year, the court may appoint a different insolvency administrator.

Termination of the insolvency proceedings

Article 465.6° of the Spanish Recast Insolvency Law also foresees the termination of the insolvency proceeding at any stage when it is proven that all credits have been paid, or that all creditors have been entirely satisfied by other means, or that the situation of insolvency (i.e. the impossibility to face payment obligations regularly) has been overcome.

Finally, it must be noted that article 473 of the Spanish Recast Insolvency Law foresees the termination of the insolvency proceeding at any time when assets are not enough to pay post-insolvency debt, as long as no future claw back actions are envisaged, nor actions claiming liability to third parties, nor the assessment of the proceeding as guilty.

Fraudulent Conveyance Laws

Under Spanish law, in addition to insolvency claw back action, the insolvency administrator and any creditor may bring an action to rescind a contract or agreement (*acción rescisoria pauliana*) against the debtor and the third-party which is a party to such contract or agreement; *provided that* the same is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

- the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;
- the debtor has carried out an act that is detrimental to the creditor and beneficial to the third-party;
- such act was fraudulent;
- there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and
- debtor's insolvency, construed as the situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed (as opposed to claw back actions where the subjective component or fraud does not have to be proven). Pursuant to article 1,297 of the Spanish Civil Code: (i) agreements by virtue of which the debtor transfers assets for no consideration and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is a *iuris et de iure* presumption (*i.e.,* it cannot be rebutted by evidence), unlike the presumption indicated in (ii) above, which is a *iuris tantum* presumption (*i.e.,* it is a rebuttable presumption).

If the rescission action were to be upheld, the third-party would be liable to return to the debtor the consideration received under the contract in order to satisfy the debt owed to the creditor. Following that, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third-party under the contract cannot be returned to the debtor, the third-party must indemnify the creditor for such damages.

Applicable Jurisdiction

Under both European and Spanish law, the applicable jurisdiction to conduct an insolvency proceeding is the one in which the insolvent party has its "center of main interests" (COMI). This "center of main interests" is deemed to be where the insolvent party conducts the administration of its interests on a regular basis and which may be recognized as such by third parties (although under European Union and Spanish law there is a presumption that a debtor's COMI is located where its registered address is). Insolvency proceedings conducted by the court of the "center of main interests" are considered "the principal insolvency proceedings" and have universal reach affecting all the assets of the insolvent party worldwide, with certain exceptions, such as security interests over assets located outside of Spain. If the "center of main interests" is not in Spain, but the insolvent party has a permanent establishment in Spain, Spanish courts will only have jurisdiction over the assets located in Spain (the "territorial insolvency proceedings").

In the event Spanish courts have jurisdiction, article 87.3 of the current Spanish Recast Insolvency Law may apply, in which case the claims of the beneficiaries of the guarantee provided by a Spanish Guarantor may be classified as "contingent" claims and no amount may be recognized until and when a default occurs and the guarantee is validly enforced. Nor will they have voting rights. Special rules can apply if the guarantee is not a first demand guarantee but an ordinary guarantee (fianza) and, therefore, the benefits of preference (excusión), order (orden) and division (división) apply.

Please note that other jurisdictions outside the European Union do not require a COMI shift in order for a Spanish company to make a filing in those jurisdictions (similarly as the UK concerning schemes of arrangements). Yet, recognition of foreign insolvency proceedings not based on COMI or in a reasonable connection of an equivalent nature under the Spanish Recast Insolvency Law should not be possible and, in addition, any creditor could file for a non-main insolvency proceeding in Spain.

Limitations on Validity and Enforcement of the Guarantees

Under Spanish law, claims may become time-barred (5 years since the obligation becomes enforceable being the general term established for obligations *in personam* under article 1,964 of the Spanish Civil Code, as amended by Act 42/2015, of October 5, 2015) or may be or become subject to the defense of setoff or counterclaim. In addition, article 1851 of the Spanish Civil Code establishes that an extension granted to a debtor by a creditor without the consent of the guarantor extinguishes the guarantee (in the sense that it is limited to the original term, although case law has established exceptions where the extension benefits both the debtor and the guarantor).

In general terms, under Spanish law, any guarantee or security interest must guarantee or secure a primary obligation to which it is ancillary. The primary obligation must be clearly identified in the guarantee or security agreement, and the nullity or termination of the primary obligation entails the nullity or termination of the ancillary guarantee or security interest. Consequently, if the primary obligation terminated, the ancillary guarantee or security interest will also be deemed null and void. In the event that the guarantor or security provider is able to prove that there are no existing and valid guaranteed or secured obligations, Spanish courts may consider that the guarantor or security provider's obligations under the relevant guarantee or security agreement are not enforceable. The enforcement of guarantees may be limited since the guarantor may not be required to pay any amount in excess of the amount owed by the principal debtor or under conditions that are less favorable than those applying to the principal debtor. In addition, a guarantee or security interest may not be enforced in Spain without having validly accelerated (totally or partially, as applicable) the underlying agreements governing the guaranteed or secured obligations, and may be affected by any amendment, supplement, waiver, repayment, novation or extinction of the secured obligations.

A Spanish court may not accept acceleration (*vencimiento anticipado*) of an agreement if the default were of minimal importance. To be recognized by the Spanish courts as giving rise to the remedy of acceleration, a default must be material. The decision to accelerate an agreement must be based on objective facts and cannot be left to the sole discretion of one party as this would not be permitted by article 1,256 of the Spanish Civil Code.

Moreover, Spanish law may limit the ability of a Spanish Guarantor to guarantee the Notes or to grant security interests over its assets to secure the Notes. Recent Spanish rulings which do not constitute settled case law indicate, and certain scholars understand, that risk associated with a guarantee or the value of a security interest provided by a Spanish company to guarantee or secure indebtedness held by other companies within its corporate group must be reasonable and economically and operationally justified from the Spanish company's perspective and justified under the corporate interest of such company. Notwithstanding the foregoing, there are rulings from the Spanish Supreme Court recognizing the validity of upstream guarantees.

Furthermore, the obligations of a Spanish Guarantor under its Guarantee or under any security instrument granted by it cannot extend to any obligation which, if incurred, would constitute a breach of the Spanish financial assistance rules. Pursuant to these rules, the obligations of a Spanish Guarantor under the Guarantee or any security granted or executed by it:

- shall not extend to any use of the proceeds of the Notes for the purpose of acquiring shares representing the share capital of that Spanish Guarantor or shares representing the share capital of its direct or indirect parent company, or refinancing a previous debt incurred for the acquisition of shares representing the share capital of that Spanish Guarantor or shares representing the share capital of its direct or indirect parent company; and

- shall be deemed not to be undertaken or incurred by that Spanish Guarantor to the extent that the same would constitute unlawful financial assistance within the meaning of article 150 (for Spanish public limited companies (*sociedades anónimas*)) or article 143 (for the Spanish private limited liability companies (*sociedades de responsabilidad limitada*) of the Spanish Companies Royal Decree-Law 1/2010, 2 July (*Ley de Sociedades de Capital*) (the "Spanish Capital Companies Act") and, in that case, all provisions of such Guarantee or security shall be construed accordingly in the sense that in no case can any Guarantee or security given by that Spanish Guarantor provides any such unlawful financial assistance;

In particular, Spanish law prohibits financial assistance (i) for public limited liability companies (*sociedades anónimas (*S.A.)) in relation to the acquisition of their own shares or the shares of any direct or indirect parent company and (ii) for private limited liability companies (*sociedades de responsabilidad limitada* (S.L.)), in relation to the acquisition of their own shares and the shares of any member of their corporate group. Therefore, Spanish law governed guarantees or security interests granted or assumed by subsidiaries incorporated under the laws of Spain shall not extend to any payment obligation incurred by the Issuer for the purpose of acquiring the shares of such Spanish subsidiary or the shares of its direct or indirect parent company or, as applicable, any member of their group, to the extent that such security interest would constitute unlawful financial assistance within the meaning of Article 150 and 143 of Spanish Decree 1/2010 dated July 2 on Spanish Corporations (Ley de Sociedades de Capital). This limitation may also apply to the refinancing of acquisition debt, although this is widely debated between academics. Accordingly, any guarantee or security interest granted by any Spanish subsidiary shall not apply to the extent the proceeds are used to repay existing indebtedness of the Issuer if such existing indebtedness was used for the purposes described above. No whitewash procedures are available. Accordingly, the guarantee granted by any Spanish company will be limited by the amount of the funds that are not used for unlawful financial assistance purposes.

For the purposes of the paragraphs above, a reference to a "holding company" or "parent company" of a Guarantor shall mean the company which, directly or indirectly, owns the majority of the voting rights of such Guarantor or that may have a dominant influence on such Guarantor. It shall be presumed that one company has a dominant influence on another company when any of the scenarios set out in section 1 of article 42 of the Spanish Commercial Code (*Código de Comercio*) are met.

Under Spanish law there are some provisions on capitalization which have to be taken into account when guarantees are enforced. For example, when the enforcement of the guarantee causes the amount of the relevant Spanish subsidiary net equity (patrimonio neto) to fall below half of its share capital, the Spanish subsidiary will need to be wound up (disolverse), unless its share capital is increased or decreased in the required amount to reestablish the balance between its net equity and its share capital and provided that it is not required to declare its insolvency.

In addition, and while this remains a matter debated between Spanish scholars, it is possible that certain defenses available to a Spanish Guarantor relating to corporate benefit, fraudulent conveyance or transfer, voidable preference, capital preservation or thin capitalization may limit the amount guaranteed under the Guarantee by reference to the net assets and share capital of a Spanish Guarantor and the amount secured under the relevant security agreement by reference to the value of the collateral.

Under the Spanish Capital Companies Act, Spanish companies (both public limited liability companies (sociedades anónimas (S.A.)) and private limited liability companies (sociedades de responsabilidad limitada (S.L.))) may issue and guarantee (or provide security for) numbered series of notes and other securities that recognize or create debt, with certain restrictions applicable to limited liability companies (sociedades de responsabilidad limitada (S.L.)). In particular, pursuant to Section 401 of the Spanish Companies Act, the Guarantee provided by a Spanish Guarantor incorporated under the form of limited liability companies ("sociedades de responsabilidad limitada" or "S.L.s"), is subject to the following restrictions: (a) S.L.s can only issue and guarantee notes up to an aggregate maximum amount of twice its own equity (recursos propios), unless the issue is secured by a mortgage, a pledge of securities, a public guarantee or a joint guarantee from a credit institution S.L.s are prohibited to issue or guarantee (or provide security for) notes convertible into quota shares (participaciones sociales).

In respect of the restrictions applicable to limited liability companies (*sociedades de responsabilidad limitada* (S.L.)), there is no consistent opinion among scholars and practitioners yet nor case law regarding the interpretation of Section 401 of the Spanish Capital Companies Act.

The terms "enforceable," "enforceability," "valid," "legal," "binding" and "effective" (or any combination thereof) mean that all of the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement before the courts will in any event be subject to:

- the nature of the remedies available in the courts;
- Spanish public policy (overriding mandatory provisions); and
- the availability of defenses such as (without limitation) setoff (unless validly waived), circumvention of law (fraude de ley), abuse in the exercise of rights (abuso de derecho), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress, abatement and counterclaim.

Without notarization of the security documents, the secured parties will not have access to the executive summary proceedings (juicio ejecutivo) in case of judicial enforcement of the security documents in Spain, having the secured parties to follow necessarily the ordinary judicial proceedings (juicio ordinario).

Parallel debt

Parallel debt structures have not been tested under Spanish law and we cannot assure that by creating any such structure it will eliminate or mitigate the risk of unenforceability by the Security Agent. If any challenge to the validity, perfection or enforceability of the security interests created by the security documents were successful, the holders of the Notes may be unable to enforce the security.

Also, under Spanish law, in the event that the relevant obligor enters into insolvency proceedings, the securities or the parallel debt obligation could be subject to potential challenges by an insolvency administrator, the obligor itself or by other creditors of such obligor under the rules of avoidance or clawback of Spanish insolvency laws and the relevant law on the non-insolvency avoidance or clawback of transactions by the debtor.

Corporate benefit in cross-collateral security structures

A Spanish Guarantor will be creating the Spanish Collateral as security of the Notes issued by a company of the group receiving the financing under the Notes, so it can be argued whether such Spanish Guarantor have obtained a corporate benefit for granting the relevant guarantee or collateral over their assets.

Unlike other jurisdictions, there is no concept of "corporate benefit" expressly regulated under the Spanish Companies Act or any other piece of legislation, However, Spanish lower courts, particularly Spanish commercial courts (*Juzgados de lo Mercantil*) ruling on insolvency matters, are declaring null or rescinding upstream guarantees by applying the rebuttable presumption of actions detrimental to the estate of an affiliate granting guarantees or security interests in favor of the liabilities incurred by a parent company and/or other companies of its group for the purposes of article 226 of the Spanish Recast Insolvency Law (*i.e.*, rescission or claw-back of these actions during the two year hardening period, as described above), when the obligations guaranteed or secured does not provide for a direct benefit to the Spanish company granting such guarantee or security interest.

Some decisions by the Spanish Supreme Court are ruling in favor of the validity and enforceability of such guarantees and security interests to the extent proof can be given that amounts can be borrowed directly by the company granting the guarantee or security interest or indirectly on-lent or otherwise made available to such company under a intercompany loan agreement, equity contribution or similar arrangement, also taking into account any indirect benefits deriving from the enhancement of the financial position of the group of companies to which such company belongs and the granting of parent guarantees, indemnities and comfort letters for which the relevant company obtains most favorable economic and financial conditions under its contractual relationships with suppliers and other counterparties, in accordance with Spanish case law existing as for the construction of the concept of "compensatory advantage" (*ventaja compensatoria*).

However, it cannot be conclusively ensured that further proof of the actual existence of benefits and compensatory advantages would need to be delivered to court, to the insolvency administrator and/or the insolvency court in the event of an insolvency scenario where the claims of the holders of the Notes, particularly as "special privilege claims" may be challenged if the insolvency administrator or other creditors may allege that such corporate benefit did not exist.

Trust under Spanish law

There is no concept of a security agent, trustee or security trustee under Spanish law and, therefore, trust structures may not be recognized by Spanish courts. If Spanish law security documents are entered into only by a security agent (i.e., and not by the creditors on account of whom it would be acting), the security agent will be the only party entitled to enforce the Guarantee or the security interest in respect of those obligations and to have allowed a secured claim in an insolvency proceeding (only with respect to its share, if any, in the secured obligation). Under Spanish law there is uncertainty (a) if the beneficial owners of the Notes that are not identified as registered holders in the security agreement will be deemed to have a valid and perfected security interest under such security as well as a secured claim in insolvency proceedings; and (b) with respect to the validity of any security interest created in favor of the security trustee under the Notes on behalf of the holders of the Notes. Therefore, there is a risk that a security agent would only be able to enforce against the debt it individually holds, and not for the full amount owed to creditors for whom it is acting as security agent or trustee. This limitation may be overcome if such creditors grant formal powers of attorney in favor of the security agent or trustee in order for the latter to represent them in the enforcement proceedings (yet, this may not work in judicial enforcement proceedings, where one party cannot represent another by virtue of a power of attorney).

In the absence of the abovementioned power of attorney, the Security Agent and/or the applicable Trustee may not be able to enforce the Guarantee or the relevant Spanish security interest on behalf of all of the secured creditors (including the holders of the Notes). Further, those beneficial holders of the security who have not accepted the security or duly empowered (by means of notarial and apostilled powers of attorney) the Security Agent and/or the applicable Trustee to do so may be treated, from a Spanish law perspective including without limitation in an insolvency scenario, as unsecured creditors.

Further, it is worth noting that there is a risk that the relevant court or notary public before whom any Spanish security interest may eventually be enforced might request both the notarization of the documents from which the relevant obligations arise, and the notarization of each and every one of the transfer certificates regarding each and every transfer of the Notes.

France

Limitations on Guarantees—Financial assistance and French corporate benefit rules

Certain of our Guarantors are located in France; consequently any Guarantee provided by a Guarantor incorporated in France (a "French Guarantor") will be subject to the following limitations:

(A) the obligations and liabilities of a French Guarantor under any guarantee or any security interest granted by it shall not include any obligation or liability which, if incurred, would constitute prohibited financial assistance within the meaning of article L. 225-216 of the French Commercial Code and/or would constitute an infringement of the provisions of article L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code or any other law or regulations having the same effect, as interpreted by French courts. Under French financial assistance rules, a French company is prohibited from guaranteeing or securing indebtedness of another person that is used, directly or indirectly, for the purpose of acquiring its own shares of capital stock;

(B) the obligations and liabilities of a French Guarantor under its Guarantee or the Indenture shall be limited, at any time, to the aggregate amount from the offering of the Notes made available (if any) by the Issuer to such French Guarantor and/or any subsidiary of such French Guarantor (if any) through any intercompany loan agreements (excluding, for the avoidance of doubt, any cash pooling or similar cash management arrangements), in each case to the extent such loans are outstanding at the time when a payment is required to be made under the Guarantee or the Indenture, it being specified that any payment made by a French Guarantor under its Guarantee in respect of the obligations of the Issuer or any other obligor under the Notes or the Indenture shall automatically reduce pro tanto the outstanding amount of the relevant intercompany loans due by such French Guarantor to the Issuer or such other obligor. By virtue of this limitation, a French Guarantor's obligation under its Guarantee could be significantly less than the amounts payable with respect to the Notes, or a French Guarantor may have effectively no obligation under its Guarantee or the Indenture; and

(C) it is acknowledged that any French Guarantor is not acting jointly and severally with the other Guarantors and shall not be considered as "*co-débiteur solidaire*" as to their obligations pursuant to the Guarantees given in accordance with the Indenture.

In addition, if a French Guarantor receives, in return for issuing its Guarantee, an economic return that is less than the economic benefit such French guarantor would obtain in a transaction entered into on an arm's length basis, the difference between the actual economic benefit and that in a comparable arm's length transaction could be taxable under certain circumstances.

In addition, the grant of a Guarantee by a French Guarantor for the obligations of the Issuer or any other obligor under the Notes or the Indenture must be for the corporate benefit of that French Guarantor. The Guarantee may otherwise be declared ineffective or null and void by the competent French court. French case law has recognized that certain intercompany transactions, including upstream guarantees or security interests, can be in the corporate interest of the relevant French company, in particular when the following four criteria are fulfilled:

- existence of a genuine group of companies where the affiliates have real common economic purpose and policy;

- the transaction is in the overall interest of the group;
- the guarantee or security provider must receive an actual benefit or consideration from the transaction involving the granting by it of the guarantee or security interest; and
- the guarantee must not exceed the financial capacity of the guarantee or security provider.

The existence of a real and adequate benefit to the French Guarantor and whether the amounts guaranteed or secured are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

The issuance of a Guarantee must also be consistent with the corporate purpose (*objet social*) of the French Guarantor as defined in its articles of association (*statuts*). In the event a Guarantee is not consistent with such corporate purpose, a French court could find upon motion of the French Guarantor (or a receiver in an insolvency proceeding) that the Guarantee is not in the French Guarantor's corporate interest and hold that it is not valid, binding and/or enforceable upon receipt of evidence that the beneficiary of the Guarantee knew or should have known that the Guarantee was outside the French Guarantor's corporate purpose.

Further, subject to limited exceptions, it is prohibited for a French company to advance money, grant loans or provide any guarantee or security interest in connection with the acquisition of its own shares by any existing shareholder or any third party. This prohibition also extends to its direct and indirect subsidiaries. Any security or guarantee provided in violation of this requirement can be held null and void.

A guarantee or security governed by French law may be voided by a French court, if the document was executed by the party granting the guarantee or security by mistake (*erreur*), through duress (*violence*) or fraud in the inducement (*dol*).

Limitations on enforcement of security interests and cash amount ("soulte")

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. Pledges over securities (whether in the form of a pledge over securities account or in the form of a pledge over shareholding interests (*parts sociales*)) may generally be enforced at the option of the secured creditors either (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court in the context of a judicial attribution or by a pre-contractually agreed expert in the context of a contractual foreclosure. If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the securities as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured in that respect.

An enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities since the latter will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies.

Security Agent

Articles 2488-6 to 2488-12 of the French Civil Code allow the creation of security interests and personal guarantees for the direct benefit of a security agent, which will hold such rights separately from its own estate. As a result, the rights of secured creditors under security interests and personal guarantees will be ring fenced if the security agent is the subject of insolvency proceedings (except in cases of fraud or in cases of the exercise of a right of pursuit (*droit de suite*) of a creditor). The security agent will remain liable for gross negligence or willful misconduct in the performance of its duties. The security agent can take all legal actions to protect the secured creditor's interests and file a receivable on behalf of one or several creditors in a debtor's insolvency proceeding. The security agent must be appointed pursuant to a written agreement specifying its quality, its duties, the duration of its duties and its powers.

Parallel debt

Under the laws of France, it is generally assumed that security interests cannot be validly created in favor of a person who is not a creditor of the claim that the security interests purport to secure. Therefore, if security interests governed by the law of France were granted to the Notes collateral agent on behalf of the holders of the Notes as security for the obligations owed to them thereunder, there would be a risk that such security interests would not be enforceable. In order to mitigate this risk, each present or future security provider who will pledge assets under a security document governed by the law of France will also enter into a separate and independent undertaking to pay to the Notes collateral agent, in its individual capacity acting in its own name and not as agent or representative of the holders of the Notes, an amount equal to the amount of the obligations in respect of the Notes owed by such pledgor. Such "parallel debt" is intended to be an obligation owed to the Notes collateral agent which, as such, would be capable of being effectively secured by a security interest granted to the Notes collateral agent. It being specified that such security interest would also be granted to the direct benefit of the holders of the Notes as creditors as security for the obligations owed to them under the Notes. Such "parallel debt" will be deemed to be discharged to the extent that the Notes are discharged, and the Notes will be deemed to be discharged to the extent that the "parallel debt" is discharged. In respect of the security interests granted to secure the "parallel debt", the holders of the Notes will not have direct security and will not be entitled to take enforcement action in respect of such security, except through the relevant Notes collateral agent. All amounts received by the Notes collateral agent in respect of the "parallel debt" or the enforcement of the security interest on collateral securing such "parallel debt" will be required to be applied by the Notes collateral agent in accordance with the secured indenture and the intercreditor agreement. As a result, the holders of the Notes may bear some of the risks associated with a possible insolvency or bankruptcy of the relevant Notes collateral agent. Although the French Supreme Court has held, in a decision dated September 13, 2011 rendered in the context of safeguard proceedings opened in France that, subject to certain conditions being met, the concept of parallel debt governed by the laws of the State of New York was not incompatible with the French law concept of international public policy (*ordre public international*), this decision cannot be considered as a general recognition of the enforceability in France of the rights of a security trustee or collateral agent benefiting from a parallel debt obligation and no assurance can be given that such a structure will be upheld by other French courts if tested. There is no certainty that the parallel debt procedure will eliminate or mitigate the risk of unenforceability posed by French law. To the extent that the security interests in the Notes collateral created under the parallel debt construct are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interests in the Notes collateral, which in turn could materially and adversely affect the recovery under the Notes collateral in case of an event of default.

Trust

The concept of "*trust*" has been recognized by the French Tax Code and the French Supreme Court, which has held, in the same published decision referred to above (Cass. com. September 13, 2011 n°10-25533 Belvedere) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law.

Insolvency

We conduct part of our business activity in France and the registered office of the Issuer and of certain of our Guarantors is located in France; consequently, they could be subject to French court-assisted proceedings affecting creditors, i.e. mandat ad hoc or conciliation proceedings (which do not fall within the scope of the EU Insolvency Regulation). In addition, to the extent that the COMI of the Issuer or any Guarantor, or, in cases where the EU Insolvency Regulation does not apply, their main center of interests within the meaning of Article R. 600-1 of the French Commercial Code, is deemed to be in France, or they have an establishment in France, they could be subject to French court-administered proceedings affecting creditors, i.e. either safeguard proceedings, accelerated safeguard proceedings or accelerated financial safeguard proceedings (*sauvegarde, sauvegarde accélérée or sauvegarde financière accélérée*), judicial reorganization proceedings (redressement judiciaire) or judicial liquidation proceedings (liquidation judiciaire).

Pursuant to Article L.721-8 of the French Commercial Code, specialized courts exist for (i) conciliation or insolvency proceedings with respect to debtors that meet or exceed (on a stand-alone basis or together with the companies under their control) (x) €20 million in turnover and 250 employees or (y) €40 million in turnover, (ii) commencement of proceedings with respect to which the court's international jurisdiction results from the application of the EU Insolvency Regulation or, (iii) in cases where the EU Insolvency Regulation does not apply, from the debtor having its main center of interests within the jurisdiction of such specialized courts.

In addition, the French court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of the group (subject to French courts having international jurisdiction with respect to such entities, in accordance with the rules outlined above and to specific control thresholds); accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same administrator and creditors' representative (*mandataire judiciaire*) for all proceedings in respect of members of the group.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Guarantees and corresponding security interests in the Collateral.

Annex A of the EU Insolvency Regulation lists safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization and judicial liquidation proceedings as insolvency proceedings within the meaning of the EU Insolvency Regulation. Any company of our group having its COMI in France would be subject to French main insolvency proceedings and any company of our group having an establishment in France and its COMI in another EU Member State (other than Denmark) could be subject to French secondary insolvency proceedings. The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes. Such proceedings will likely be amended in the context of the transposition of the EU Restructuring Directive into French law with respect to which French statute n° 2019-486 dated 22 May 2019 ("Loi Pacte") grants the French government twenty-four months to enact appropriate measures through ordinances for the transposition of the EU Restructuring Directive.

Grace periods

In addition to insolvency laws discussed below, you could, like any other creditors, be subject to Article 1343-5 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published semi-annually by the French government) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1343-5 of the French Civil Code will suspend any pending enforcement measures and any contractual default interest or penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge.

If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being executed, special rules apply to the grant of grace periods (see "—*Court-assisted Proceedings*" below).

Insolvency test

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts (passif exigible) with its immediately available assets (*actif disponible*) taking into account available credit lines, existing debt rescheduling agreements and moratoria.

The date of insolvency (*état de cessation des paiements*) is generally deemed to be the date of the court ruling commencing the judicial reorganization or judicial liquidation proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court ruling. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (see below).

Due to the COVID-19 epidemic and state of health emergency that was imposed by the French government, Ordinance n° 2020-341 of March 27, 2020, as modified by Ordinance n° 2020-596 dated May 20, 2020, modified the above test and provides that, until August 23, 2020 included, the insolvency test above will be considered in light of the debtor's situation on March 12, 2020, absent fraud. As a result of this change, debtors who, absent these two Ordinances, would have met the insolvency test above between March 13, 2020 and August 23, 2020 are not required to file for insolvency proceedings within 45 days, which means that such debtors would still have access to court-assisted proceedings and safeguard proceedings as described below. Notwithstanding the foregoing and subject to "*COVID-19-related Limitations*" below, debtors may petition for judicial reorganization and judicial liquidation proceedings during the period between March 13, 2020 and August 23, 2020 should they meet the insolvency test, prior to its modification by Ordinance n° 2020-341 of March 27, 2020 as modified.

Court-assisted Proceedings

A French debtor facing difficulties may in certain conditions request the commencement of court-assisted proceedings (*mandat ad hoc or conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders e.g. an agreement to reduce or reschedule its indebtedness.

Mandat ad hoc proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, *mandat ad hoc* proceedings are used by debtors that are facing any type of difficulties but are not insolvent (see "—*Insolvency test*" above). The proceedings are informal and confidential by law (save for the disclosure of the court decision appointing the *mandataire ad hoc* to the statutory auditors if any). They are carried out under the aegis of a court-appointed officer (mandataire ad hoc), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings are not limited in time. The duties of the *mandataire ad hoc* are determined by the competent court (usually the commercial court) that appoints him or her, usually to facilitate negotiations with creditors. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Mandat ad hoc* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French Civil Code (see "—*Grace periods*" above). The agreement reached is reported to the president of the court but is not formally approved by it.

Conciliation proceedings may only be initiated by the debtor itself if it faces actual or foreseeable difficulties of a legal, economic or financial nature and is not insolvent (see "—*Insolvency tes*t" above) or has not been insolvent for more than 45 calendar days. The proceedings are confidential by law (save for the disclosure of the court decision commencing the proceedings to the statutory auditors, if any). They are carried out under the aegis of a court-appointed conciliator (*conciliateur*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings may last up to five months (with the *conciliateur* being able to request an extension in the event that the court first decided on less than five months). The duties of the *conciliateur* are to assist the debtor in negotiating an agreement with all or part of its creditors and/or trade partners that puts an end to its difficulties, e.g. providing for the restructuring of its indebtedness. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Conciliation* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration and creditors may not request the opening of insolvency proceedings (redressement judiciaire or liquidation judiciaire) against the debtor. Pursuant to Article L. 611-7 of the French Commercial Code, during the proceedings, the debtor retains the right to petition the judge that commenced them for a grace period in accordance with Article 1343-5 of the French Civil Code (see "—*Grace periods*" above) provided that a creditor has formally put the debtor on notice to pay or is suing for payment; the judge will take its decision after having heard the conciliator and may condition the duration of the measures it orders to reaching an agreement in the conciliation proceedings.

Additionally, pursuant to Article L. 611-10-1 of the French Commercial Code, the judge having commenced *conciliation* proceedings may, for the term of a conciliation agreement (whether it is acknowledged or approved as described below), impose grace periods on creditors who were asked to participate in the conciliation proceedings (other than the tax and social security administrations) and have formally put the debtor on notice to pay or are suing for payment of claims that were not dealt with in the conciliation agreement, such decision being taken after hearing the *conciliateur* if he/she has been appointed to monitor the implementation of the agreement.

The *conciliation* agreement reached between the parties may be acknowledged (*constaté*) by the president of the Commercial Court at the request of the parties, which makes the agreement binding upon them (in particular, performance of the *conciliation* agreement prevents any action by the creditors party thereto against the debtor to obtain payment of claims governed by the conciliation agreement) and enforceable without further recourse to a judge (*force exécutoire*), but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the Commercial Court at the request of the debtor following a hearing held for that purpose (which will be attended by the works council or employee representatives, as the case may be) if (i) the debtor is not insolvent or the conciliation agreement has the effect of putting an end to the debtor's insolvency, (ii) the conciliation agreement effectively ensures that the company will survive as a going concern and (iii) the conciliation agreement does not impair the rights of the non-signatory creditors. Such approval will have the same effect as its acknowledgement (*constatation*) as described above and in addition:

- the decision of approval by the relevant Court, which should only disclose the amount of any New Money Lien and the guarantees and security interests granted to secure the same, will be public but the agreement itself should otherwise remain confidential except vis-à-vis the works council or employee representatives, as the case may be that are informed of the contents of the conciliation agreement and may have access to the full conciliation agreement at the clerk's office (*greffe*) of the Court;
- creditors that, in the context of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity in the context of a capital increase) will enjoy a priority of payment over all pre-commencement and

post-commencement claims (except with respect to certain pre-commencement employment claims and procedural costs) (the "New Money Lien"), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;

- in the event of subsequent safeguard proceedings, judicial reorganization or judicial liquidation proceedings, the claims benefiting from the New Money Lien may not, without their holders' consent, be written off and their payment date may not be rescheduled to a date later than the date on which the safeguard or reorganization plan is adopted, not even by the creditors' committees (the powers of the bondholders general meeting in this respect are the subject of debate);

- when the debtor is submitted to statutory auditing, the conciliation agreement is communicated to its statutory auditors; and

- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of insolvency (see "—*Insolvency test*" above) and therefore the starting date of the hardening period (as defined below—see "—*The "hardening period" (période suspecte) in judicial reorganization and judicial liquidation proceedings*"), cannot be set by the court as of a date earlier than the date of the approval (homologation) of the agreement by the court (except in case of fraud).

Whether the *conciliation* agreement is acknowledged or approved, the court may, at the request of the debtor, appoint the *conciliateur* to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution and, while the agreement is in force:

- interest accruing on the claims that are the subject to the *conciliation* agreement may not be compounded;

- the debtor retains the right to petition the judge that commenced the conciliation proceedings for a grace period in accordance with Article L. 611-10-1 of the French Commercial Code as explained above; and

- a third party which had previously granted credit support (a guarantee or security interest) with respect to the debtor's obligations may benefit from the provisions of the *conciliation* agreement as well as from grace periods granted in the context of conciliation proceedings.

If the debtor breaches the terms of the conciliation agreement, any party to it may petition the president of the court or the court (depending on whether the agreement was acknowledged or approved) for its termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may be revoked. Conversely, provided the conciliation agreement is duly performed, any individual proceedings by creditors with respect to obtaining payment of the claims dealt with by the conciliation agreement are suspended and/or prohibited. The commencement of subsequent insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims (decreased by the payments already received) and pre-existing security interests or guarantees.

Conciliation proceedings in which a draft plan is supported by a large majority of creditors which is likely to meet the threshold requirements for creditors' consent in safeguard, is a mandatory preliminary step of accelerated safeguard proceedings or accelerated financial safeguard proceedings, as described below.

At the request of the debtor and after the creditors taking part in the proceedings have been consulted on the matter, mandat ad hoc and conciliation proceedings may also be used to organize the partial or total sale of the debtor, in particular through a "plan for the disposal of the business" (*plan de cession*) which could be implemented in the context of subsequent safeguard, judicial reorganization or liquidation proceedings. Provided that they comply with certain requirements, any offers received in this context by the *mandataire ad hoc* or the *conciliateur* may be directly considered by the court in the context of safeguard, reorganization or liquidation proceedings after consultation of the Public Prosecutor.

As a matter of law, any contractual provision that (i) modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of *conciliation* proceedings or of a request submitted to this end or (ii) requires the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of *conciliation* proceedings, more than three-quarters of the fees of the professional advisers retained by creditors in connection with these proceedings, is deemed null and void.

Where the maximum time period allotted to court-assisted proceedings expires without an agreement being reached, the proceedings will end. The termination of such proceedings does not, in and of itself entail any specific legal consequences for the debtor, in particular it does not result in the automatic commencement of insolvency proceedings. New conciliation proceedings cannot be commenced before 3 months have elapsed as from the end of the previous ones.

Due to the COVID-19 epidemic and state of health emergency that was imposed by the French government, Ordinance n° 2020-341 of March 27, 2020 and Ordinance n° 2020-596 dated May 20, 2020, have modified conciliation proceedings to provide that:

(a) the duration of conciliation proceedings is increased by five months, thereby increasing the maximum duration of conciliation proceedings to 10 months (instead of 5 months previously);

(b) until December 31, 2020, if a creditor does not accept, by the deadline set by the conciliator, a request made by the conciliator to suspend payment of his claim for the duration of the conciliation proceedings, the debtor may request from the President of the Commercial Court in ex-parte proceedings, for the duration of the conciliation proceedings:

  (i) the stay or prohibition of any legal action for payment or for termination of a contract for a payment default;

  (ii) the stay or prohibition of any judicial enforcement measure against the debtor's movable or immovable property as well as any judicial procedure relating to the distribution of the debtor's assets that would not have become final; or

  (iii) the deferral or rescheduling of the creditor's claim.

In addition, the debtor may petition the judge that commenced conciliation proceedings for a grace period in accordance with Article 1343-5 of the French Civil Code (see "—*France—Grace periods*" above) even before the creditor sends any notice to pay or initiates any suit for payment if a creditor does not accept, by the deadline set by the conciliator, a request made by the conciliator to suspend payment of his claim for the duration of the conciliation.

Court-administered Proceedings—Safeguard

A debtor which experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided that it is not insolvent (see "—*Insolvency test*" above). Creditors of the debtor are not notified of, nor invited to attend the hearing before the court at which the commencement of safeguard proceedings is requested. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is appointed (except for small companies where the court considers that such appointment is not necessary) to investigate the business of the debtor during an "observation period" (being the period starting on the date of the court decision commencing the proceedings and ending on the date on which the court takes a decision on the outcome of the proceedings), which may last up to 18 months. The role of the court-appointed administrator is also to assist the debtor in preparing a draft safeguard plan (*projet de plan de sauvegarde*) that it will circularize to its creditors. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor assisted by the court-appointed administrator. The court-appointed administrator will, in accordance with the terms of the judgment appointing him or her, exercise *ex post de facto* control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court.

If, after commencement of the proceedings, it appears that the debtor was insolvent (*en état de cessation des paiements*) before their commencement, at the request of the debtor, the administrator, the creditors' representative or the Public Prosecutor but, in any event, after having heard the debtor, the court may convert the safeguard proceedings into judicial reorganization proceedings.

In addition, the court may convert safeguard proceedings into (i) judicial reorganization proceedings (a) at any time during the observation period if the debtor is insolvent or (b) in case no plan has been adopted by the relevant creditors' committee and, if any, the bondholders' assembly (as described below), if the approval of a safeguard plan is manifestly impossible and if the company would shortly become insolvent should safeguard proceedings end or (ii) judicial liquidation proceedings at any time during the observation period if the debtor is insolvent and its recovery is manifestly impossible. In all such cases:

- the court may decide at the request of the debtor, the court-appointed administrator, the creditors' representative or the Public Prosecutor and in all such cases with the exception of (i) (b), the court may act upon its own initiative; and

- the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the Public Prosecutor and the workers' representatives (if any).

As soon as safeguard proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

Due to the COVID-19 epidemic and state of health emergency that was imposed by the French government, Ordinance n° 2020-596 dated May 20, 2020, modified safeguard proceedings to provide that:

- as an incentive for new financings granted to debtors in the context of safeguard or reorganization proceedings, Ordinance n° 2020-596 dated May 20, 2020 provides for a new safeguard or reorganization privilege (the "S/R Lien"), applicable exclusively to proceedings commenced between May 22, 2020 and the earlier of the date of implementation of EU Restructuring Directive 2019/1023 dated June 20, 2019 and July 17, 2021. The S/R Privilege is distinct from the existing statutory preference enjoyed by financing granted after commencement of the proceedings, with the approval of the bankruptcy judge, after for the needs of the proceedings or of the observation period.

- The S/R Lien applies to all new cash contributions made, with the exception of those made through a share capital increase, by any person:

- during the observation period, in order to ensure the continuity of debtor's business and its sustainability, in which case such cash contributions must be authorized by the bankruptcy judge, or

- for the implementation of the safeguard or reorganization plan, *i.e.* within the plan as approved or modified by the court, and for the purposes of its execution, it being specified that the judgment must mention all claims benefiting from the privilege, as well as the relevant amounts.

- Claims benefiting from the S/R Lien enjoy a priority of payment over pre-commencement and post-commencement claims except with respect to employees' super-privilege claims, procedural costs and the New Money Lien in the event of on-going or subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings.

- Such claims may not termed-out or written-off without the consent of the relevant creditors.

During the safeguard proceedings, payment by the debtor of any debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor, is prohibited, subject to very limited exceptions. For example, the court can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the debtor's business or to recover goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the safeguard plan (debt forgiveness, payment terms or debt-for-equity swaps) prior to the plan being approved by the court. The rules governing consultation will vary depending on the size of the business.

Standard consultation: this applies in respect of debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant or, if they are, who have 150 employees or less or a turnover of €20 million or less, unless upon their or the administrator's request and with the consent of the court, they are subject to the committee-based consultation.

In such case, the administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who seeks the agreement of each creditor who filed a claim, regarding the debt remissions and payment schedules proposed. Creditors are consulted individually or collectively.

French law does not state whether the debt settlement proposals can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at this consultation stage. According to legal commentaries and established practice, differing treatment as between creditors is possible, provided that it is justified by the difference in situation of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of claims over a shorter time period instead of a full payment of such claims over the length of the plan (ten years maximum except for agricultural businesses where the maximum is fifteen years). Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved are not required to be consulted.

Creditors that do not respond within 30 days of their receipt of the debt settlement proposal (other than debt-for-equity swap) made to them are deemed to have accepted it. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and the controllers.

Within the framework of a standard consultation, the court that approves the safeguard plan (*plan de sauvegarde*) can impose a uniform rescheduling of the claims of creditors having refused the proposals that were submitted to them (subject to specific regimes such as the one applicable to claims benefiting from the New Money Lien) over a maximum period of ten years (except for maximum except for agricultural businesses where the maximum is fifteen years and claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no waiver of any claim or debt-for-equity swap may be imposed without the relevant creditor's individual acceptance.

Following a court imposed rescheduling, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual instalment must be of at least 5% of the amount of each debt claim (except for agricultural businesses)) or on the first payment date following the initial maturity of the claim if it is later than the first payment date provided for by the plan, in which case the amount of such first payment is equal to what the creditor would have received had he been paid in accordance with the uniform payment rescheduling applying to the other creditors.

Committee-based consultation: This applies to large companies, whose accounts are certified by a statutory auditor (*commissaire aux comptes*) or established by a chartered-accountant (*expert-comptable*) and with more than 150 employees or a turnover greater than €20 million), or upon the debtor's or the administrator's request and with the consent of the court in the case of debtors that do not meet the aforementioned thresholds.

The consultation involves the submission of a proposed safeguard plan for consideration by two creditors' committees which are established by the court-appointed administrator on the basis of the claims that arose prior to the judgment commencing the proceedings:

- one for credit institutions or assimilated institutions and entities having granted credit or advances in favor of the debtor (the "credit institutions committee"); and

- the other one for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers and other suppliers invited to participate in such committee by the court-appointed administrator (the "major suppliers committee").

If there are any outstanding debt securities in the form of obligations (such as bonds or notes and including capital market debt instruments such as the Notes), a single general meeting of all holders of such debt securities will be established (the "bondholders general meeting"), in which all such holders are to take part irrespective of whether or not there are different issuances or of the governing law(s) of those obligations.

As a general matter, only the legal owner of the debt claim will be invited onto the committee or general meeting. Accordingly, a person holding only an economic interest therein will not itself be a member of the committee or general meeting.

The proposed plan:

- must "take into account" subordination agreements entered into by the creditors before the commencement of the proceedings;

- may treat creditors differently if it is justified by their differences in situation; and

- may, inter alia, include a rescheduling or cancellation of debts (subject to the specific regime of claims benefiting from the New Money Lien), and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If the plan provides for a share capital increase, the shareholders may subscribe to such share capital increase by way of a set-off against their claims against the debtor (as reduced according to the provisions of the plan, where applicable). Creditors that are members of the credit institutions committee or of the major suppliers committee may also prepare alternative safeguard plans in accordance with the above principles that will also be put to the vote of the committees and of the general bondholders meeting, it being specified that approval of any such alternative plan is subject to the same two-thirds majority vote in each committee and in the bondholders general meeting and gives rise to a report by the court-appointed administrator (*administrateur judiciaire*). Bondholders are not permitted to present their own alternative plan.

The committees must approve or reject the safeguard plan within 20 to 30 days of its submission. The period may be extended or shortened but may never be shorter than 15 days. The plan must be approved by a majority vote of each committee (two-thirds of the outstanding claims of the creditors casting a vote).

Each member of a creditors committee or of the bondholders general meeting must, if applicable, inform the court-appointed administrator of the existence of any agreement relating to (i) the exercise of its vote or (ii) the full or total payment of its claim by a third party as well as of any subordination agreement. The court-appointed administrator shall then submit to such person a proposal for the computation of its voting rights in the creditors committee/bondholders general meeting. In the event of disagreement, the matter may be ruled upon by the president of the Commercial Court in summary proceedings at the request of the creditor or of the court-appointed administrator.

The amounts of claims secured by a trust (fiducie) granted by the debtor do not give rise to voting rights. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted, do not need to be consulted on the plan nor take part in the vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders general meeting at the same two-thirds majority vote. Following approval by the creditors' committees and the bondholders general meeting, and determination of the rescheduling of the claims of creditors that are not members of the committees or bondholders in accordance with the standard consultation process referred to above, the plan has to be approved (arrêté) by the court. The court must verify that the interests of all creditors are "sufficiently protected" and that required shareholder consent (if applicable) has been obtained. Once so approved by the relevant court, the safeguard plan will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan).

If the debtor's proposed plan is not approved by both committees and the bondholders general meeting within the first six months of the observation period (either because they do not vote on the plan or because they reject it), this six month period may be extended by the court at the request of the court-appointed administrator for a period not exceeding the duration of the observation period, in order for the plan to be approved through the committee-based consultation process. Absent such extension, the court can still adopt a safeguard plan within the time remaining until the end of the observation period. In such a case, the rules are the same as the ones applicable for the standard consultation process described above.

If the draft plan provides for a modification of the share capital or the by-laws, the court may decide that the shareholders general meeting and, as the case may be, the general meetings of the holders of securities giving access to the share capital of the company shall vote, the first time the relevant meeting is convened, at a simple majority of the votes of the shareholders attending, or represented at, the meeting, provided that they hold at least half of the shares with voting rights. The second time the meeting is convened, the usual provisions relating to quorum and majority shall apply.

If no proposed safeguard plan whatsoever is adopted by the committees and, if applicable, the general bondholders meeting, at the request of the debtor, the court-appointed administrator, the mandataire judiciaire or the Public Prosecutor, the court may convert the safeguard proceedings into judicial reorganization proceedings if it appears that the adoption of a safeguard plan is impossible and if the end of the safeguard proceedings would certainly lead to the debtor shortly becoming insolvent.

Specific case- Creditors that are public institutions: public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt remissions under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors examine possible remissions within the framework of a local administrative committee (Commission des Chefs de Services Financiers). The tax administrations may grant relief from all direct taxes. As regards indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

Court-administered Proceedings—Accelerated Safeguard and Accelerated Financial Safeguard

A debtor that is engaged in conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) or accelerated financial safeguard proceedings *(procédure de sauvegarde financière accélérée).*

The accelerated safeguard proceedings and accelerated financial safeguard proceedings have been designed to "fast-track" difficulties faced by large companies, i.e. those:

- that publish consolidated accounts in accordance with Article L. 233-16 of the French Commercial Code; or
- that publish accounts certified by a statutory auditor or established by a certified public accountant and have (i) more than 20 employees or (ii) a turnover greater than €3 million (excluding VAT) or (iii) whose total balance sheet exceeds €1.5 million.

Ordinance n° 2020-596 dated May 20, 2020 provides that only the publication of consolidated accounts as provided for above will be required for proceedings commenced between May 22, 2020 and the earlier of the date of implementation of the EU Restructuring Directive 2019/1023 dated June 20, 2019 and July 17, 2021, the above mentioned thresholds will no longer be required.

If the debtor does not exceed the thresholds provided for to constitute creditors' committees (see above), the court shall authorize such constitution in the opening decision.

To be eligible to accelerated safeguard proceedings or accelerated financial safeguard proceedings, the debtor must fulfil the following conditions:

- the debtor must not have been insolvent for more than 45 days when it initially applies for commencement of conciliation proceedings;

- at any time, the Public Prosecutor may request the termination of such proceedings if the debtor has been insolvent for more than 45 days prior to the request for the commencement of conciliation proceedings;

- the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the proceedings;

- as is the case for regular safeguard proceedings, the debtor must face difficulties which it is not in a position to overcome; and

- the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern which is supported by enough of its creditors involved in the proceedings to render likely its adoption by the relevant committees (credit institutions' committee only for financial accelerated safeguard proceedings) and bondholders general meeting, if any, within a maximum of three months following the commencement of accelerated safeguard proceedings, or within a maximum of two months following the commencement of accelerated financial safeguard proceedings.

While accelerated safeguard proceedings apply to all creditors (except employees), accelerated financial safeguard proceedings apply only to "financial creditors" (i.e., creditors that belong to the credit institutions committee and bondholders general meeting), the payment of whose debt is suspended until adoption of a plan through accelerated financial safeguard proceedings. The debtor will be prohibited from paying, to any creditor to whom the accelerated safeguard or accelerated financial safeguard proceedings (as the case may be) apply, any amounts (including interest) in respect of debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor (post-commencement non-privileged debts). Such amounts may be paid only after the judgment of the court approving the safeguard plan and in accordance with its terms. Creditors other than financial creditors (such as public creditors, the tax or social security administration and suppliers) are not directly impacted by accelerated financial safeguard proceedings. Their debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard or accelerated financial safeguard proceedings (for example, creditors will be consulted by way of a committee-based consultation on, as the case may be, a draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or a draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) and creditors that are members of the credit institutions committee or the major suppliers committee, but not bondholders, may also prepare alternative draft plans as described above (see "*—Court-administered Proceedings—Safeguard—Committee-based consultation*")), to the extent compatible with the accelerated timing, since the maximum duration of accelerated safeguard proceedings is three months and the maximum duration of accelerated financial safeguard proceedings is two months (provided the court has decided to extend the initial one month period). However, certain provisions relating to ongoing contracts and to the recovery of assets by their owners do not apply in accelerated safeguard or accelerated financial safeguard proceedings.

In particular, the creditors' committees and the bondholders general meeting are required to vote on the proposed safeguard plan within a minimum period of 15 days of its being notified to them in the case of accelerated safeguard proceedings, or within eight days in the case of accelerated financial safeguard proceedings.

The plan in the context of accelerated safeguard proceedings or accelerated financial safeguard proceedings is adopted following the same majority rules as in standard safeguard proceedings and may notably provide for rescheduling, debt cancellation and conversion of debt into equity capital of the debtor (debt-for-equity swaps requiring relevant shareholder consent). No debt rescheduling or cancellation may be imposed, without their consent, on creditors that do not belong to one of the committees or are not bondholders.

If a plan is not adopted by the creditors and approved by the court within the applicable deadline, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the committee process.

The list of claims of creditors party to the conciliation proceedings certified by the statutory auditor shall be deemed to constitute the filing of such claims for the purpose of accelerated safeguard proceedings or, as applicable, accelerated financial safeguard proceedings (see below) unless the creditors otherwise elect to make such a filing (see below).

Court-administered Proceedings—Judicial Reorganization or Liquidation Proceedings

Judicial reorganization (*redressement judiciaire*) or liquidation (*liquidation judiciaire*) proceedings may be initiated against or by a debtor only if it is insolvent and, in the case of liquidation proceedings only, if the debtor's recovery is manifestly impossible. Within 45 days of becoming insolvent, the debtor, if it does not file for conciliation proceedings (as discussed above), is required to petition for judicial reorganization or liquidation proceedings; de jure managers (including directors) and, as the case may be, de facto managers that would have deliberately failed to file such a petition within the deadline are exposed to civil liability.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of the proceedings which it determines to be most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (mandataire judiciaire), a controller, the Public Prosecutor or upon its own initiative, the court may convert the judicial reorganization proceedings into judicial liquidation proceedings if it appears that the debtor's recovery is manifestly impossible. The court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the controllers, the Public Prosecutor and the workers' representatives (if any).

The objectives of judicial reorganization proceedings are the sustainability of the business, the preservation of employment and the payment of creditors, in that order.

As soon as judicial reorganization or judicial liquidation proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

In the event of judicial reorganization proceedings, an administrator (*administrateur judiciaire*) is usually appointed by the court to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals either for the reorganization of the debtor (by helping the debtor to elaborate a draft judicial reorganization plan, which is similar to a draft safeguard plan), or the sale of the business or the liquidation of the debtor. The court-appointed administrator will assist the debtor in making management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*). Judicial reorganization proceedings broadly take place in a manner that is similar to safeguard proceedings (see above), subject to certain specificities.

In particular, the rules relating to creditor consultation, especially the powers of the court adopting the judicial reorganization plan (*plan de redressement*) in the event of rejection by the creditors of proposals made to them, are the same (see above). At any time during the observation period, the court can, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), the Public Prosecutor or at its own initiative, order the partial stop of the activity (*cessation partielle de l'activité*) or order the liquidation of the debtor if its recovery is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

In addition, Ordinance n° 2020-596 dated 20 May, 2020 modified the judicial reorganization proceedings to provide for the new S/R Lien (as defined and detailed above see "—*Court-administered Proceedings—Safeguard*"). In judicial reorganization proceedings, in case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one half of the share capital as required by Article L. 626-3 of the French Commercial Code, the administrator may appoint a trustee (*mandataire de justice*) to convene a shareholders' meeting and to vote on behalf of the shareholders that refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the reorganization plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business as described below.

In judicial reorganization proceedings if (i) the company has at least 150 employees, or if it controls (within the meaning of the French Labor Code) one or more companies having together at least 150 employees, (ii) the disappearance of the company is likely to cause serious harm to the national or regional economy and to local employment, (iii) the modification of the company's share capital appears to be the only credible way to avoid harm to the national or regional economy and to allow the continued operation of the business as a going concern, then, at the request of the court-appointed administrator or of the Public Prosecutor (x) after the review of the options for a total or partial sale of the business and (y) if at least 3 months have elapsed as from the court decision commencing the proceedings, provided that the shareholders meetings required to approve the modification of the company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:

- appoint a court officer (*mandataire*) in order to convene the shareholders meeting and vote the share capital increase in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or

- order, in favor of the persons who have undertaken to perform the reorganization plan, the sale of all or part of the share capital held by the shareholders having refused the share capital modification and holding, directly or indirectly a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the company's shareholder meetings, any consent clause being deemed unwritten; the other shareholders have the right to withdraw from the company and request that their shares be purchased simultaneously by the transferees.

In the event of a sale ordered by the court, the price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court which may not exceed the duration of the reorganization plan.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, which is generally the former creditors' representative (*mandataire judiciaire*). There is no observation period in judicial liquidation proceedings nor does the law limit their duration. The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order of payment). The liquidator will take over the management and control of the debtor and the managers of the debtor are no longer in charge of its management.

Concerning the liquidation of the assets of the debtor, there are two possible outcomes:

- a sale of the business (*cession d'entreprise*) (in which case a court-appointed administrator (*administrateur judiciaire*) will usually be appointed to manage the debtor during a temporary period of continuation of the business operations ordered by the court (three months, renewable once) and organize such sale of the business as a going-concern via an asset sale, also known as a "sale plan" (*plan de cession*)), any third party (as construed under French insolvency law) being entitled to present a bid on all or part of the debtor's business; or

- a sale of the individual assets of the debtor, in which case the liquidator may decide to:

- launch auction sales (*vente aux enchères* (or *adjudication amiable* for real estate assets only));

- sell on an amicable basis (*vente de gré à gré*) each asset for which spontaneous purchase offers have been received, (the formal authorization of the bankruptcy judge being necessary to conclude the sale agreement with the bidder); or

- request, under the supervision of the bankruptcy judge, all potential interested purchasers to bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*). However the possibility to implement such process is questioned by certain legal authors and case-law in this respect has varied.

If the court adopts a sale plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

The court will end the proceedings when either no due liabilities remain, the liquidator has sufficient funds to pay off the creditors (*extinction du passif*), or continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings:

- when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets;

- in the event where there are insufficient funds to pay off the creditors, by appointing a mandataire in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The "hardening period" (période suspecte) in judicial reorganization and judicial liquidation proceedings

The date of insolvency (*cessation des paiements*) of a debtor is deemed to be the date of the court order commencing the proceedings, unless the court sets an earlier date, which may be no earlier than 18 months before the date of such court order. Also, except in the case of fraud, the insolvency date may not be set at a date earlier than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings (see above). The insolvency date is important because it marks the beginning of the hardening period (*période suspecte*), being the period from the insolvency date of the debtor to the court decision commencing the judicial reorganization or liquidation proceedings affecting it.

Certain transactions entered into during the hardening period are automatically void or voidable by the court.

- Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration or for a nominal consideration, contracts under which the obligations of the debtor significantly exceed the reciprocal obligations of the other party, payments of debts not due at the time of payment, payments of debts that are due made in a manner which is not commonly used in the ordinary course of business and security granted for debts previously incurred, provisional attachment or seizure measures (*mesures conservatoires*) (unless the attachment or seizure predates the date of insolvency), operations relating to stock options, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as security for a debt simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights already transferred in the trust as security for debt incurred prior to such amendment and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*) pursuant to article L. 526-1 of the French Commercial Code.

- Transactions which are voidable by the court include payments made on debts that are due, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the hardening period, in each case if the court determines that the party dealing with the debtor knew that the debtor was insolvent at the relevant time. Transactions relating to the transfer of assets for no consideration are also voidable when entered into during the six-month period prior to the beginning of the hardening period.

There is no hardening period prior to safeguard proceedings.

Exceptional measures related to COVID-19 Epidemic. In the context of COVID-19 epidemic and the state of health emergency and confinement measures that have been imposed in France, it should be noted that recourse to court-assisted proceedings and court-administered proceedings is more difficult during the confinement period. Additionally, several implementing acts promulgated by the French government pursuant to the authorization Article 11, I, 1°, d) of the Emergency Law dated March 22, 2020 may impose additional limitations on enforcement.

Status of Creditors during Safeguard, Accelerated Safeguard, Accelerated Financial Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings

Contractual provisions pursuant to which the commencement of the proceedings triggers the acceleration of the debt (except with respect to judicial liquidation proceedings in which the court does not order the continued operation of the business) or the termination or cancellation of an ongoing contract are not enforceable against the debtor. Nor are "contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of judicial reorganization proceedings" (in accordance with a decision of the French Supreme Court dated January 14, 2014, n° 12-22.909, which case law is likely to be extended to safeguard, accelerated safeguard or accelerated financial safeguard proceedings). However, the court-appointed administrator can unilaterally decide to terminate ongoing contracts (*contrats en cours*) which it believes the debtor will not be able to continue to perform. Conversely, the court-appointed administrator can require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that the debtor fully performs its post-commencement contractual obligations (and provided that, in the case of judicial reorganization or judicial liquidation proceedings, absent consent to other terms of payment, the debtor pays cash on delivery). The commencement of liquidation proceedings, however, automatically accelerates the maturity of all of a debtor's obligations unless the court orders the continued operation of the business with a view to the adoption of a "sale plan" (*plan de cession*) as described above; in such case, the acceleration of the obligations will only occur on the date of the court decision adopting the "sale plan" (*plan de cession*), as described above, or on the date on which the continued operation of the business ends.

As from the court decision commencing the proceedings:

- accrual of interest is suspended, except in respect of loans for a term of at least one year, or of contracts providing for a payment which is deferred by at least one year (however, accrued interest can no longer be compounded);

- the debtor is prohibited from paying debts incurred prior to the commencement of the proceedings, subject to specified exceptions (which essentially cover the set-off of related (*connexes*) debts and payments authorized by the insolvency judge (*juge commissaire*) to recover assets required for the continued operation of the business);

- the debtor is prohibited from paying debts having arisen after the commencement of the proceedings unless they were incurred for the purposes of the proceedings or of the observation period or in consideration of services rendered/goods provided to the debtor;

- debts duly arising after the commencement of the proceedings and which were incurred for the purposes of the proceedings or of the observation period, or in consideration of services rendered/goods provided to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the proceedings (with certain limited exceptions, such as claims secured by a New Money Lien), provided that they are duly filed within one year of the end of the observation period;

- creditors may not initiate or pursue any individual legal action against the debtor (or a guarantor of the debtor where such guarantor is a natural person and the proceedings are safeguard, accelerated safeguard or accelerated financial safeguard proceedings) with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is:

- to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below);

- to terminate a contract for non-payment of amounts owed by the creditor; or

- to enforce the creditor's rights against any assets of the debtor except (i) in judicial liquidation proceedings, by way of the applicable specific process for judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) where such asset—whether tangible or intangible, movable or immovable—is located in another Member State within the European Union, in which case the rights in rem of creditors thereon would not be affected by the insolvency proceedings commenced in France, in accordance with the terms of Article 8 of the EU Insolvency Regulation;

- in the context of reorganization or liquidation proceedings only, absent consent to other terms of payment, immediate cash payment for services rendered pursuant to an ongoing contract (*contrat en cours*), will be required.

A natural person that is the guarantor of the debtor may avail itself of the provisions of a safeguard plan ("*plan de sauvegarde*") adopted by the Court but not of the provisions of a judicial reorganization plan ("*plan de redressement*").

In accelerated financial safeguard proceedings, the above rules only apply to the creditors that fall within the scope of the proceedings (see above). Debts owed to other creditors, such as suppliers, continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in metropolitan France whose debts arose prior to the commencement of proceedings must file a claim with the court-appointed creditors' representative within two months of the publication of the court decision in an official gazette (*Bulletin Officiel des annonces civiles et commerciales*); this period is extended to four months for creditors domiciled outside metropolitan France. Creditors must also file a claim for the post-commencement non-privileged debts, with respect to which the two or four month period referred to above starts to run as from their maturity date. Creditors whose claims have not been submitted during the relevant period are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees are not subject to such limitations and are preferred creditors under French law.

At the beginning of the proceedings, the debtor must provide the court-appointed administrator and the creditors' representative with the list of all its creditors and all of their claims. Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the creditor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the insolvency judge rules on the admissibility of the claim. They may also file their own proof of claim within the deadlines described above.

In accelerated safeguard and accelerated financial safeguard proceedings however, the debtor draws a list of the claims of its creditors having taken part in the conciliation proceedings, which is certified by its statutory auditors or accountant. Although such creditors may file proofs of claim as part of the regular process, they may also avail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the above two or four months' time limit). Creditors that did not take part in the conciliation proceedings must file their proofs of claim within the aforementioned deadlines.

If the court adopts a safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan.

If the court adopts a sale plan (*plan de cession*) of the debtor in judicial reorganization or judicial liquidation proceedings (see above), the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the liquidator appointed by the court will be in charge of settling the debtor's debts in accordance with their ranking.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees, post-commencement legal costs (essentially, court officials fees), creditors who benefit from a New Money Lien (see above), post-commencement privileged creditors and the French State (taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-commencement secured creditors whose claim is secured by real estate are paid prior to post-commencement privileged creditors. This order of priority does not apply to all creditors, for example it does not apply to creditors benefiting from a retention right over assets with respect to their claim related to such asset.

Creditors' Liability

Pursuant to Article L. 650-1 of the French Commercial Code (as interpreted by case law), where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor, if the granting of such facilities was wrongful and if the relevant creditor (i) committed a fraud, (ii) interfered with the management of the debtor or (iii) obtained security or guarantees which are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

Fraudulent conveyance

French law contains specific, "*action paulienne*" provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. The action paulienne offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security or any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant debtor by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan)* insolvency proceedings of the relevant debtor, or by any of the creditors of the relevant debtor outside the insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings. Any such legal act may be declared unenforceable against third parties if: (i) the debtor performed such act without an obligation to do so; (ii) the relevant creditor or (in the case of the debtor's insolvency proceedings) any creditor was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the legal act was performed, both the debtor and the counterparty to the transaction knew or should have known that one or more of such debtor's creditors (existing or future) would be prejudiced in their means of recovery (where the legal act was entered into for no consideration (*à titre gratuit*), no such knowledge of the counterparty is necessary). If a court found that the issuance of the Notes or the grant of the security interests in the Collateral, involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes or the granting of the security interests in the Collateral could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes or the security interests in the Collateral could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer as a result of the fraudulent conveyance.

Recognition of intercreditor arrangements by French courts

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor Agreement, except for Articles L. 626-30-2 and L. 631-19 of the French Commercial Code pursuant to which, in the context of safeguard or judicial reorganization proceedings, the safeguard or reorganization plan which is put to the vote of the creditors' committees takes into consideration (*prend en compte*) the provisions of subordination agreements between creditors which were entered into prior to the commencement of the safeguard, or judicial reorganization, proceedings. As a consequence, except to the extent referred to above (which, as at the date of this offering memorandum, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Deed.

Recognition of validity of second or lower ranking financial securities account pledge by French courts

The Intercreditor Agreement provides for a mechanism allowing the implementation of second or lower ranking pledges over financial securities accounts.

A pledge over the shares of a stock company (*société par actions*) governed by French law is a pledge over the relevant securities account (*nantissement de compte de titres financiers*) in which the shares of such company are registered. In France, no lien searches are available for security interests which are not registered, such as pledges over securities accounts (*nantissements de comptes de titres financiers*). In addition, to our knowledge French courts have never expressly recognized the concept of second (or lower) ranking pledge in respect of a financial securities account and, if Article 2340 of the French Code civil does recognize the possibility to create multiple pledges in respect of the same tangible asset, this article is not expressly stated to apply to pledges over financial securities accounts. As a result, no assurance can be given on the priority of a pledge over a securities account in which the shares of such a company are registered. Thus, there is a risk that the second or lower ranking pledge over the securities account in which the shares of such company are respectively registered may be held void or unenforceable by a French court, which in turn could materially adversely affect the recovery under the Notes or Notes Guarantees (as applicable) following an enforcement event.

Canada

Our Canadian Guarantor, Kijiji Canada Ltd, is a corporation existing under the laws of the Province of Ontario, Canada. This summary highlights certain aspects of (i) laws of the Province of Ontario, Canada relating to Guarantees granted by corporations and partnerships; and (ii) the federal and provincial laws in effect in Canada in respect of bankruptcy, insolvency and restructuring and receiverships in respect of the business and assets of debtors, in each case in force on the date of this offering memorandum.

Guarantees

Under the laws of the Province of Ontario, Canada, there are no financial assistance rules that would restrict the giving of upstream guarantees by corporations or partnerships formed under the laws of the province of Ontario (and the Canada Business Corporations Act, as the case may be), provided that the giving of such guarantee is permitted under the applicable guarantor's constating documents or partnership agreements. Under the laws of the Province of Ontario, (and the federal laws of Canada applicable therein), a guarantee or some of its provisions may be unenforceable against the guarantor if they constitute (i) a penalty or (ii) a breach of law or public policy (e.g., a clause providing for a rate of interest exceeding the statutory maximum under the Criminal Code of Canada would be illegal). A guarantee may also be unenforceable if the underlying guaranteed obligation has been changed without the consent of the guarantor, if it is unenforceable against the principal debtor or if it is contracted for obligations in excess of or under more onerous conditions of those of the principal debtor. In certain cases, this latter result may be avoided if the guarantee also includes appropriate language that causes it to be properly characterized as an indemnity in that an indemnity should remain enforceable notwithstanding any invalidity or defect in the underlying obligation unless it would be contrary to public policy to provide indemnification for the underlying obligation. However, there can be no assurance that an agreement characterized by the parties as an indemnity will not be recharacterized as a guarantee by the court. While a guarantee may also provide that a guarantor will be liable as principal debtor for any amount not recoverable on the basis of a guarantee, the enforceability or effect of such a clause is questionable. Guarantees typically contain waivers of defenses available to the guarantor as a matter of law. Broad, non-specific waivers of any or all defenses that may be available to guarantors may be unenforceable if the court finds that they are too vague or uncertain or if they contravene mandatory provisions of law. The giving of a guarantee by a corporate entity may also be subject to an oppression claim under applicable corporate law.

Preferences and transfers at undervalue

In the context of certain bankruptcy or insolvency proceedings, a trustee in bankruptcy, monitor or proposal trustee may be required to review asset transfers and transactions undertaken by the bankrupt or insolvent debtor within specified time periods prior to the commencement of insolvency proceedings to determine if the debtor was engaged in any preferential transactions or transfers at undervalue. In the case of transfers at undervalue, the review period is one year (or five years for parties not dealing at arm's length) and preferences are subject to review if they occurred within three months (or twelve months for parties not dealing at arm's length). Provincial laws regarding fraudulent preferences, transfers at undervalue and fraudulent conveyances may also apply, and may have longer applicable review periods.

A guarantee given to an arm's length party could be voided as a preference if the applicable guarantor issued the applicable guarantee with the intent of defeating, delaying or defrauding creditors or with a view to giving the creditor a preference (if the guarantee has the effect of bestowing a preference, intent is presumed) and could be voided as a transfer at undervalue if (1) the guarantor was insolvent at the time the guarantee was given or rendered insolvent by reason of the issuance of the applicable guarantee and (2) the applicable guarantor did not receive any consideration for issuing the applicable guarantee or if the consideration received by the issuer of the guarantee was conspicuously less than the fair market value of the consideration given by the applicable guarantor. In the case of parties not dealing at arm's length, neither the insolvency nor the intention of the party giving the guarantee is relevant to the determination of whether or not the giving of a guarantee was a preference or a transfer at undervalue in the first twelve months prior to the giving of such guarantee.

If a court were to find that the issuance of a Guarantee was a preference or transfer at undervalue, the court could void the payment obligations under such Guarantee or subordinate such Guarantee to presently existing and future indebtedness of the applicable guarantor, or require the holders of the Notes to repay any amounts received with respect to such Guarantee. In the event of a finding that a preference or transfer at undervalue occurred, the holders of the Notes may not receive any repayment on the Notes.

We cannot be certain that the issuance of the Guarantees would not be subordinated to any of the Guarantors' other debt or determined by a court to be void.

Insolvency

In Canada, insolvency proceedings are governed principally by two federal statutes (with a third applying mainly to federal financial institutions and trust companies). The federal insolvency laws in Canada apply across the country and allow for either a liquidation type proceeding (which is similar to a Chapter 7 type liquidation under the U.S. Bankruptcy Code) or a restructuring type proceeding (which is similar to a Chapter 11 type proceeding under the U.S. Bankruptcy Code). In addition, under federal insolvency laws and most provincial laws, secured creditors may seek the appointment by a court of what is known as a "receiver" over the collateral of the debtor, in order to sell the debtor's assets or manage the debtor's business or otherwise realize on collateral. In addition, secured creditors may have recourse to self-help remedies, including the appointment, in some provinces, of a private receiver under their security documents, remedies available to a hypothecary creditor under Québec law, or other court supervised proceedings. Notwithstanding that insolvency proceedings in Canada are generally governed by federal statute, in certain circumstances provincial and territorial laws will affect the conduct and/or outcome of those proceedings (e.g., security laws, landlord rights, receiverships, etc.) and it is also possible to restructure an enterprise under the reorganization or arrangement provisions of the applicable federal or provincial corporate statute.

As a result of these laws, among other things, secured creditors could be prohibited from enforcing upon their security after the commencement of such proceedings or retaining security enforced upon prior to the commencement of such proceedings. Moreover, in such proceedings, subject to court oversight, the debtor (or its trustee in bankruptcy, receiver or similar representative) may be permitted to continue to use collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments.

The rights of the Trustee who represents the holders of the Notes to enforce remedies could be delayed, restrained or otherwise impacted by the restructuring provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation and orders made with respect to Canadian law if the benefit of such law is sought with respect to the Canadian Guarantor. The powers of the court under Canadian federal and provincial insolvency and reorganization law have been interpreted and exercised broadly so as to protect a restructuring entity from actions taken by creditors and other parties. Moreover, applicable intercreditor agreements may limit the voting rights of the holders of the Notes on a plan of compromise or arrangement, a plan of arrangement or a proposal put forward by the debtor and may limit the Trustee who represents the holders of the Notes' ability to seek other protection for the holders of the Notes.

Accordingly, we cannot predict whether payments under the Notes or the Guarantees would be made during any bankruptcy, insolvency or other restructuring proceedings, whether or when the Trustee could exercise its rights under the Guarantees or whether and to what extent holders of the Notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the Trustee.

Liquidation

Bankruptcy proceedings in Canada can be either voluntarily commenced by a debtor or commenced against the debtor by any creditor or creditors of such debtor where the unsecured claims of the applicant creditors equals CAD$1,000 or more. In order for a bankruptcy filing to be valid, the debtor must meet one of the tests for bankruptcy set out in the Bankruptcy and Insolvency Act (the "BIA"), with the most common test being the inability or failure to meet obligations generally as they become due. Upon a bankruptcy occurring, all of the assets of the bankrupt (with a few limited exceptions) vest in a trustee in bankruptcy, with the proceedings being subject to the oversight of both the Superintendent of Bankruptcy and the relevant court. Typically, a trustee in bankruptcy proceeds to liquidate the assets of the bankrupt and distribute the proceeds to creditors in accordance with their legal priorities.

The BIA and certain other federal and provincial statutes in Canada provide super-priority status to claims such as payroll deductions for employee income taxes, government operated pension plans and employment insurance, as well as, in certain circumstance, for certain private pension contributions (if any), unpaid wages and employee disbursements (accrued in the six months prior to the bankruptcy, up to CAD$2,000 for wages and CAD$1,000 for disbursements, per employee) and, in some circumstances, collected and unremitted Goods and Services Tax and Harmonized Sales Tax. These super-priority status claims are secured on certain assets of the debtor and such security may rank in priority to the security of other secured creditors. After the claims subject to statutory super-priorities are paid, the BIA provides that secured creditors are to be paid prior to unsecured creditors. While the general rule is that unsecured creditors share any remaining proceeds pari passu, the BIA does provide that certain "preferred" claims are to be paid prior to the general body of unsecured creditors, including the fees and expenses of the trustee in bankruptcy and its counsel, remaining unpaid wages and employee disbursements accrued in the six months prior to the bankruptcy in the amount noted above that were not paid from the assets to which the super-priority security interest attaches, certain landlord claims and certain other claims.

Upon the occurrence of a bankruptcy order or a voluntary assignment in bankruptcy, the BIA imposes a stay of proceedings on unsecured creditors and leave is required to proceed, or continue, with any actions against the bankrupt entity. The stay of proceedings generally does not apply to secured creditors, though a stay may apply to secured creditors for up to six months in certain circumstances. If no stay applies, secured creditors are free to continue to enforce their security against the assets of the bankrupt, subject to satisfying the trustee in bankruptcy that they have valid and perfected security over the same.

As stated above, where applicable under federal or provincial law, a secured creditor may appoint a "receiver" or "receiver-manager" over the assets of a debtor or may seek court appointment of a receiver or receiver and manager. The receiver is not typically appointed to restructure a business. A receivership is intended as a mechanism for realizing on collateral through a liquidation or a going-concern sale. The receiver will proceed to sell the debtor's assets, manage the debtor's business or otherwise realize on the collateral, with the proceeds from its activities payable in accordance with the established priorities. A receiver can be court-appointed or, in most Canadian provinces, privately appointed. In the case of a court-appointed receivership, the powers of the receiver are in the discretion of the court. The appointment order typically includes a stay of proceedings and super-priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor to secure the payment of amounts owing in respect of the receiver's fees and costs and, in certain circumstances, to secure the payment of any amounts to be borrowed by the receiver to facilitate the receivership. In the case of a private receiver, the receiver's powers are prescribed by contract (i.e., between the creditor and the debtor). In each case, the receivership remains subject to many of the considerations in a bankruptcy, including super-priorities, reporting obligations, etc. although certain priorities will be different where no bankruptcy is involved. A receiver is often appointed where only the secured creditors are likely to be paid out of the realizations or there is an opportunity to realize higher returns through a going-concern sale of the business than a piecemeal liquidation. Ultimately, however, the effect is the same: the realization on the debtor's assets in favour of those creditors legally entitled to the proceeds.

Restructuring

Generally, restructuring proceedings of insolvent entities are commenced under one of two statutes in Canada and it is also possible to restructure a solvent enterprise under the reorganization or arrangement provisions of the applicable federal or provincial corporate statute. Any such restructuring can involve a stay of proceedings with respect to creditors' rights and remedies and a compromise of the debt, including secured debt, owing by the restructuring entity.

For large or complex restructurings, the most commonly used statute is the Companies' Creditors Arrangement Act (the "CCAA"). In order to seek relief under the CCAA, the debtor must have at least CADS5.0 million in outstanding claims against it. The granting of an order for relief under the CCAA is in the discretion of the court, but if granted, a CCAA initial order typically involves a broad stay of proceedings (applying to secured and unsecured creditors), protection from the termination of contracts by third parties, and, in certain cases, the granting of super-priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the applicant debtor company to secure the payment of any amounts to be borrowed from debtor-in-possession lenders to facilitate the restructuring, any amounts owing for the fees and costs of professionals involved in the restructuring, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts. An initial stay of proceedings under the CCAA cannot exceed 10 days, and the relief sought on the initial application must generally be limited to only what is necessary for the initial 10 day period. The applicant debtor company is entitled to return to court within 10 days to seek extensions to the stay and expansion of the relief sought, including increased super-priority charges and authority to disclaim or repudiate unfavorable contracts. There is no time limit on the duration of an extension to the stay of proceedings under the CCAA or on the duration of the entirety of the proceeding itself.

CCAA proceedings are supervised by the court and upon the making of an order under the CCAA, the court must appoint a licensed trustee in bankruptcy to act as the "monitor" of the applicant company. The monitor is given certain powers under the CCAA and additional powers may be granted by court order. The monitor does not take possession of, or have any control over, the assets of the applicant company unless otherwise ordered by the court. The monitor is required to oversee certain filings made by the applicant company and provide its views with respect to same. The monitor also has a statutory duty to advise the court of any material adverse change in the status of the applicant company.

Under the CCAA, a company may, among other remedies, proceed to file a plan of compromise or arrangement, or seek court approval of a sale of some or all of its assets. In the case of a plan of compromise or arrangement, it is necessary for the applicant company to obtain the requisite level of approval from affected creditors (approval must be obtained from creditors representing 66 and 2/3% in value of the debt and more than 50% in number of the creditors who cast votes in each affected class of creditors) and approval of the court. Secured creditors may be included in the plan, or may be dealt with outside of the plan. Upon requisite creditor and court approvals being obtained, the restructuring plan is binding on all affected creditors whether or not they voted in favour of the plan. CCAA plans may be combined with plans of reorganization or arrangement under Canada's federal and provincial corporate statutes, allowing Canadian corporate entities to change their share capital, including cancelling existing shares and/or converting existing debt to new shares, in the context of a plan. If the proceeding includes an asset sale, any sale out of the ordinary course is subject to approval of the court (but with no creditor vote) and the court is authorized to make an order transferring assets to a purchaser free and clear of all liens, claims and encumbrances. During the course of a CCAA proceeding, creditors and contractual counterparties are not entitled to exercise any rights or remedies without leave of the court except for certain statutory exceptions (e.g., proven claims of set-off, termination and enforcement rights under certain types of derivative agreements and certain regulatory investigations).

The court may not approve an asset sale or sanction a restructuring plan in the context of a CCAA proceeding unless any existing super-priority employee wage claims and pension contribution claims are satisfied or provided for to the satisfaction of the court.

Debtors in Canada may also proceed with a restructuring under the proposal provisions of the BIA. The proposal provisions of the BIA (the "Proposal Provisions") provide for a process that is generally similar to, but less flexible than, restructuring proceedings under the CCAA. A restructuring under the BIA is typically undertaken where the proposed restructuring is small or relatively simple; or, where the applicant debtor simply does not qualify for the CCAA because its aggregate debt is less than CAD$5.0 million. There is no minimum amount of outstanding debt required to use the Proposal Provisions.

Upon filing a proposal (or a notice of intention to make a proposal) with the official receiver employed by the Office of the Superintendent of Bankruptcy, the BIA provides an automatic stay of proceedings. There is no need to apply to the court for the initial stay. The nature and term of the stay varies, depending on whether the debtor commences the proceedings by filing a proposal or by filing a notice of intention to make a proposal. In the context of a proposal, the stay applies to unsecured creditors but will only apply to secured creditors if the proposal includes an offer to secured creditors. Such stay will remain in place until the trustee administering the proposal proceedings is discharged (e.g., the proposal is implemented and the proceedings concluded) or the debtor becomes bankrupt (e.g., via a failed proposal, as discussed below). In the context of a notice of intention to make a proposal, the initial stay is for a period of 30 days, which applies to secured and unsecured creditors. However, if the debtor has not filed its proposal within the initial 30-day period, it may apply to the court for an extension of such period. The Proposal Provisions limit the duration of initial 30-day period and any extensions thereto to an aggregate of six months from the date of the filing of the notice of intention. Failure to file a proposal within this period will result in a deemed bankruptcy. The stay does not prevent a secured creditor from (i) dealing with the assets of the insolvent person if it took possession of the secured assets for the purpose of realization before the filing of the proposal or notice of intention to file a proposal and (ii) enforcing its security against the debtor if the secured creditor gave the required notice under the BIA more than ten days before the filing of the proposal or notice of intention to file a proposal, or if the debtor consents to the enforcement by the secured creditor in accordance with the BIA. In the case of any proceedings under the Proposal Provisions, the applicant debtor is protected from the termination of most contracts by third parties.

The Proposal Provisions allow for the granting of super priority charges (similar to the CCAA), repudiation or disclaimer of contracts (similar to the CCAA) and the appointment of a proposal trustee (which may have a similar role and powers as a monitor under the CCAA). Any asset sale out of the ordinary course of business by a debtor subject to the Proposal Provisions must be approved by a court, and formal court-supervised sale processes are often conducted in proposal proceedings to general proceeds for distribution to creditors. A proposal is ultimately put to a creditor vote, with secured creditors (if any) voting in a separate class (or classes), if affected by the proposal. In the event that the debtor's proposal to its creditors is either rejected by any class of unsecured creditors at a meeting held to approve such proposal (with the same voting thresholds as the CCAA noted above) or by the court when the proposal is put before the court for approval, the debtor is deemed bankrupt. Notably, if a proposal is rejected by a class of secured creditors but accepted by each class of unsecured creditors, the proposal does not automatically fail. The secured class rejecting the proposal is left to pursue rights and remedies in respect of their security, while the proposal is submitted to the court for approval.

The court may not approve an asset sale in the context of proposal proceedings or sanction a proposal unless any existing super priority employee wage claims and pension contribution claims are satisfied or provided for to the satisfaction of the court.

Recognition of Foreign Insolvency Proceedings

In the event of a foreign insolvency proceeding, both the CCAA and the BIA allow a representative, authorized in a foreign proceeding in respect of a debtor, to seek recognition of the foreign insolvency proceeding in Canada (which is similar to a Chapter 15 type proceeding under the U.S. Bankruptcy Code). The CCAA and the BIA each provide for a modified version of the UNCITRAL model insolvency law (collectively, the "Recognition Provisions"). The Recognition Provisions allow an authorized representative to apply for recognition of the foreign insolvency proceeding as either a "foreign main proceeding" or a "foreign non-main proceeding." The determination of the type of proceeding is based upon the center of main interest ("COMI") of the debtor. If the court determines that the foreign proceeding is a "foreign main proceeding," the court must grant a stay of proceedings in Canada must prohibit the debtor from selling or otherwise disposing of any of its property in Canada outside the ordinary course of its business and may grant additional relief permitted under the CCAA/BIA, including the recognition of relief granted in the foreign jurisdiction which may differ materially from the relief normally available in Canada. If the court determines that the foreign proceeding is a "foreign non-main" proceeding, the court may, but is not required to, grant a stay of proceedings in Canada, prohibit the debtor from selling any of its property in Canada outside the ordinary course of business and grant any other relief permitted under the CCAA/BIA, including the recognition of relief granted in the foreign jurisdiction which may differ materially from the relief normally available in Canada. In the event that the foreign proceeding results in the approval of an asset sale and/or restructuring plan, the Canadian court may grant an order providing that such asset sale and/or plan shall be recognized and have full force and effect in Canada.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed on for us by Skadden, Arps, Slate, Meagher & Flom (UK) LLP, London, United Kingdom, as to matters of U.S. federal and New York law and by Advokatfirmaet BAHR AS, as to certain matters of Norwegian law. Certain other legal matters will be passed on for the Initial Purchasers by Latham & Watkins (London) LLP.

INDEPENDENT AUDITORS

Our audited financial statements contained herein have been audited by Ernst & Young AS, our independent auditors. The financial statements of eBay Classifieds Group as of December 31, 2019, 2018, 2017, and January 1, 2017 and for each of the three years in the period ended December 31, 2019 included in this offering memorandum, have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their report appearing herein.

As the Notes offered hereby have not been, and will not be, registered under the Securities Act, Ernst & Young AS has not filed or given consent under the Securities Act.

AVAILABLE INFORMATION

We are currently not subject to the periodic reporting and other informational requirements of the Exchange Act. Pursuant to the terms of the indenture, we will furnish certain periodic information to holders of the Notes. See "*Description of Notes—Certain Covenants—Reports to Holders*". We have agreed that we will, upon written request of a holder or beneficial owner of the Notes, furnish to such holder or beneficial owner or to the Trustee for delivery to such holder or beneficial owner or prospective purchaser of the Notes, as the case may be, the indenture and/or the security documents. Any such request should be directed to us addressed to us at the address of our principal office Grensen 5, 0159, Oslo, Norway.

LISTING AND GENERAL INFORMATION

The Issuer was incorporated on November 9, 2018, as a public company with limited liability organized under the laws of Norway, with unlimited duration. It has an issued and paid-up share capital of NOK 136,989,700.40 and is registered with the Norwegian Register of Business Enterprises (*Nw. Foretaksregisteret*) under number 921 796 226. The Issuer's LEI number is 529900W8V3YLHRSZH763.

The address of the Issuer is Grensen 5, 0159, Oslo, Norway.

The registered offices of the Guarantors are:

1. Adevinta Finance: Akersgata 55, 0180 Oslo, 0301 Oslo, Norway
2. Adevinta France S.A.S.: 85-87rue du Faubourg Saint-Martin 75010, Paris
3. LBC France: 85-87rue du Faubourg Saint-Martin 75010, Paris
4. SCM Local: 85-87rue du Faubourg Saint-Martin 75010, Paris
5. Adevinta Spain: Calle Hernani, number 59, 1st Floor, 28020, Madrid, Spain
6. AdevintaHoldco Spain S.L.: Calle Hernani, number 59, 1st Floor, 28020, Madrid, Spain
7. Adevinta Oak: Daalwijkdreef 47, 1103AD Amsterdam
8. Mobile.de GmbH: Albert-Einstien-Ring 2-614532 Kleinmachnow
9. Marktplaats B.V.: Wibautstraat 224, 1097DN Amsterdam
10. Kijiji Canada: 500 King Street West, Suite 200, Toronto, Ontario
11. eBay Kleinanzeigen GmbH: Albert-Einstien-Ring 2-614532 Kleinmachnow

The Adevinta Guarantors and the eCG Guarantors are fully consolidated in their respective parent company 's financial statements and are expected to continue to be fully consolidated in the Issuer's financial stements after completion of the Acquisition.

The issuance of the Notes was authorized by resolutions of the board of directors of the Issuer passed at a meeting held on October 28, 2020.

Each of the Adevinta Guarantors are wholly owned (directly or indirectly) by the Issuer and each of the eBay Classifieds Guarantors will be wholly owned on or around the Completion Date. Each of the Guarantors are providing full and unconditional guarantees of the Notes (subject to certain limitations described herein).

For so long as the Notes are listed on the Exchange are outstanding, copies of the following documents may be inspected and obtained free of charge at the registered office of the Issuer during normal business hours on any weekday::

(i) this offering memorandum and any supplement thereto;
(ii) the articles of association of the Issuer;
(iii) the articles of associations of the Guarantors;
(iv) the Indenture and any supplemental indentures (which includes the Guarantees);
(v) the Escrow Agreement;
(vi) the Intercreditor Agreement; and
(vii) as soon as published, any future audited consolidated financial statements of the Issuer.

This offering memorandum and any supplement thereto will also be available on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Any notices to the Holders will be posted (so long as the Bonds are listed on the Exchange and the rules of the Exchange so require) on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The 2025 Notes sold pursuant to Regulation S under the Securities Act and the 2025 Notes sold pursuant to Rule 144A under the Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 224989253 and 225016020, respectively. The ISIN for the 2025 Notes sold pursuant to Regulation S under the Securities Act is XS2249892535 and the ISIN for the 2025 Notes sold pursuant to Rule 144A under the Securities Act is XS2250160202.

The 2027 Notes sold pursuant to Regulation S under the Securities Act and the 2027 Notes sold pursuant to Rule 144A under the Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 224989423 and 225016127, respectively. The ISIN for the 2027 Notes sold pursuant to Regulation S under the Securities Act is XS2249894234 and the ISIN for the 2027 Notes sold pursuant to Rule 144A under the Securities Act is XS2250161275.

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, of the Notes, will be prescribed six years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest, if any, of the Notes, will be prescribed six years after the applicable due date for payment of interest.

Except as disclosed herein, there has been no material adverse change in the Issuer's or any Guarantors' financial position since the last published consolidated financial statements of the Issuer, as of and for the year ended December 31, 2019.

Index to Financial Statements

Financial Statements of Adevinta ASA

Audited consolidated financial statements for the years ended December 31, 2019 and 2018

Board of Directors' Report F-3
Independent Auditor's Report F-11
Consolidated income statement for the years ended December 31, 2019 and 2018 . . . . . F-15
Consolidated statement of comprehensive income for the years ended December 31, 2019 and 2018 . F-16
Consolidated statement of financial position as of December 31, 2019 and 2018 . . . . . F-17
Consolidated statement of cash flows for the years ended December 31, 2019 and 2018 . . . . . F-19
Consolidated statements of changes in equity F-20
Notes to the consolidated financial statements for the years ended December 31, 2019 and 2018 . . . F-21

Audited combined financial statements for the years ended December 31, 2018, 2017 and 2016

Independent Auditor's Report F-112
Combined income statements for the years ended December 31, 2018, 2017 and 2016 . . . . . F-114
Combined statements of comprehensive income for the years ended December 31, 2018, 2017 and 2016 . . . . . F-114
Combined statements of financial position as of December 31, 2018, 2017 and 2016 . . . . . F-115
Combined statements of cash flows for the years ended December 31, 2018, 2017 and 2016 . . . . . F-116
Combined statements of changes in equity F-117
Notes to the combined financial statements for the years ended December 31, 2018, 2017 and 2016 . F-118

Unaudited condensed consolidated financial statements for the six months ended June 30, 2020 and 2019

Unaudited condensed consolidated income statement for the six months ended June 30, 2020 and 2019 . . . . . F-152
Unaudited condensed consolidated statement of comprehensive income for the six months ended June 30, 2020 and 2019 . . . . . F-153
Unaudited condensed consolidated statement of financial position as of June 30, 2020 and 2019 . . . . F-153
Unaudited condensed consolidated statement of cash flow for the six months ended June 30, 2020 and 2019 . . . . . F-154
Unaudited condensed consolidated statement of changes in equity F-155
Notes to the unaudited condensed consolidated financial statements for the six months ended June 30, 2020 and 2019 . . . . . F-156
Statement by the Board of Directors and CEO F-163

Financial Statements of eCG

Audited combined carve-out financial statements for the years ended December 31, 2019, 2018 and 2017

Report of Independent Auditors F-166
Combined carve-out statements of profit or loss for the years ended December 31, 2019, 2018 and 2017 . . . . . F-167
Combined carve-out statements of comprehensive income or loss for the years ended December 31, 2019, 2018 and 2017 . . . . . F-168
Combined carve-out balance sheets as of December 31, 2019, 2018 and 2017 and January 1, 2017 . . . F-169
Combined carve-out statements of changes in invested equity F-170
Combined carve-out statements of cash flows for the years ended December 31, 2019, 2018 and 2017 F-171
Notes to combined carve-out financial statements for the years ended December 31, 2019, 2018 and 2017 . . . . . F-172

Unaudited Condensed Combined Carve-out Financial Statements for six months ended June 30, 2020 and 2019

Unaudited condensed combined carve-out Statements of Profit or Loss for the six months ended June 30, 2020 and 2019 . . . . . F-204
Unaudited condensed combined carve-out statements of comprehensive income or loss for the six months ended June 30, 2020 and December 31, 2019 . . . . . F-205
Unaudited condensed combined carve-out balance sheets as of June 30, 2020 and December 31, 2019 . . . . . F-206
Unaudited condensed combined carve-out statements of changes in invested equity for the six months ended June 30, 2020 and, 2019 . . . . . F-207
Unaudited condensed combined carve-out statements of cash flows for the six months ended June 30, 2020 and 2019 . . . . . F-208
Notes to unaudited condensed combined carve-out financial statements for the six months ended June 30, 2020 and 2019 . . . . . F-209

ADEVINTA ASA

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Board of Directors’ report

This is Adevinta’s first annual report, following its establishment as a separate company after spinning off from Schibsted ASA. Adevinta’s Initial Public Offering (IPO) was completed in 2019 with the first day of trading on 10 April 2019.

The aim in bringing together Schibsted’s international online marketplaces as a separate and independent company was to create a focused and simplified operation that is optimised to compete, grow and thrive in the highly competitive and dynamic online services market.

When we look back at the last few quarters, there is little doubt that this was the right decision. Adevinta has continued to deliver strong financial and non-financial results during 2019. As a standalone company, we have increased our focus on product development and creating value for users and customers. We have also taken steps to build an organisational culture where employees can focus on one mission: **creating perfect matches on the world’s most trusted marketplaces.**

As a separately listed company on the Oslo Stock Exchange, Adevinta has received a very positive reception from investors. Following the April 2019 demerger and IPO, Adevinta has a strong shareholder base and the Board has a solid mandate to take a long-term view on value creation for users, customers, employees and partners, as well as its shareholders and other stakeholders. As announced at the IPO, we have collapsed the original two share classes into one, providing all shareholders with equal voting rights.

An important focus for the Board is to continue taking advantage of the broad range of growth opportunities in France, Spain, Brazil and the Global Markets business segments. To ensure success, we relentlessly support our initiatives regarding product and commercial development. We continue to invest in technology and product development in pursuit of our strategic goal of strengthening our relationship with the customers of our classified verticals such as car dealers, real estate agencies and companies looking to recruit. At the same time, we cater to the millions of private individuals who rely on our services every day when they search for a good deal either as buyers or sellers.

Beyond securing and developing solid positions across traditional classifieds business, Adevinta is constantly watching out for the next radical industry development. Our New Models team has the mandate to invest in companies which seek to transform the value chain in our core markets. Adevinta can contribute more than just financial support to these companies. Access to our content, traffic and marketing muscle and operational know-how can be highly valuable to the companies in which we invest. In turn, Adevinta gains first-hand experience with new models which may have the potential to be drivers for future growth.

Scale is of increasing importance to our business strategy. While one of our historic success formulas has been local autonomy and decentralised capacity in product and technology, we are adopting a centralised strategy to data and analytics. This one area where investment requirements are large and the technology is uniform, and where the maxim "built once; used many times" clearly applies. Our ambition is to provide our marketplaces with centrally developed components so they can offer outstanding data driven products locally.

Following the demerger from Schibsted, Adevinta has strong financial muscle and what we like to call "license to expand." We have the ambition to be a driving force in the industry in terms of organic growth and through value-creating acquisitions and consolidation. We carried out several in-market transactions during 2019, the most important being the acquisition of L'Argus, the digital service provider for the car market in France. Adevinta has a solid balance sheet and, as a standalone publicly listed company, we have the financial capabilities required to execute a vigorous M&A strategy. Our experience shows that significant synergies may be achieved through consolidation of online classifieds players.

At the same time, a balanced capital allocation policy is important. The Board of Directors has adopted a dividend policy that allows for development of Adevinta's business and further growth. Thus, the ambition is to pay a stable and growing dividend going forward while maintaining our flexibility to invest in growth. As announced at the IPO, Adevinta will not pay any dividend for 2019.

Finally, Adevinta is well positioned with regards to global trends towards a more sustainable lifestyle. We are proud of the role that our users play, whenever they choose second-hand goods, in avoiding million tons of CO_2 emissions every year. The encouraging increase in Environmental, Social and Governance (ESG) investments in the global financial scene, gives Adevinta an advantage when it comes to competition for capital. The sustainable aspects of our business are also an important strength when it comes to attracting talent, particularly in the case of younger talent. Together with our strong culture, this means we are well positioned when it comes to competing for the most important asset required for our continued success: talented people.

Description of structural changes

JAN 2019

Adevinta increased its ownership in Adevinta Spain to 100%. This has enabled further integration of our Spanish businesses.

JUN 2019

Adevinta completed the bolt-on acquisition of Locasun, a holiday rental and specialist travel marketplace operating across Europe.

OCT 2019

Adevinta completed the acquisition of Argus Group, the leading player in digital marketing services to the automotive industry in France.

Adevinta also participated in other minor acquisitions and disposals during 2019.

Board of Directors' report continued

Changes in accounting policies

Adevinta implemented the accounting standard IFRS 16 Leases from 1 January 2019. At the date of implementation, total assets increased by €55.9 million and total liabilities increased by €56.6 million, primarily from the recognition of lease liabilities and related right-of-use assets. In 2019, gross operating profit (EBITDA[1]) and operating profit increased by €14.4 million and €0.7 million respectively compared to what would have been reported under the formerly applicable accounting standards. The effect on net profit is insignificant. Comparable figures for 2018 are not restated when applying the new accounting standard.

Further comments on the Group's results

Adevinta's operating revenues in 2019 were €680.3 million (€594.6 million)[2]. The 14% increase was driven by sustained performance in core markets in France and Spain. There was a healthy improvement in core classified revenue in most markets, while advertising revenue was on a soft positive trend.

The Group's EBITDA amounted to €199.5 million (€151.0 million)[2], an increase of 32% (see the section on each business area for more detail). Excluding the application of IFRS 16, operating expenses increased by 12% and EBITDA increased by 23%.

Adevinta's share of profit (loss) from joint ventures and associates was €5.9 million (€6.8 million)[2] with the reduction mainly due to lower result of the investment in Brazil.

Impairment loss in 2019 was €(24.6) million (€(56.6) million)[2]. This is mainly due to a write-down of goodwill in Mexico due to disappointing performance and a change in business strategy.

In 2019, the Group's other income and expenses amounted to €(12.8) million (€(6.3) million)[2]. This is primarily related to restructuring, transition and listing costs and other expenses related to Adevinta's IPO. In 2018, this was mainly related to restructuring costs.

Operating profit in 2019 amounted to €122.8 million (€68.4 million)[2].

Financial position and cash flow

Adevinta ASA was listed on the Oslo Stock Exchange on 10 April 2019. The spin-off of the Adevinta business from Schibsted was implemented as described in the listing prospectus, published on 1 April 2019. The demerger was completed on 9 April 2019 with net assets transferred from Schibsted ASA to Adevinta ASA amounting to €145.2 million (€144.6 million after deduction of transaction costs net of tax effect amounting to €0.6 million) and net interest-bearing debt decreasing by €40.1 million.

Adevinta has entered into a non-current revolving credit facility of €300 million. Drawdown on this new facility amounted to €150 million as at 12 April 2019 and on the same day all outstanding interest-bearing debt from Schibsted was repaid (totaling €151 million). There was a further €50 million drawdown from this facility during 2019.

Net cash flow from operating activities was €134.1 million for the year, compared to €73.9 million in 2018. The increase is primarily related to the increase in operating profit and implementation of IFRS 16.

Net cash outflow from investing activities was €(137.0) million for the year, compared to €(33.8) million in 2018. The increase is mainly due to the acquisition of subsidiaries and increased capital expenditure. Net cash inflow from financing activities was €19.2 million for the year, compared to a net cash outflow amounting to €(22.9) million in 2018. The change is primarily related to the demerger from Schibsted and partially offset by the €200 million drawdown from the revolving credit facility.

The carrying amount of the Group's assets decreased by €(33.7) million to €2,119.8 million during 2019 and the Group's net interest-bearing debt decreased by €(26.3) million to €130.2 million. The Group's equity ratio was 73% at the end of 2019, compared to 62% at the end of 2018.

[1] EBITDA (earnings before other income and expenses, impairment, joint ventures and associates)
[2] Figures in parentheses are for the corresponding period for the previous year

Comments on the business areas[3]

Adevinta

In 2019, Adevinta increased revenue by 15%[4] and EBITDA by 32%[5], on the back of strong development in core verticals. This result was supported by good operating performance in our France, Spain and Brazil segments, and reduced losses in operations in the investment phase.

France

In France, leboncoin is the leading marketplace site and holds the number-one position for real estate, cars and generalist advertisements. In 2019, our French operations developed their strong positions and built a wider ecosystem through inorganic acquisitions. These included the incorporation of L'Argus into portfolio as well as Locasun and PayCar, and the full integration of three previous acquisitions: A-Vendre-A-Louer, Vide dressing and Kudoz. France increased overall revenue by 17% (13% excluding 2019 acquisitions) driven by continuing strength in the real estate and car verticals. During 2019 the business launched a transactional business model in some of the generalist categories with good early results.

EBITDA grew by 13% and EBITDA-margin decreased two percentage points due to dilutive impact of acquisitions and an increase in expenses related to product and technology development as well as sales activities.

Spain

Adevinta's operations in Spain are market leaders and hold number-one positions in cars, jobs and generalist advertisements. Traffic increased by more than 20% for the car vertical coches.net while growth was in the high teens for the real estate sites fotocasa and habitaclia. In 2019, revenue increased by 14%, driven by cars, jobs and real estate. Display advertising also contributed positively to the strong performance, but with a lower growth rate than the vertical. EBITDA growth was 29% and EBITDA-margin improved four percentage points.

[3] In this section 2018 numbers used for comparison are not adjusted for IFRS 16.
[4] Operating revenues including joint ventures.
[5] EBITDA including joint ventures.

Board of Directors’ report continued

Brazil
OLX Brasil, which is 50% owned by Adevinta, is the leading online marketplace in Brazil, with a strong position in generalist, cars and real estate. The site continued to build a strong brand and leadership position in traffic and volumes across its core verticals. Revenues grew 29% in local currency terms in 2019 due to continued monetisation of the cars and real estate verticals and EBITDA was up by 94%. The jobs site Infojobs Brazil developed well in terms of revenue growth, and delivered a positive EBITDA in 2019.

Global Markets
Despite soft advertising performance in most markets, revenue grew by 5%. EBITDA improved by more than €40 million in 2019 compared to 2018 due to a strategic shift that saw a sharpened focus on the cost base in both Shpock and Mexico.

Subito is the leading generalist and car marketplace site in Italy. Adevinta Italy also holds a strong position in the jobs market. Revenues continued to build in 2019, particularly driven by cars. However, overall development was below expectations due to very soft development in display advertising.

In Hungary, Adevinta owns the leading car marketplace site, Hasznaltauto.hu, and the leading generalist site, Jofogas.hu. Revenues continued to grow at a steady pace in 2019 with good operational leverage.

In addition Willhaben.at, which is 50% owned by Adevinta, is the leader in the real estate and generalist markets in Austria. It also holds a strong position in the cars and jobs markets. The site saw a rapid increase in traffic and a corresponding revenue improvement.

Investment Phase
In 2019, the Investment Phase portfolio continued to develop in terms of revenue and traffic. Revenue grew 5% and while EBITDA remained negative there was an improvement of €33 million.

Shpock, a native app for generalist ads, has built a strong market position in the UK and cut losses by 86%. Similarly, Mexico underwent a strategic review during the year and has been able to cut losses by 74%.

Adevinta also has good market positions in several other countries with Yapo in Chile, Fincaraiz in Colombia, Avito.ma in Morocco, Kufar in Belarus, Corotos in the Dominican Republic and Tayara in Tunisia. While these marketplaces saw revenue increases in 2019, they are facing intensifying competitive environment.

Research and development

Adevinta has been at the heart of the digital transformation for more than 20 years, first within the Schibsted family and today as a separate and independent company. We continue to invest substantial resources in improving and developing products offered to its users and customers. All parts of Adevinta continuously develop both existing products and new products to provide new revenue flows. In 2019, our innovation efforts focused on transactional business model, products supporting professional customers both up- and downstream, data analytics, privacy and identity.

Operational and financial risk

Operational risks

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, hypervertical marketplaces, global internet companies and aggregators that have entered the online classified market and new business models.

Adevinta operates online classified marketplaces in a number of European countries and in selected emerging markets. Consequently, Adevinta's operations are affected by general economic conditions in the markets in which it operates. The Covid-19 outbreak is currently affecting world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the short term, turnover may be affected negatively. Adevinta's display advertising revenues, as well as marketplace revenues from recruiters and real estate agents, are affected by unemployment rates, real estate prices and GDP growth rates.

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, 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. France has created a Digital services tax and similar initiatives are under consideration or implementation in other European countries. Such initiatives could have a material impact on Adevinta's profitability and cash flows. For more details on France's Digital services tax, please refer to note 21 (Other non-current and current liabilities) of the consolidated financial statements and for other European countries please refer to note 31 (Events after the balance sheet date) of the consolidated financial statements.

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 may make 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 and liquidity risk, please refer to note 22 (Financial risk management) of the consolidated financial statements.

Statement of Corporate Governance

Adevinta's governance approach is based on principles set out in 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 profit after tax of €4.5 million. As at 31 December 2019, Adevinta ASA had total assets of €1,803 million and the equity ratio was 82%. 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. As announced at the IPO, Adevinta will not pay any dividend for 2019.

The Board of Directors proposes that the profit after tax of €4.5 million is transferred to other equity.

As of 31 December 2019, Adevinta ASA had total equity of €1,481 million. The Board of Directors has determined that Adevinta ASA had adequate equity and liquidity at year-end 2019.

Outlook

Adevinta sees continued revenue growth potential in all its segments on the back of the strong brand positions and traffic leadership in its markets and verticals. Inherent operational leverage remains strong in some geographies while we will continue to invest in product and tech and further deploy the transactional model to tap into new revenue streams and create value over time. The medium- to long-term target for annual revenue growth remains unchanged at 15-20% (on a proportionate basis including joint ventures and including bolt on acquisitions). Shorter-term, some uncertainty remains about macro environment (especially in the current context of the Covid-19 outbreak) and volatility in display advertising performance. In France and Spain, we have seen a lower number of transactions in the housing market in Q4. We remain optimistic about expanding our market positions through the launch of new products and services and price adjustments.

The longer-term EBITDA margin is targeted to grow to above 40%. When evaluating new business opportunities, we are prioritising total profit growth and looking at opportunities from a Net Present Value perspective. The transactional model is a prime example of an exciting new business opportunity, but with lower margins than traditional verticals.

Adevinta endeavours to maintain and extend its favourable competitive positions in several markets while also capturing further core and adjacent growth opportunities. The company will be an active player in industry consolidation with a view to strengthening its core segments and optimising the overall mix and focus of its marketplaces portfolio. Adevinta will continue to benefit from organic online classifieds market growth particularly focused on extracting the untapped potential that lies in its strong verticals. At the same time, Adevinta is focused on driving initiatives to increase market share of traffic, listings and eventually monetisation and profitability.

France, Spain and Brazil are expected to be the key drivers for growth going forward, driven by continued strong development of their verticals. We are aiming for an improved performance in Global Markets than in 2019 and we’ll continue to actively manage our portfolio. Adevinta has been able to reduce investment phase losses. Next year, the level of the investment phase losses will, among other things, depend on the pace of monetisation growth and the competitive situation in each market. As we seek to validate the different strategic models in the portfolio, we may reverse deferrals of expenditure, such as in marketing, or increase investment in product and tech and these may cause Investment phase portfolio financial results to fluctuate between quarters.

Adevinta intends to continue devoting resources to develop scalable components, leveraging its international footprint, creating value through central product and technology development aligned closely with local on-the-ground technical expertise.

During 2019, the negative EBITDA of the HQ/Other segment rose as a result of investments in scalable tech and data and the setup of corporate and functional teams as a result of the demerger. As we now have most of the corporate organisation in place, the full quarter contribution to costs should be slightly above the Q4 2019 level going forward.

The French Digital services tax Legislation (DST) was enacted in July 2019. Our view at this juncture is that, it is less likely than not, that DST is applicable to Adevinta Group, hence no provision has been made in respect of DST. Please refer to note 21 (Other non-current and current liabilities) of the consolidated financial statements for further information.

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

Digital services tax

In 2019, some European countries have approved their own Digital services tax (DST) legislations, applicable from 2020:

- For Italy, the DST will levy a 3% tax over certain digital services and will be effective from January 2020 for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with payment expected to take place in 2021. Management is analysing the potential impact on Adevinta of the DST bill approved.
- In Austria, the DST will levy a 5% tax on domestic online advertising services and will be effective from 1 January 2020 for groups with worldwide revenues of at least €750 million and Austrian revenues applicable to DST of at least €25 million. Management has assessed that the DST bill approved in Austria would not be applicable to Adevinta.

In addition, in February 2020 the Spanish government has approved a draft legislation to impose a 3% tax over certain digital services. The draft bill will be sent to the parliament for approval. The draft legislation would be applicable to groups with worldwide revenue above €750 million and Spanish revenues applicable to DST above €3 million. Management is analysing the potential impact on Adevinta of the DST draft bill.

Refinancing of the revolving credit facility

On 25 February 2020, Adevinta has completed the refinancing of its existing €300 million bank facility with €600 million multi-currency term loan and revolving credit facilities. The facilities include an accordion increase option, which provides flexibility for the parties to agree an increased size by an additional €120 million during the term of the facilities. The revolving credit facility has a tenor of five years with two one-year extension options, whilst the term loan component has a tenor of three years. The term loan was drawn in NOK and converted into € through a cross-currency swap.

Agreement to acquire Grupo ZAP

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

Covid-19

The Covid-19 outbreak is currently affecting the world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the short term, turnover and results will be affected negatively, but it is still too early to say how, and how severely Covid-19 will affect Adevinta and our business.

29 March 2020
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

Dronning Eufemias gate 6, NO-0191 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

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 2019, 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 2019, 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 2019, 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 2019 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 2019. 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.

Building a better working world

Impairment assessment of goodwill

The Group is active in establishing positions at an early point in time in online classifieds marketplaces through business combinations. 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 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.

The estimation uncertainty related to impairment assessment is disclosed in note 3 and note 15 to the annual report.

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 assessment and the impact of the new revenue recognition standard, IFRS 15 Revenue from contract with customers, including the appropriateness of the Group's accounting policies. 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 is in compliance with the group accounting policies as disclosed in note 7 to the annual report.

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

Independent Auditor's report continued

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, 30 March 2020
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

Consolidated income statement

for the year ended 31 December

€ million	Note	Year 2019	2018[1]
Operating revenues	**6,7**	**680.3**	**594.6**
Personnel expenses	9	(234.8)	(201.3)
Other operating expenses	8	(246.0)	(242.3)
Gross operating profit (loss)	**6**	**199.5**	**151.0**
Depreciation and amortisation	16,17,30	(45.3)	(26.5)
Share of profit (loss) of joint ventures and associates	5	5.9	6.8
Impairment loss	15,16	(24.6)	(56.6)
Other income and expenses	11	(12.8)	(6.3)
Operating profit (loss)	**6**	**122.8**	**68.4**
Financial income	12	1.7	1.2
Financial expenses	12	(7.8)	(15.3)
Profit (loss) before taxes		**116.7**	**54.3**
Taxes	13	(49.6)	(61.3)
Profit (loss)		**67.1**	**(7.0)**
Profit (loss) attributable to:			
Non-controlling interests	26	3.1	0.4
Owners of the parent		64.0	(7.4)
Earnings per share in €:			
Basic	14	0.09	(0.01)
Diluted	14	0.09	(0.01)

[1] Not restated with IFRS 16 implementation

Consolidated statement of comprehensive income

for the year ended 31 December

€ million	Note	Year 2019	2018[1]
Profit (loss)		**67.1**	**(7.0)**
Remeasurements of defined benefit pension liabilities		0.3	(0.5)
Income tax relating to remeasurements of defined benefit pension liabilities	13	(0.1)	0.1
Items not to be reclassified subsequently to profit or loss		**0.2**	**(0.4)**
Exchange differences on translating foreign operations		(5.3)	(49.1)
Items to be reclassified subsequently to profit or loss		**(5.3)**	**(49.1)**
Other comprehensive income		**(5.1)**	**(49.5)**
Comprehensive income		**62.0**	**(56.5)**
Comprehensive income attributable to:			
Non-controlling interests	26	3.0	0.3
Owners of the parent		59.0	(56.8)

[1] Not restated with IFRS 16 implementation

Consolidated statement of financial position

as of 31 December

€ million	Note	31 December 2019	31 December 2018[1]
Intangible assets	15,16	1,394.8	1,301.0
Property, plant & equipment	17	25.3	19.8
Right-of-use assets	30	60.6	–
Investments in joint ventures and associates	5	381.1	375.3
Deferred tax assets	13	1.6	3.7
Other non-current assets	18,24	14.8	9.4
Non-current assets		**1,878.1**	**1,709.2**
Income tax receivable		10.9	3.0
Contract assets	7	7.5	2.0
Trade receivables and other current assets	18,19,22,24	151.6	384.1
Cash and cash equivalents	22,24,27	71.8	55.1
Current assets		**241.7**	**444.3**
Total assets		**2,119.8**	**2,153.5**
Paid-in equity		146.4	(0.3)
Other equity		1,378.1	1,318.1
Equity attributable to owners of the parent		**1,524.4**	**1,317.8**
Non-controlling interests	26	14.4	13.9
Equity		**1,538.8**	**1,331.7**
Deferred tax liabilities	13	82.9	72.3
Non-current interest-bearing borrowings	22,23,24	201.7	448.5
Lease liabilities, non-current	27,30	53.2	–
Other non-current liabilities	21	11.8	4.3
Non-current liabilities		**349.5**	**525.0**
Current interest-bearing borrowings	22,23,24	0.3	0.0
Income tax payable		4.5	10.0
Lease liabilities, current	27,30	13.3	–
Contract liabilities	7	56.8	51.2
Other current liabilities	21,22,24	156.6	235.6
Current liabilities		**231.5**	**296.8**
Total equity and liabilities		**2,119.8**	**2,153.5**

[1] Not restated with IFRS 16 implementation

Consolidated statement of financial position continued

29 March 2020
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	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		116.7	54.3
Depreciation, amortisation and impairment losses	6,15,16,17,30	69.9	83.1
Share of loss (profit) of joint ventures and associates	5	(5.9)	(6.8)
Dividends received from joint ventures and associates		1.1	1.5
Taxes paid		(63.6)	(53.7)
Sales losses (gains) non-current assets and other non-cash losses (gains)		(0.3)	(1.3)
Change in working capital and provisions[1]		16.3	(3.2)
Net cash flow from operating activities		**134.1**	**73.9**
CASH FLOW FROM INVESTING ACTIVITIES			
Development and purchase of intangible assets and property, plant & equipment		(48.5)	(30.7)
Acquisition of subsidiaries, net of cash acquired	27	(78.8)	(3.1)
Proceeds from sale of intangible assets and property, plant & equipment		(0.0)	0.4
Proceeds from sale of subsidiaries, net of cash sold		0.0	0.1
Net sale of (investment in) other shares		(10.7)	(3.3)
Net change in other investments		0.9	2.8
Net cash flow from investing activities		**(137.0)**	**(33.8)**
Net cash flow before financing activities		**(2.9)**	**40.1**
CASH FLOW FROM FINANCING ACTIVITIES			
New interest-bearing loans and borrowings		199.2	0.4
Repayment of interest-bearing loans and borrowings		(0.4)	(0.0)
Change in ownership interests in subsidiaries	4,27	(100.2)	(11.0)
Capital increase		7.9	–
IFRS 16 lease payments	30	(12.8)	–
Dividends paid to non-controlling interests	26	(3.6)	(3.4)
Net financing from (to) Schibsted ASA		(70.9)	(8.9)
Net cash flow from financing activities		**19.2**	**(22.9)**
Effects of exchange rate changes on cash and cash equivalents		0.3	0.4
Net increase (decrease) in cash and cash equivalents		**16.6**	**17.7**
Cash and cash equivalents as at 1 January	27	55.1	37.4
Cash and cash equivalents as at 31 December	27	**71.8**	**55.1**

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

Consolidated statement of changes in equity

	Note	Share capital	Other paid-in equity	Retained earnings	Foreign currency transl. reserve	Share-holders' equity	Non-controlling interests	Total
Equity as at 31 December 2017		**–**	**–**	**1,237.5**	**2.7**	**1,240.2**	**15.3**	**1,255.5**
Change in accounting principle IFRS 2		–	–	0.5	–	0.5	–	0.5
Change in accounting principle IFRS 15		–	–	(3.8)	–	(3.8)	–	(3.8)
Equity as at 1 January 2018		**–**	**–**	**1,234.2**	**2.7**	**1,236.9**	**15.3**	**1,252.3**
Profit (loss) for the period		–	–	(7.4)	–	(7.4)	0.4	(7.0)
Other comprehensive income		–	–	(0.4)	(49.1)	(49.5)	(0.1)	(49.5)
Total comprehensive income		**–**	**–**	**(7.8)**	**(49.1)**	**(56.9)**	**0.3**	**(56.5)**
Capital increase		–	–	–	–	–	0.2	0.2
Share-based payment		–	(0.3)	–	–	(0.3)	(0.0)	(0.4)
Dividends paid to non-controlling interests	26	–	–	–	–	–	(3.4)	(3.4)
Changes in ownership of subsidiaries that do not result in a loss of control		–	–	(22.8)	–	(22.8)	1.5	(21.3)
Share of transactions with the owners of joint ventures and associates		–	–	(0.1)	–	(0.1)	–	(0.1)
Group contributions and dividends		–	–	(38.7)	–	(38.7)	–	(38.7)
Transactions with former Group entities, including effects of allocation		–	–	199.6	–	199.6	–	199.6
Total transactions with the owners		**–**	**(0.3)**	**138.0**	**–**	**137.7**	**(1.7)**	**136.0**
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	30	–	–	(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	22,25	13.8	130.9	–	–	144.7	–	144.7
Share-based payment		–	2.0	–	–	2.0	–	2.0
Dividends paid to non-controlling interests	26	–	–	–	–	–	(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**

Notes to the consolidated financial statements continued

General information

Note 1 General information

Note 2 Basis for preparing the consolidated financial statements

Note 3 Significant accounting judgments and major sources of estimation uncertainty

Group structure

Note 4 Changes in the composition of the group

Note 5 Investments in joint ventures and associates

Information on income statement items

Note 6 Operating segments

Note 7 Revenue recognition

Note 8 Other operating expenses

Note 9 Personnel expenses and remuneration

Note 10 Share-based payment

Note 11 Other income and expenses

Note 12 Financial items

Note 13 Income taxes

Note 14 Earnings per share

Information on statement of financial position items

Note 15 Impairment assessments

Note 16 Intangible assets

Note 17 Property, plant & equipment

Note 18 Other non-current and current assets

Note 19 Trade receivables

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

Note 21 Other non-current and current liabilities

Capital management

Note 22 Financial risk management

Note 23 Interest-bearing borrowings

Note 24 Financial instruments by category

Other information

Note 25 Number of shares

Note 26 Non-controlling interests

Note 27 Supplemental information to the consolidated statement of cash flows

Note 28 Transactions with related parties

Note 29 Auditor’s remuneration

Note 30 Lease agreements

Note 31 Events after the balance sheet date

Note 32 Ownership

Notes to the consolidated financial statements continued

Note 1: General information

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

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 is carried out in Italy, Austria, Ireland, Hungary, Mexico, Chile, Belarus, Colombia, the Dominican Republic, Morocco, Tunisia, UK and Germany. The business areas are described in segment information in note 6.

The consolidated financial statements including notes for Adevinta ASA for the year 2019 were approved by the Board of Directors on 29 March 2020 and will be proposed to the Annual General Meeting on 5 May 2020.

Note 2: Basis for preparing the consolidated financial statements

Compliance with IFRS

Adevinta has 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 above, 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 financial statements have been carried out in accordance with applicable IFRS standards.

New and amended standards adopted by the Group

Except for the application of IFRS 10 Consolidated Financial Statements and the mandatory implementation of IFRS 16 Leases as at 1 January 2019, as well as the allocation of centrally developed intangible assets in Schibsted and related expenses, the accounting policies adopted are consistent with those followed in preparing the Adevinta combined financial statements included in the IPO prospectus, published on 1 April 2019. The implementation of IFRS 16 Leases has impacted the accounting principles. See note 30 for more information.

Financial statements

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." Net 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.

The transfer of the online classifieds operations to Adevinta ASA is accounted for as a business combination involving entities under common control applying the pooling-of-interests method. That method implies continuing historical financial information at carrying values as reported in the consolidated financial statements of the parent company Schibsted ASA as well as 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 (1 January 2018).

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 statement of financial position date. 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.

Note 2: Basis for preparing the consolidated financial statements continued

Non-current assets and groups of non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sales transaction instead of through continued use. Non-current assets and groups of non-current assets and liabilities which are classified as held for sale are valued at the lower of their former carrying amount or fair value minus sales costs.

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

Statement of cash flows

The statement of cash flows is prepared under the indirect method.

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 and all intercompany matters have been eliminated.

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 the parent Adevinta ASA. Non-controlling interests are presented in the consolidated balance sheet 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.

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.

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 balance sheet 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 balance sheet 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

Notes to the consolidated financial statements continued

Note 2: Basis for preparing the consolidated financial statements continued

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 balance sheet 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 balance sheet date.

New standards and interpretations not yet adopted

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when 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 Financial Statements.

Amendments to IFRS 3 Definition of a Business

The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments must be applied to transactions for which the acquisition date is on or after the annual reporting periods beginning on or after 1 January 2020. Early application is permitted. The Group does not intend to early adopt the amendments.

Amendments to IFRS 9, IAS 39 and IFRS 7 due to the IBOR reform

The amendments provide companies with temporary reliefs to 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 reliefs are applied, companies are required to disclose additional qualitative and quantitative information. However, the amendments also provide an exemption from the disclosure requirements in IAS 8.28 f related to the adjustment amounts in the current and prior period. The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. The Group does not intend to early adopt the amendments. The amendments may be applicable for 2020.

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

The management has made use of estimates and assumptions in preparing the consolidated financial statements. The most important areas where estimates are having an impact are listed below. Detailed information of these estimates and judgements is included in the relevant notes. The short-term impact of Covid-19 is not expected to have a material impact on significant estimates.

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

Significant estimates and judgements:
- 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 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)
- Liabilities measured at fair value (note 24)
- Determination of lease term and estimating the incremental borrowing rate (note 30)

Note 4: Changes in the composition of the group

Principle:

Business combinations

The acquisition method is used to account for all business combinations where Adevinta ASA or a 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 measured at fair value at the acquisition date. Any non-controlling interest in the acquiree is measured 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 contingent consideration deemed to be a liability are recognised in profit or loss.

In business combinations 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.

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

Transactions with non-controlling interests are recognised in equity. In entities where Adevinta already owned interests prior to the business combination, any change in the value of earlier interests is recognised in the income statement.

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 balance sheet 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."

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 as gain or loss 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.

Notes to the consolidated financial statements continued

Note 4: Changes in the composition of the group continued

Business combinations

Adevinta invested €78.6 million in 2019 (€3.0 million in 2018) related to acquisition of businesses (business combinations). The amount comprises cash consideration transferred reduced by cash and cash equivalents of the acquiree. Adevinta in addition paid €0.2 million (€0.1 million in 2018) of contingent consideration related to prior year's business combinations.

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 vehicle purchases operating mainly in France; after acquiring 68.8% of the shares of PayCar SAS.

On 4 October 2019, Adevinta completed the acquisition of 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 will benefit 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 will enhance its strong position in the French car market segment.

In November 2018, Adevinta completed the acquisition of Videdressing.com, a general goods vertical within second-hand fashion, through the purchase of 100% of the shares of Videdressing SAS.

The subsidiaries acquired in 2019 (Locasun, PayCar and Argus Group) and in 2018 (Videdressing) are included in the France operating segment.

Acquisition-related costs of €1.0 million (€0.2 million in 2018) related to business combinations that have been closed are recognised in profit or loss in the line item "Other income and expenses" (note 11).

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:

	Total 2019	Total 2018
Consideration:		
Cash	90.1	8.7
Deferred consideration	6.7	–
Contingent consideration	4.4	–
Consideration transferred	**101.2**	**8.7**
Fair value of previously held equity interest	0.1	–
Total	**101.2**	**8.7**
Amounts for assets and liabilities recognised:		
Intangible assets	36.5	0.3
Property, plant & equipment	0.6	0.1
Right-of-use assets	2.1	–
Other non-current assets	0.3	0.1
Trade and other receivables	9.4	1.0
Other current assets	2.6	–
Cash and cash equivalents	11.5	5.7
Deferred tax liabilities	(10.4)	–
Lease liabilities, non-current	(0.9)	–
Other non-current liabilities	(3.2)	(0.5)
Lease liabilities, current	(1.1)	–
Current liabilities	(15.9)	(6.8)
Total identifiable net assets	**31.4**	**(0.2)**
Non-controlling interests	(0.2)	–
Goodwill	69.9	8.9
Total	**101.2**	**8.7**

The purchase price allocations for acquisitions made in 2019 are preliminary due to uncertainty in certain valuation factors. There are no significant effects from finalising preliminary purchase price allocations in any subsequent year.

The implied goodwill connected with the Argus acquisition relates to synergies with leboncoin, future customers, future technology and workforce. The synergies mainly relate 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 replaced and thus is the return on future technology and customers also part of goodwill.

Notes to the consolidated financial statements continued

Note 4: Changes in the composition of the group continued

Goodwill recognised in other acquisitions made in 2019 is 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 is 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 are good strategic fits with existing operations within Adevinta.

The fair value of acquired receivables was €9.4 million in 2019 (€1.0 million in 2018), of which €8.0 million (€0.6 million in 2018) are trade receivables. There is no material difference between the gross contractual amount receivable and the fair value of the receivables.

Non-controlling interests are 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 uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

The companies acquired in business combinations have since the acquisition dates contributed €12.3 million to operating revenues in 2019 (€0.4 million in 2018) and contributed negatively to consolidated profit by €0.6 million in 2019 (negatively €0.3 million in 2018). If the acquisition date of all business combinations completed through purchase of shares was as at 1 January, the operating revenues of Adevinta would have increased by €43.7 million in 2019 (€3.5 million in 2018) and profit (loss) would have increased by €1.6 million (decreased by €1.4 million in 2018).

Contingent consideration

As part of the purchase agreement with the previous owners of Locasun SARL, a contingent consideration has been agreed. The additional cash payments will be limited to two payments made at the end of years 2020 and 2021. Each payment is capped at €2.5 million and will be calculated depending 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. The fair value of the contingent consideration as at 31 December 2019 is estimated to be €4.4 million, which reflects the latest information available as well as the indicators included in the budget approved for 2020.

OTHER CHANGES IN THE COMPOSITION OF ADEVINTA

In 2019, Adevinta invested €100.2 million (€11.0 million in 2018) related to increased ownership interests in subsidiaries. The amount invested is primarily related to the acquisition of the remaining 10% ownership in Adevinta Spain, increasing the ownership to 100%. The amount invested in 2018 was primarily related to increase of ownership interest to 100% in Finderly GmbH (Shpock).

In August 2019, 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 of accounting.

Note 4: Changes in the composition of the group continued

Changes in ownership interests in subsidiaries are accounted for as equity transactions. The effect on the equity attributable to owners of the parent is presented in the table below:

	2019	2018
Net consideration received (paid)	(100.2)	(11.0)
Financial liabilities previously recognised related to non-controlling interests' put options	100.0	10.3
Adjustment to equity	**(0.2)**	**(0.7)**
Of which adjustment to non-controlling interests	–	–
Of which adjustment to equity attributable to owner of parent	(0.2)	(0.7)

The adjustments to equity presented above are 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 includes changes in financial liabilities related to non-controlling interests' put options recognised in equity, as disclosed in note 20 (Financial liabilities related to business combinations and increases in ownership interests).

Note 5: Investments in joint ventures and associates

Principle

A joint arrangement is an arrangement of which 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 presumed to exist when the Group is entitled to a Board member, even in the case where ownership interests are lower than 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.

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.

Notes to the consolidated financial statements continued

Note 5: Investments in joint ventures and associates continued

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. The difference between the total of the fair value of any retained interest and any proceeds from disposing of a part interest in a joint venture or an associate, and the carrying amount of the investment is recognised as gain or loss in profit or loss.

If Adevinta's ownership interest in a joint venture or an associate is reduced, but the equity method is still applied, a gain or loss from the partial disposal is recognised in profit or loss. The retained interest is not remeasured.

	2019			2018		
Development in net carrying amount	**Joint ventures**	**Associates**	**Total**	**Joint ventures**	**Associates**	**Total**
As at 1 January	**367.5**	**5.8**	**373.3**	**405.1**	**5.9**	**410.9**
Change in accounting principle IFRS 15	–	–	–	(0.5)	–	(0.5)
Additions	–	5.5	5.5	–	0.9	0.9
Transition from (to) subsidiaries	–	–	–	–	0.5	0.5
Transition from (to) receivables	2.2	–	2.2	(1.8)	–	(1.8)
Share of profit (loss)	**6.3**	**(0.3)**	**5.9**	**7.5**	**(0.7)**	**6.8**
Gain	–	0.4	0.4	–	0.8	0.8
Dividends received and capital repayments	(1.1)	(0.2)	(1.4)	(0.3)	(1.7)	(2.0)
Share of transactions with the owners of joint ventures and associates	–	–	–	(0.1)	–	(0.1)
Translation differences	(5.8)	(0.1)	(5.9)	(42.4)	0.1	(42.3)
As at 31 December	**369.0**	**11.1**	**380.0**	**367.5**	**5.8**	**373.3**
Of which presented in Investments in joint ventures and associates	369.0	12.1	381.1	367.5	7.8	375.3
Of which presented in Other current liabilities	–	(1.0)	(1.0)	–	(2.0)	(2.0)

For more details on acquisitions and divestments of joint ventures and associates, see note 4 (Changes in the composition of the group).

Note 5: Investments in joint ventures and associates continued

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

		2019			2018		
	Country of incorporation	**Interest held**	**Joint ventures**	**Associates**	**Interest held**	**Joint ventures**	**Associates**
Silver Brazil JVCO BV	Netherlands	50.00%	362.0	–	50.00%	361.8	–
willhaben internet service GmbH	Austria	50.00%	6.9	–	50.00%	5.7	–
Younited SA	France	10.94%	–	11.6	11.09%	–	7.1
Other			–	(0.6)		–	(1.4)
Carrying amount as at 31 December			**369.0**	**11.1**		**367.5**	**5.8**

Description of the business of the joint ventures and associates:

Silver Brazil JVCO BV	Operates an online classified site in Brazil (olx.com.br, 50% ownership from July 2017)
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)

Notes to the consolidated financial statements continued

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:

	2019			2018		
	Silver Brazil	willhaben	Total	Silver Brazil	willhaben	Total
Interest held as at 31 December	**50.00%**			**50.00%**		
Income statement and statement of comprehensive income:						
Operating revenues	79.0	–	–	62.6	–	–
Depreciation and amortisation	(2.0)	–	–	(1.1)	–	–
Interest income	0.7	–	–	0.4	–	–
Interest expense	(0.4)	–	–	(2.6)	–	–
Taxes	5.3	–	–	10.4	–	–
Profit (loss)	7.7	–	–	9.8	–	–
Profit (loss) attributable to owners of the parent	7.7	–	–	9.8	–	–
Total comprehensive income attributable to owners of the parent	7.7	–	–	9.8	–	–
Share of profit (loss)	**3.9**	**2.4**	**6.3**	**4.9**	**2.6**	**7.5**
Share of other comprehensive income	–	–	–	–	–	–
Share of total comprehensive income	**3.9**	**2.4**	**6.3**	**4.9**	**2.6**	**7.5**
Balance sheet:						
Non-current assets	40.7			32.5		
Other current assets	10.6			9.4		
Cash and cash equivalents	15.6			11.7		
Non-current financial liabilities (excluding trade and other payables)	(6.5)			(4.9)		
Other non-current liabilities	(17.4)			(7.6)		
Current financial liabilities (excluding trade and other payables)	–			(2.2)		
Other current liabilities	(15.4)			(19.7)		
Net assets	**27.5**			**19.2**		
Share of net assets	13.8			9.6		
Goodwill	348.3			352.2		
Carrying amount as at 31 December	**362.0**	**6.9**	**369.0**	**361.8**	**5.7**	**367.5**

The table above shows figures on a 100% basis. Adevinta's share is presented on separate line items.

Note 6: Operating segments

Principle
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.

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

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

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

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

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

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

See also the explanation in note 7 (Revenue recognition) regarding disaggregation of revenues.

Notes to the consolidated financial statements continued

Note 6: Operating segments continued

Operating revenues and profit (loss) by operating segments

Full year 2019

€ million	France	Spain	Brazil	Global Markets	Other/ headquarters	Eliminations	Total
Operating revenues from external customers	356.9	182.0	86.0	123.8	10.6	(79.0)	680.3
Operating revenues from other segments	0.6	0.0	0.0	0.3	2.8	(3.7)	0.0
Operating revenues	**357.4**	**182.0**	**86.0**	**124.2**	**13.4**	**(82.7)**	**680.3**
Gross operating profit (loss) excl. Investment phase	**191.3**	**60.5**	**6.0**	**20.0**	**(63.2)**	**(5.2)**	**209.4**
Gross operating profit (loss) excl. IFRS 16	**186.9**	**57.4**	**4.8**	**6.8**	**(66.5)**	**(4.3)**	**185.2**
Gross operating profit (loss)	**191.3**	**60.5**	**6.0**	**10.1**	**(63.2)**	**(5.2)**	**199.5**
Depreciation and amortisation	(14.3)	(9.7)	(3.4)	(8.1)	(11.8)	2.0	(45.3)
Share of profit (loss) of joint ventures and associates	(1.4)	–	–	3.5	–	3.9	5.9
Impairment loss	0.0	0.0	(0.0)	(22.5)	(2.0)	0.0	(24.6)
Other income and expenses	(0.5)	(2.1)	(0.9)	(1.8)	(8.3)	0.9	(12.8)
Operating profit (loss)	**175.1**	**48.7**	**1.6**	**(18.8)**	**(85.4)**	**1.6**	**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

Full year 2018

€ million	**France**	**Spain**	**Brazil**	**Global Markets**	**Other/ Headquarters**	**Eliminations**	**Total**
Operating revenues from external customers	305.6	160.0	68.9	117.9	4.7	(62.6)	594.6
Operating revenues from other segments	1.0	–	–	0.4	2.3	(3.7)	(0.0)
Operating revenues	**306.6**	**160.0**	**68.9**	**118.3**	**7.1**	**(66.2)**	**594.5**
Gross operating profit (loss) excl. Investment phase	**169.3**	**47.1**	**2.6**	**12.7**	**(34.8)**	**(2.7)**	**194.1**
Gross operating profit (loss)	**169.3**	**47.1**	**2.6**	**(30.4)**	**(34.8)**	**(2.7)**	**151.0**
Depreciation and amortisation	(5.7)	(6.3)	(2.1)	(6.5)	(6.9)	1.1	(26.5)
Share of profit (loss) of joint ventures and associates	(1.9)	–	–	3.8	–	4.9	6.8
Impairment loss	–	–	(0.1)	(47.9)	(8.7)	–	(56.6)
Other income and expenses	0.6	(2.1)	(0.0)	(3.0)	(1.8)	–	(6.3)
Operating profit (loss)	**162.2**	**38.7**	**0.4**	**(84.0)**	**(52.2)**	**3.3**	**68.4**

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 2018, investment phase operations contributed operating revenues of €27.1 million and reduced gross operating profit by €43.1 million.

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

Notes to the consolidated financial statements continued

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 2019	Full year 2018
Operating revenues		
France	356.6	305.6
Spain	182.4	160.3
Other Europe	111.0	100.2
Other countries	30.3	28.4
Total	**680.3**	**594.6**
Non-current assets		
France	684.4	555.3
Spain	521.9	487.0
Other Europe	192.4	168.9
Other countries	463.1	484.8
Total	**1,861.7**	**1,696.1**

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 in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Adevinta has applied the following principles for 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.

Revenue is measured at the fair value of the goods or services delivered or received, depending on which item that can be measured reliably.

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

	2019	**2018**
Revenue from contracts with customers	678.3	594.3
Other revenues	2.0	0.3
Operating revenues	**680.3**	**594.6**

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.

Notes to the consolidated financial statements continued

Note 7: Revenue recognition continued

Disaggregation of revenues

In the following table, revenue is disaggregated by category.

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**

2018	France	Spain	Brazil	Global Markets	Other/HQ	Total
Advertising revenues	72.0	21.6	0.9	40.1	0.0	134.6
Classified revenues	232.8	136.7	5.4	75.9	0.0	450.8
Other revenues	0.8	1.7	0.0	1.7	4.7	8.8
Revenues from contracts with customers	**305.6**	**160.0**	**6.4**	**117.7**	**4.7**	**594.3**
Revenues from lease contracts, government grants and others	0.0	0.0	0.0	0.2	0.1	0.3
Operating revenues from external customers	**305.6**	**160.0**	**6.4**	**117.9**	**4.7**	**594.6**

Brazil revenues exclude Silver Brazil joint venture as we don't consolidate joint ventures under IFRS 15 owing to our use of the equity method. The Operating segments note includes Brazil at 100% in order to comply with IFRS 8 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 become unconditional. It is expected that there will be insignificant credit loss 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 2019	**81.6**	**2.0**	**51.2**
Net of cash received and revenues recognised during the period	13.0	4.4	5.6
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**

	Receivables from contracts with customers	Contract assets	Contract liabilities
Balance as at 1 January 2018	**76.6**	**0.9**	**45.1**
Net of cash received and revenues recognised during the period	5.7	2.0	6.4
Transfer from contract assets recognised at the beginning of the period to receivables	0.9	(0.9)	–
Business combination	0.6	–	–
Impairment losses recognised	(1.9)	–	–
Currency translation	(0.2)	(0.1)	(0.3)
Balance as at 31 December 2018	**81.6**	**2.0**	**51.2**

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 in IFRS15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Contract costs

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

Notes to the consolidated financial statements continued

Note 8: Other operating expenses

	2019	2018
Commissions	13.8	12.3
Rent, maintenance, office expenses and energy	12.5	18.4
Marketing spend	96.6	116.9
Professional fees	50.5	33.3
Travelling expenses	8.8	8.5
IT expenses	49.4	38.3
Other operating expenses	14.3	14.7
Total	**246.0**	**242.3**

The decrease in marketing spend is mainly due to a strategic shift in Shpock and Mexico.

Note 9: Personnel expenses and remuneration

	2019	2018
Salaries and wages	183.3	158.5
Social security costs	51.1	43.3
Net pension expense	2.0	2.2
Share-based payment	6.0	(0.6)
Other personnel expenses[1]	(7.6)	(2.2)
Total	**234.8**	**201.3**
Average number of full-time equivalents	3,619	3,401

[1] Other personnel expenses are deducted with 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 in the work 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 2020

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 motivate, attract and retain 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.

Notes to the consolidated financial statements continued

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). However, the Committee intends to review this during the coming year. Any 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 6-months' notice period. The other members of the Adevinta Executive Team are entitled to a 6-months' notice period. Some members of the Adevinta Executive Team are also entitled to severance payments equal to 6 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
Renauld Bruyeron	SVP (Product & Technology)	6	–
Nicki Dexter	SVP (People & Communications)	6	6

Notes to the consolidated financial statements continued

Note 9: Personnel expenses and remuneration continued

2. Guidelines for share based programmes for the financial year 2020

2.1. Performance Share Plan

The Performance Share Plan (PSP), first operated in 2019 following Adevinta's demerger from Schibsted in April 2019, is proposed to continue during 2020 subject to shareholder approval at the 2020 Annual General Meeting.

The table below outlines the operation of the plan for 2020.

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 3-year rolling plan, delivered in Adevinta shares. For the Adevinta executive management team the vesting period is 5 years. For 2020, it is proposed to be offered 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 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 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 3 years • 25% of the award vests after 4 years • 25% of the award vests after 5 years

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 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 as part of the demerger process) will continue together with some modifications as explained in note 10 (Share-based payment).

2.2 Mandatory shareholding requirements

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

- CEO: 300% of base salary (within 5 years of 10 April 2019)
- Other Adevinta Executive Team: 200% of base salary (within 5 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 basic annual salary, subject to a maximum of €7,500, through payroll deductions in order to purchase shares in Adevinta.

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 2019 and their impact on the company and the shareholders

In 2019, Adevinta entered into agreements with selected executives regarding participation in the share-based long-term incentive plan (the PSP), the Transition Award and modifications to legacy Schibsted plans. For further details see below.

4. Remuneration for the financial year ending 31 December 2019

As Adevinta demerged from Schibsted in April 2019 and was part of Schibsted Group up to this point, shareholders have not previously been presented with a Statement of Executive Compensation in respect of Adevinta arrangements.

However, the core elements of the remuneration structure implemented in 2019 are consistent with those outlined in section 2 above for 2020. In addition, the Adevinta Executive Team (and other senior employees) were participants in existing incentive schemes at Schibsted prior to the demerger, namely:

- 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 will be settled in two equal cash tranches on or about the following dates:
  - 10 April 2019 (payment already made); and
  - 10 April 2020.

  Participants must remain employed at the time of the payment to be eligible to receive it.
- Awards under the SEP will 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.
- 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 shares. These shares will vest on 10 April 2020, subject to continued employment.

Notes to the consolidated financial statements continued

Note 9: Personnel expenses and remuneration continued

- *Transition Award:* To compensate for awards which would otherwise be forefeited as a result of the demerger, a Transition Award was granted in Adevinta 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 3 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 installments. The first installment paid in June 2019 related to matching awards for shares purchased under the ESSP in March and June 2017. The second installment in December 2019 relates to matching awards for shares purchased under the ESSP in September and December 2017, and so on. The final payment will be in December 2020.

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	Share-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 (Share-based payment).
(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 (Share-based payment).
(4) Gianpaolo Santorsola receives a cash payment equal to 8% of his salary in lieu of pension.
(5) Uvashni Raman joined Adevinta as Group CFO in April 2019 and hence the remuneration presented in this table is for April-December 2019.

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 is 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 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[2]	118	13	–	130
Kristin Skogen Lund, Member of the Board and the Remuneration Committee	50	8	–	59
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	62
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	79
Total	**400**	**29**	**42**	**471**

(1) The 2019 remuneration refers to agreed remuneration for 2019 that is due to be paid in 2020. No remuneration was paid in 2019.
(2) Orla Noonan received 5,000 consideration shares upon demerger from Schibsted.

Notes to the consolidated financial statements continued

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. 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 balance sheet 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 have been 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.

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

	2019	2018
Share-based cost (included in personnel expenses)	**6.0**	**(0.6)**
Of which is equity-settled	5.5	0.9
Of which is cash-settled	0.5	(1.4)

In 2019, the changes in the existing performance awards in the LTI 2018 and the Transition Award programmes affected the equity-settled share-based cost by €1.3 million and new Adevinta programmes affected the equity-settled share-based cost by €2.2 million.

In 2018, a value adjustment of a local programme affected the cash-settled share-based cost positively by €1.8 million. The programme was settled in 2019.

	2019	2018
Liabilities arising from share-based payment transactions	2.1	2.6

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's Board decided that awards accruing to Adevinta employees from the Schibsted employee share-saving programme 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 will be settled in the form of a fixed number of Adevinta 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 and SEP programmes will be settled in cash and the expected pay-out is €0.5 million and €0.7 million respectively. The KCP pay-out has been divided into two tranches with vesting dates in May 2019 and April 2020 respectively. The SEP has maintained its initial vesting dates that would correspond to each of the remaining tranches.

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 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 at the Adevinta 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 a 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.

The Adevinta Performance Share Plan ("PSP")

In June 2019 (with effect as from 10 April 2019), 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 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 3 years, 25% of their awards vests after 4 years and the remaining 25% of their awards vests after 5 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 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 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 shares must perform better than 50% of Adevinta'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 based on the total initial grant.
- For maximum payout, Adevinta shares must perform better than 75% of Adevinta'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 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 share price) at grant date, the risk free interest rate, the dividend yield, the share price volatility of both Adevinta and the peer group, future expected correlation of comparators' TSR and initial TSR performance. The fair value of the shares granted measured at grant date was of 59.5 NOK.

Notes to the consolidated financial statements continued

Note 10: Share-based payment continued

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, 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 initial PSP grant is estimated to be €8.8 million, which will be expensed over the vesting period. In 2019, the effect of the PSP is a personnel cost of €2.5 million and a corresponding increase in equity of €2.2 million and increase in current liabilities of €0.3 million as per 31 December 2019.

Number of Adevinta shares in the LTI, Transition Award and PSP programmes:	2019
Number of shares granted, not-vested at 1 January	–
Number of shares granted[(1)]	2,279,605
Number of shares forfeited	(133,949)
Number of shares vested during the period	–
Number of shares not-vested at 31 December	**2,145,656**
Average share price at vesting date (NOK per share)	–
Weighted average fair value at grant date (NOK per share)	69.6

(1) Shares granted include Schibsted legacy programmes converted into Adevinta programmes.

The number of granted shares include granted shares and adjustment of performance. The fair value of shares granted in 2019 is measured at grant date by adjusting the quoted price by expected dividend yield.

The table above includes the development in shares for the programmes that have been granted in Adevinta shares during 2019: the Long-term incentive plan 2018 ("LTI"), the Adevinta Transition Award and the PSP. 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. However, the development of Schibsted shares of these programmes (KCP, SEP) as well as LTI in 2018 are included in the table below.

Number of Schibsted shares in the LTI Plan, SEP and KCP programmes:	2018
Number of shares granted, not-vested at 1 January	122,914
Number of shares granted	155,635
Number of shares forfeited	(8,533)
Number of shares vested during the period	(112,756)
Number of shares not-vested at 31 December	**157,260**
Average share price at vesting date (NOK per share)	205.0
Weighted average fair value at grant date (NOK per share)	218.0

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 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 will comprise 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 2019, the effect of the ASPP is a personnel cost of €0.1 million and a corresponding increase in equity of €0.1 million.

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 operating activities and not being reliable indicators of underlying operations. Other income and expenses include items such as restructuring costs, acquisition-related costs, gains or losses on sale or remeasurement of assets, investments of operations and other expenses. Acquisition-related costs may include both costs related to acquisitions done and transactions that were not completed.

€ million	Full year 2019	Full year 2018
Gain (loss) on sale and remeasurement of subsidiaries, joint ventures and associates	0.4	1.3
Gain (loss) on amendment of pension plans	0.0	0.0
Other	0.6	0.0
Other income or gain	**1.0**	**1.3**
Restructuring costs	(6.8)	(7.0)
IPO-related costs	(5.6)	0.0
Acquisition-related costs (note 4)	(1.0)	(0.2)
Gain (loss) on sale of intangible assets, property, plant & equipment and investment property	(0.0)	(0.0)
Other	(0.4)	(0.4)
Other expenses or loss	**(13.8)**	**(7.6)**
Total	**(12.8)**	**(6.3)**

Restructuring costs of €(6.8) million in 2019 consist primarily of costs from restructuring processes in Other/Headquarters, Spain and Global Markets. IPO-related costs of €(5.6)million consist mainly of expenses related to Adevinta's listing process.

Restructuring costs of €(7.0) in 2018 are mainly related to personnel expenses and provisions for loss on office rental contracts.

Notes to the consolidated financial statements continued

Note 12: Financial items

Financial income and expenses consists of:

	2019	2018
Interest income	0.2	1.1
Net foreign exchange gain	1.4	–
Other financial income	0.1	0.1
Total financial income	**1.7**	**1.2**
Interest expenses	(6.2)	(13.1)
Net foreign exchange loss	–	(1.9)
Impairment loss financial assets available for sale	–	(0.0)
Loss on sale of financial assets available for sale	(0.1)	–
Other financial expenses	(1.5)	(0.3)
Total financial expenses	**(7.8)**	**(15.3)**
Net financial items	**(6.1)**	**(14.1)**

Interest expenses in 2019 and 2018 includes €0.1 million and €0.9 million related to put options, see note 20 (Financial liabilities related to business combinations and increases in ownership interests) and in note 24 (Financial instruments by category). Interest expenses in 2019 include €1.7 million related to lease liabilities.

In 2019, net foreign exchange gain (loss) is mainly related to the change of functional currency in some Norwegian entities from NOK to €. In 2018, net foreign exchange gain (loss) was largely related to currency effects in Adevinta's business in Latin America.

Note 13: Income taxes

Principle
Current tax liabilities and assets are measured at 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 basis and the carrying amount of an asset or liability in the consolidated financial statements and the tax basis 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.

Note 13: Income taxes continued

Estimation uncertainty

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon 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:

	2019	2018
Current income taxes	50.2	58.5
Deferred income taxes	1.0	2.7
Taxes	**51.3**	**61.2**
Of which recognised in profit or loss	49.6	61.3
Of which recognised in other comprehensive income	0.1	(0.1)
Of which recognised in equity	1.5	–

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:

	2019	2018
Profit (loss) before taxes	**116.7**	**54.3**
Estimated tax expense based on nominal tax rate in Norway of 22% (23% in 2018)	25.7	12.5
Tax effect share of profit (loss) of joint ventures and associates	(1.3)	(1.6)
Tax effect impairment loss goodwill	5.0	11.0
Tax effect gain from sale and remeasurement of subsidiaries, joint ventures and associates	(0.1)	–
Tax effect other permanent differences	1.8	1.6
Change in unrecognised deferred tax assets	2.7	21.3
Effect of tax rate differentials abroad	15.8	16.5
Effect of changes in tax rates	0.1	–
Taxes recognised in profit or loss	**49.6**	**61.3**

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 2019 is positively affected by €7.8 million from the subsequent recognition of previously unrecognised deferred tax benefits acquired in business combinations. The recognition is based on obtaining assurance that the related pre-acquisition tax benefits can be utilised against taxable profits of the tax group including the acquiree.

Notes to the consolidated financial statements continued

Note 13: Income taxes continued

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

	2019	2018
Current items	(1.6)	(3.3)
Intangible assets	93.4	82.5
Other non-current items	(6.5)	(1.7)
Unused tax losses	(136.6)	(126.1)
Calculated net deferred tax liabilities (assets)	**(51.3)**	**(48.6)**
Unrecognised deferred tax assets	132.6	117.1
Net deferred tax liabilities (assets) recognised	**81.2**	**68.5**
Of which deferred tax liabilities	82.9	72.3
Of which deferred tax assets	(1.6)	(3.7)

Adevinta's unused tax losses are mainly related to operations in United Kingdom, Mexico, Austria and Italy as well as other countries in which online classified operations have been established. The majority of these tax losses can be carried forward for an unlimited period. Approximately 25% of the unused tax losses expire during the first ten years.

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

	2019	2018
As at 1 January	**68.5**	**66.3**
Change in accounting policy	(0.2)	(1.3)
Change included in tax expense	1.0	2.7
Changes from transactions with owners (Schibsted)	(0.4)	–
Change from purchase and sale of subsidiaries	11.7	–
Reclassified to/from current income taxes	1.7	1.2
Reclassified to/from current liabilities	(1.1)	–
Translation differences	(0.1)	(0.4)
As at 31 December	**81.2**	**68.5**

Adevinta's unrecognised deferred tax assets are mainly related to foreign operations with recent tax losses where future taxable profits may not be available before unused tax losses expire. 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. 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 dilutive effect is calculated as the difference between the number of shares which can be acquired upon exercise of outstanding options and the number of shares which could be acquired at fair value (calculated as the average price of the Adevinta share in the period) for the consideration which is to be paid for the shares that can be acquired based on outstanding options.

Adjusted earnings per share is calculated as profit (loss) attributable to owners of the parent adjusted for items reported in the 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.

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 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 against transfer of consideration shares to Schibsted (the "SMM Demerger"). Consequently, after completion of the two demergers, Adevinta's share capital consisted of 681,147,889 Shares, divided by 307,849,680 A-Shares and 373,298,209 B-Shares. For comparative purposes, this number of shares has been used as the weighted average number of shares outstanding for 2018. 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"), has been 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 has 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's share capital consists of 684,948,502 ordinary shares.

Notes to the consolidated financial statements continued

Note 14: Earnings per share continued

€ million	Full year 2019	Full year 2018
Weighted average number of shares outstanding	681,564,395	681,147,889
Effects of dilution	1,696,733	–
Weighted average number of shares outstanding – diluted	**683,261,127**	**681,147,889**
Profit (loss) attributable to owners of the parent	64.0	(7.4)
Earnings per share (€)	0.09	(0.01)
Diluted earnings per share (€)	0.09	(0.01)
Calculation of adjusted earnings per share		
Profit (loss) attributable to owners of the parent	64.0	(7.4)
Other income and expenses	12.8	6.3
Impairment loss	24.6	56.6
Taxes and non-controlling effect of Other income and expenses and Impairment loss	(1.0)	(1.0)
Profit (loss) attributable to owners of the parent – adjusted	**100.4**	**54.6**
Earnings per share – adjusted (€)	0.15	0.08
Diluted earnings per share – adjusted (€)	0.15	0.08

Note 15: Impairment assessments

Principle
Property, plant, equipment, intangible assets and goodwill are reviewed for impairment whenever an indication that the carrying amount may not be recoverable is identified. Impairment indicators will typically be changes in market developments, competitive situation or technological developments. Goodwill and other intangible assets that have an indefinite useful life are tested annually for impairment.

An impairment loss is recognised in the income statement if the carrying amount of an asset (cash-generating unit) exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Value in use is assessed by discounting estimated future cash flows. Estimated cash flows are based on management's experience and market knowledge for the given period, normally five years. For subsequent periods growth factors are used that do not exceed the long-term average rate of growth for the relevant market. Expected cash flows are discounted using an after-tax discount rate that takes into account the expected long-term interest rate with the addition of a risk margin appropriate for 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 recoverable amount and carrying amount of the same groups of cash-generating units as to which goodwill is allocated.

Note 15: Impairment assessments continued

Impairment losses recognised in respect of cash-generating units are allocated first 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 if the loss no longer exists for all property, plant & equipment and intangible assets except for goodwill where impairment losses are not reversed.

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. Correspondingly, the expected useful lives and residual values included in the calculation of depreciation and amortisation will be based on estimates.

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

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

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

		Goodwill		Trademarks, Indefinite	
	Operating segment	**2019**	**2018**	**2019**	**2018**
Online classifieds France	France	502.3	436.1	98.3	94.1
Online classifieds Italy, Austria, Germany and UK	Global Markets	6.9	4.9	22.9	22.9
Online classifieds Spain	Spain	345.4	345.4	18.9	18.1
Online classifieds Chile	Global Markets	58.2	60.4	6.1	6.3
Online classifieds Ireland	Global Markets	37.5	37.6	16.1	16.1
Online classifieds Hungary	Global Markets	26.0	26.8	1.9	0.0
Online classifieds Morocco	Global Markets	21.7	21.3	2.5	0.0
Online classifieds Spain, Italy and Mexico	Spain/Global Markets	–	–	128.9	128.9
Online classifieds Mexico	Global Markets	7.8	28.8	0.0	0.0
Other CGUs		–	2.0	–	4.4
Total		**1,005.8**	**963.3**	**295.6**	**290.9**

Notes to the consolidated financial statements continued

Note 15: Impairment assessments continued

Impairment testing/Impairment assessments

Adevinta recognised impairment losses related to goodwill of €22.6 million in 2019 and €47.9 million in 2018.

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 takes 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 area of operations. Marketplace operations experience good growth.

Adevinta has goodwill related to cash-generating units in certain markets that presently recognise negative or low profitability due to large investments in market positions and immature monetisation rates. Such units are dependent on future growth in profitability to recover goodwill.

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

The impairment losses of €22.6 million related to goodwill in 2019 are impairment loss related to the cash-generating unit marketplace operations in Mexico. After the impairment, the carrying amount is equal to value in use.

Value in use of the marketplace operations in Mexico is calculated using a pre-tax weighted average discount rate of 16.29% and sustained growth of 2.5% after the budget period. Changes in significant assumptions would have increased (decreased) the recoverable amount (€ million) of those operations as at 31 December 2019 as follows:

Pre-tax discount rate	+1%	(1.2)
	-1%	1.5
Sustained growth	+1%	0.7
	-1%	(0.6)

Value in use of the marketplace operations in Morocco is calculated using a pre-tax weighted average discount rate of 12.54% and sustained growth of 2.5% after the budget period. Changes in significant assumptions would have increased (decreased) recoverable amount (€ million) of those operations as at 31 December 2019 as follows:

Pre-tax discount rate	+1%	(3.2)
	-1%	3.9
Sustained growth	+1%	2.9
	-1%	(2.2)

An increase in pre-tax discount rate of one percentage point or a decrease in sustained growth of one percentage point in Morocco would have resulted in an impairment loss to be recognised of €1.3 million and €0.3 million respectively. The recoverable amount is also significantly affected by assumptions used for future cash flows which are uncertain.

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 10.26% and sustained growth of 2.5% after the budget period. Changes in significant assumptions would have increased (decreased) recoverable amount (€ million) of those operations as at 31 December 2019 as follows:

Pre-tax discount rate	+1%	(11.1)
	-1%	14.5
Sustained growth	+1%	11.9
	-1%	(8.5)

An increase in pre-tax discount rate of one percentage point or a decrease in sustained growth of one percentage point in Chile would have not resulted in any impairment loss having to be recognised. 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 7.9% and 16.29%. Sustained growth is determined by cash generating unit and are in the range between 1.5% and 2.5%.

Note 16: Intangible assets

Principle

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of intangible assets with a definite 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 recognised as an expense until all requirements for recognition as an asset are met. The requirements for recognition as an asset include, among other requirements, the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Costs incurred after the time that all the requirements for recognition as an asset are met are recognised as an asset. 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.

Subsequent expenditure incurred in the operating stage to enhance or maintain an intangible asset are normally recognised as an expense as the requirement to demonstrate probable increased economic benefits will normally not be met.

Intangible assets with a finite expected useful life are as a general rule amortised on a straight-line basis 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. The amortisation method, expected useful life and any residual value are assessed annually.

Notes to the consolidated financial statements continued

Note 16: Intangible assets continued

Estimation uncertainty

Adevinta has significant activities related to developing new technology to deliver digital classified and advertising products for our customers and users. The costs of developing such technology are expensed until all requirements for recognition as an asset are met. When requirements for recognition as an asset are met, the sum of personnel and other operating expenses incurred are capitalised. The requirements for recognition as an asset include the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Determining whether cost shall be charged to expense or be recognised as an asset based on the existing requirements involves the use of judgement by management.

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 (Impairment assessments)

Note 16: Intangible assets continued

Development in net carrying amount in 2018	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	1,008.5	291.4	0.8	36.7	16.5	1,354.0
Additions	–	–	0.0	22.6	0.2	22.7
Acquired through business combinations	8.9	–	–	0.3	–	9.2
Disposals	–	–	–	(0.4)	–	(0.4)
Disposals on sale of businesses	–	–	–	(0.0)	–	(0.0)
Reclassification	0.0	–	0.2	(0.2)	–	0.0
Amortisation	–	–	(0.1)	(15.5)	(4.8)	(20.3)
Impairment losses	(47.9)[1]	–	–	(8.7)	–	(56.6)
Translation differences	(6.3)	(0.5)	(0.0)	(0.7)	(0.1)	(7.5)
As at 31 December	**963.3**	**290.9**	**1.0**	**34.1**	**11.8**	**1,301.0**
Of which accumulated cost	1,187.8	291.4	24.6	141.8	34.4	1,680.0
Of which accumulated amortisation and impairment loss	(224.5)	(0.5)	(23.6)	(107.7)	(22.6)	(379.0)

[1] See note 15 (Impairment assessments)

Additions in Software and licenses mainly consists of internally developed intangible assets.

Research and development expenditure that does 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 licenses correspond to the discontinuation of certain projects. Impairment losses of €8.7 million in 2018 from Software and licenses are related to closure of the joint generalist platform project Rocket and certain other projects.

Notes to the consolidated financial statements continued

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. Each part of an item of property, plant & equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

Costs of repairs and maintenance are recognised in profit or loss as incurred. Cost of replacements and improvements are recognised in the carrying amount of the asset.

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 disposal. 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. Items of property, plant & equipment where material components can be identified with different useful life are depreciated over the individual component's expected useful life. Buildings (25-50 years), Plant and machinery (5-20 years), Equipment, furniture and similar assets (3-10 years). The depreciation method, expected useful life and any residual value are reviewed annually.

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)

Note 17: Property, plant & equipment continued

Development in net carrying amount in 2018	**Buildings and land**	**Equipment, furniture and similar assets**	**Total**
As at 1 January	2.4	16.6	19.0
Additions	0.1	7.8	7.9
Acquisitions through business combinations	–	0.1	0.1
Disposals	–	(0.6)	(0.6)
Depreciation	(0.4)	(5.7)	(6.1)
Translation differences	–	(0.6)	(0.6)
As at 31 December	**2.1**	**17.6**	**19.7**
Of which accumulated cost	2.8	48.9	51.7
Of which accumulated depreciation and impairment loss	(0.7)	(31.4)	(32.1)

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

Note 18: Other non-current and current assets

	Non-Current		**Current**	
	2019	**2018**	**2019**	**2018**
Trade receivables, net (note 19)	–	–	94.6	81.6
Prepaid expenses	1.6	2.2	27.0	23.0
Gross debit positions in Schibsted cash-pooling arrangement (note 22)	–	–	–	236.8
Other receivables	13.2	7.2	29.9	42.7
Total	**14.8**	**9.4**	**151.6**	**384.1**

Note 19: Trade receivables

	2019	**2018**
Trade receivables	105.9	89.7
Less provision for impairment of trade receivables	(11.3)	(8.0)
Trade receivables (net)	**94.6**	**81.6**

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

	2019	**2018**
Not due	66.4	58.5
Past due 0-45 days	18.9	14.9
Past due 46-90 days	5.6	5.5
Past due more than 90 days	15.0	10.8
Total	**105.9**	**89.7**

Notes to the consolidated financial statements continued

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

Principle

Contingent and deferred considerations in business combinations and the present value of future consideration to be paid related to non-controlling interests' put options over shares in subsidiaries are recognised as financial liabilities. 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 balance sheet 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 (Financial instruments by category) 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. The estimates take further into account, when relevant, management's expectations regarding future economic development used in determining recoverable amount in impairment tests. The estimate can be changed in future periods as the consideration to be paid is dependent upon future fair value as well as future results.

	Non-controlling interests' put options		Contingent considerations		Deferred considerations	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Development in net carrying amount						
As at 1 January	101.5	90.0	–	0.1	–	–
Additions	0.8	–	4.4	–	6.7	–
Settlement (note 4)	(100.0)	(10.3)	–	(0.1)	–	–
Change in fair value recognised in equity	–	20.9	–	–	–	–
Interest expenses	0.1	0.9	–	–	–	–
As at 31 December	**2.4**	**101.5**	**4.4**	**–**	**6.7**	**–**
Of which non-current (note 21)	2.4	–	2.0	–	–	–
Of which current (note 21)	–	101.5	2.4	–	6.7	–
Maturity profile of the financial liabilities						
Maturity within 1 year	–	101.5	2.4	–	6.7	–
Maturity between 1 and 2 years	2.4	–	2.0	–	–	–

In 2019, the settlement amounting to €100 million is related to Adevinta Spain, S.L. The non-controlling interests' put option related to Finderly GmbH was settled in 2018.
As at 31 December 2019, the non-controlling interest's put options amount of € 2.4 million is related to Infobras Spain S.L. and Paycar SAS.
The contingent consideration recognised as of December 2019 amounting to €4.4 million is related to the acquisition of Locasun SARL; whereas the deferred consideration amounting €6.7 million corresponds 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 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 anticipated expenses. If the effect is material, anticipated future cash flows will be discounted, using a current pre-tax interest rate that reflects the risks specific to the provision.

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 or not of uncertain future events; or present obligations arising from past events and 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 as contingent liabilities 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 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 will be confirmed depending on the occurrence or not of uncertain future events. Contingent assets are disclosed only where an inflow of economic benefits is probable.

Liabilities included in the normal operating cycle and 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

It is in the nature of a provision that it involves 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. The financial implications of litigations are constantly monitored and a liability is recognised when it is probable that the litigation will result in a future payment and a reliable estimate of the liability can be made.

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.

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

Notes to the consolidated financial statements continued

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	
	2019	**2018**	**2019**	**2018**
Financial liabilities related to non-controlling interests' put options (note 20)	2.4	–	–	101.5
Contingent considerations related to business combinations (note 20)	2.0	–	2.4	–
Trade payables	–	–	34.2	42.9
Public duties payable	–	–	29.6	21.9
Accrued salaries and other employment benefits	2.0	1.8	30.9	24.6
Accrued expenses	–	–	25.9	8.2
Provision for restructuring costs	–	–	2.9	2.2
Pension liabilities (note 21.1.2)	4.0	1.7	–	–
Other liabilities	1.4	0.8	30.8	34.3
Total	**11.8**	**4.3**	**156.6**	**235.6**

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 statement of financial position.

Line item "Personnel expenses" in the statement of profit and loss includes an expense of €1.0 million in 2019 (€2.2 million in 2018) related to defined contribution pension plans or multi-employer pension plans accounted for as defined contribution plans.

21.1.2 Defined benefit pension plans

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 balance sheet 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. The net pension expense related to defined benefit pension plans is as follows:

	2019	2018
Net pension expense defined benefit plans	**0.8**	**0.5**
Of which recognised in Profit and loss – Personnel expenses	1.0	-
Of which recognised in Profit and loss – Financial expenses	0.0	–
Of which recognised in Other Comprehensive Income – remeasurements of defined benefit pension liabilities	(0.3)	0.5

Changes in defined benefit obligations:

	2019	2018
Liability as of 01 January	**1.7**	**1.2**
Reclassified from non-current liabilities	0.5	–
Acquired through business combinations	0.9	–
Current and past service cost	1.0	-
Interest expenses	0.0	–
Remeasurements	(0.3)	0.5
Liability as of 31 December	**4.0**	**1.7**

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 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.

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.

Notes to the consolidated financial statements continued

Note 21: Other non-current and current liabilities continued

As enacted, the DST retrospectively applies to digital services revenue as of 1 January 2019. For 2019, DST is only applicable if both thresholds above were exceeded for 2018. If applicable, the DST will negatively impact Adevinta Group's EBITDA. The DST amount payable is deductible for corporate income tax purposes.

The French tax authorities have not yet published final administrative guidelines regarding the scope of the DST law. Due to the complexity of the law and the absence of final guidelines, which define the scope of the taxable services, 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 DST is applicable to Adevinta Group and hence no provision has been recognized for DST as per 31 December 2019.

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.

It is expected that should the final guidelines and interactions with the French Tax Authorities conclude differently, the DST applicable to the Adevinta Group should not exceed €9 million for 2019. 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

For the periods presented in the consolidated financial statements, risk management activities have been carried out by Schibsted Treasury department on Adevinta's behalf. Adevinta has in parallel been ramping up its Treasury capabilities and reliance on Schibsted is expected to end by the second quarter of 2020. The information in this section describes risk management practices of Adevinta. 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. Adevinta's capital structure must be sufficiently robust in order to maintain the desired freedom of action and utilise growth opportunities based on strict assessments relating to allocation of capital. 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, but can be reported at higher levels up to three quarters during the loan period, as long as the ratio stays below 4. The facility has been refinanced in early 2020, bringing the allowed number of quarters with leverage exceeding 3.0x up to four, from three previously.

	31 December 2019	31 December 2018
Non-current interest-bearing borrowings	201.7	1.8
Non-current interest-bearing borrowings from Schibsted ASA	–	317.9
Gross credit positions in Schibsted cash-pooling arrangement	–	128.9
Gross debit positions in Schibsted cash-pooling arrangement(1)	–	(236.8)
Current interest-bearing borrowings	0.3	0.0
Cash and cash equivalents	(71.8)	(55.1)
Net interest-bearing debt	130.2	156.5
Equity	1,538.8	1,331.7
Net gearing (net interest-bearing debt/equity)	0.08	0.12

(1) Gross debit positions in Schibsted cash-pooling arrangement is included in Trade receivables and other current assets in the balance sheet.

Note 22: Financial risk management continued

Adevinta ASA was listed on the Oslo Stock Exchange on 10 April 2019. The spin-off of the Adevinta business from Schibsted was carried out as described in the listing prospectus, published on 1 April 2019. The demerger was completed on 9 April 2019 during which net assets transferred from Schibsted ASA to Adevinta ASA amounted to €145.2 million (€144.6 million after deduction of transaction costs net of tax effect amounting to €0.6 million) and net interest bearing debt decreased by €40.1 million. Adevinta has entered into a non-current Revolving Credit facility of €300 million. The new facility was drawn by €150 million as of 12 April 2019 and on the same day all outstanding interest-bearing debt from Schibsted was repaid (totalling €151 million). This facility was additionally drawn by €50 million during Q4 2019.

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 maintained 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), Pound sterling (GBP) and US dollar ($). Adevinta has for the periods presented been part of Schibsted's risk management policy, and currency risk has been handled centrally. If € changes by 10% compared to the actual rate as at 31 December 2019 for BRL, Adevinta's net foreign exchange effect would change approximately €2.5 million. As at 31 December 2018 and 31 December 2019 the Group has not entered into any interest rate or foreign currency derivative transactions.

Interest rate risk

Adevinta's interest rate risk is mainly related to Adevinta's interest-bearing liabilities and assets. Adevinta's policy is that all intra-group loans and deposits should be on the basis of floating interest rates. An increase of 1 percentage point in the floating interest rate would mean a change in Adevinta's net interest expenses of approximately €1.2 million. As at 31 December 2018 and 31 December 2019 the Group has not entered into any interest rate or foreign currency derivative transactions.

Credit risk

Trade receivables are dispersed 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 and receivables from Schibsted, represents maximum credit exposure. The exposure as at 31 December 2019 is disclosed in note 24 (Financial instruments by category). Exposure related to Adevinta's trade receivables is disclosed in note 19 (Trade receivables).

Liquidity risk

Liquidity risk is the risk that Adevinta is not able to meet its payment obligations. At year-end Adevinta's portfolio of loans and loan facilities consisted of a €300 million revolving credit facility with a consortium of six banks. 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 2019, Adevinta had a liquidity reserve of €171.8 million and net interest-bearing debt was €130.2 million. The liquidity reserve corresponds to 25% of Adevinta's revenues. As of 31 December 2018, Adevinta had a liquidity reserve of €55.1 million and net interest-bearing debt of €156.5 million. The liquidity reserve corresponded to 9% of Adevinta's revenues.

Notes to the consolidated financial statements continued

Note 23: Interest-bearing borrowings

	Carrying Amount		Fair Value	
	2019	2018	2019	2018
Non-current interest-bearing liabilities				
Bank loans	201.7	1.8	201.7	1.8
Non-current interest-bearing borrowings from Schibsted ASA	–	317.9	–	317.9
Gross credit positions in Schibsted cash-pooling arrangement	–	128.9	–	128.9
Total non-current interest-bearing liabilities	**201.7**	**448.6**	**201.7**	**448.6**
Current interest-bearing liabilities				
Bank loans, overdrafts	0.3	0.0	0.3	0.0
Total current interest-bearing liabilities	**0.3**	**0.0**	**0.3**	**0.0**
Total interest-bearing liabilities	**201.9**	**448.6**	**201.9**	**448.6**

The Bank Loans are denominated in € currency.

Net Interest-bearing liability

As a result of the IPO in April, and the completion of the demerger from Schibsted, Adevinta settled the non-current interest-bearing borrowings from Schibsted ASA as well as the liabilities related to gross credit positions in Schibsted's cash-pooling system.

Maturity profile interest-bearing liabilities and unutilised credit facilities (contractual amounts):

	Interest-bearing liabilities 2019	Unutilised credit facilities 2019
Maturity <3 months	0.5	–
Maturity 3 months-1 year	1.6	–
Maturity 1-2 years	3.7	–
Maturity 2-5 years	201.8	101.1
Maturity >5 years	0.0	–
Total contractual amount	**207.6**	**101.1**

Credit facility

Adevinta has a long-term revolving credit facility of €300 million. The lenders consist of Nordic and international banks. The facility has interest terms based on EURIBOR with the addition of a margin of between 0.90% and 2.10%, and Adevinta pays a commitment fee to maintain the facility's availability. The facility was drawn €200 million as at 31 December 2019 and is the main source of external funding.

Please see note 31 (Events after the balance sheet date) regarding changes in credit facilities in 2020.

Note 24: Financial instruments by category

Principle

Adevinta initially recognises loans, receivables and deposits on the date that they are originated. 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, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Adevinta classifies at initial recognition 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

The classification 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 at fair value through profit or loss are financial assets or liabilities held for trading and acquired or incurred primarily with a view of selling or repurchasing in the near term. 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, 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 balance sheet 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 are for practical reasons not amortised.

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 not recycled through profit and loss. Dividends are recognised as financial income in the statement of profit and loss. The carrying amount of investments in equity instruments is included in the balance sheet 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 balance sheet items "Non-current interest-bearing borrowings," "Non-current lease liabilities ", "Other non-current liabilities," "Current interest-bearing borrowings," "Current lease liabilities," and "Other current liabilities." After initial measurement, these liabilities are measured at amortised cost using the effective interest method. Effective interest is recognised in income as financial expenses. Short-term financial liabilities are for practical reasons not amortised.

Notes to the consolidated financial statements continued

Note 24: Financial instruments by category continued

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 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.

From 1 January 2018, Adevinta assesses at each balance sheet date the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of Expected Credit Loss (ECL) recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. The simplified approach using lifetime ECL forms the basis for the assessment.

For "Trade receivables and other current assets," Adevinta has applied 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 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 balance sheet 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 date of the balance sheet. 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 their valuation method:

Level 1: Valuation based on quoted 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: Valuation based on inputs for the asset or liability that are unobservable market data.

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 recognised in the line item "Changes in fair value of equity instruments." Changes in fair value recognised in profit or loss are presented in the line items "Financial Income," "Financial expenses" and "Other income and expenses."

Note 24: Financial instruments by category continued

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. Estimation uncertainty has significantly been reduced due to settlement of a non-controlling interests' put option in January 2019, see note 20 for further information.

Carrying amount of assets and liabilities divided into categories:

31 December 2019	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
Other non-current assets	18	6.8	7.9	–	–	14.8
Trade and other receivables	18	151.6	–	–	–	151.6
Cash and cash equivalents		71.8	–	–	–	71.8
Total assets		**230.1**	**7.9**	**–**	**–**	**238.1**
Non-current interest-bearing borrowings	23	–	–	201.7	–	201.7
Other non-current liabilities	21,30	–	–	57	2.0	59.0
Current interest-bearing borrowings	23	–	–	0.3	–	0.3
Other current liabilities	21,30	–	–	133.8	2.4	136.2
Total liabilities		**–**	**–**	**392.7**	**4.4**	**397.1**

31 December 2018	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
Other non-current assets	18	7.1	2.3	–	–	9.4
Trade and other receivables	18	384.1	–	–	–	384.1
Cash and cash equivalents		55.1	–	–	–	55.1
Total assets		**446.4**	**2.3**	**–**	**–**	**448.7**
Non-current interest-bearing borrowings	23	–	–	448.5	–	448.5
Other non-current liabilities	21	–	–	0.8	–	0.8
Current interest-bearing borrowings	23	–	–	0.0	–	0.0
Other current liabilities	21	–	–	208.6	–	208.6
Total liabilities		**–**	**–**	**657.9**	**–**	**657.9**

Notes to the consolidated financial statements continued

Note 24: Financial instruments by category continued

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

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 fair value	–	–	6.8	**6.8**

31 December 2018	Level 1	Level 2	Level 3	Total
Equity instruments at fair value through OCI	–	–	2.3	**2.3**
Financial liabilities related to business combinations and increases in ownership interests that are measured at fair value	–	–	101.5	**101.5**

Changes in level 3 instruments:

	2019	2018
Net carrying amount 1 January	(99.2)	(90.0)
Additions	0.4	2.3
Disposals	(0.0)	–
Settlements	100.0	10.3
Changes in fair value recognised in equity	–	(20.9)
Changes in fair value recognised in other comprehensive income	0.0	0.0
Changes in fair value recognised in profit or loss	(0.1)	(0.9)
Net carrying amount 31 December	**1.1**	**(99.2)**

Note 25: Number of shares

Principle
Own equity instruments which are reacquired (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.

Note 25: Number of shares continued

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	Issued
As at 31 December 2017	**–**	**–**
Capital increase	1,000,000	–
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**

The share capital of Adevinta ASA is NOK 136,989,700.40 divided into 684,948,502 ordinary shares, each with a nominal value of NOK 0.20.

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 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 against transfer of consideration shares to Schibsted (the “SMM Demerger”). Consequently, after completion of the two demergers, Adevinta’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 normalised 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”), has been 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 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 authorisation to the Board to buy back own shares up to NOK 13,622,957 with a minimum amount of NOK 20 and a maximum amount of NOK 750 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 2020, but in no event later than 30 June 2020.

Notes to the consolidated financial statements continued

Note 25: Number of shares continued
The Extraordinary General Shareholder's Meeting of 24 October 2019 gave the Board authorisation to increase the Company's share capital by up to NOK 7,465,964. 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 is valid until the next Annual General Meeting of the Company in 2020, but in no event later than 30 June 2020.

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

Note 26: Non-controlling interests

		2019				2018			
	Location	Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI	Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI
Distilled SCH group	Dublin, Ireland	50.00%	3.7	14.2	3.6	50.00%	2.1	14.3	2.9
Finderly GmbH	Vienna, Austria	–	–	–	–	–	(2.8)	–	–
Adevinta Spain S.L (formerly SCM Spain S.L.)	Barcelona, Spain	–	–	–	–	10.00%	2.7	–	0.5
Other			(0.6)	0.1	–		(1.6)	(0.3)	–
Total			**3.1**	**14.4**	**3.6**		**0.4**	**13.9**	**3.4**

In January 2019, Adevinta increased its ownership interest in Adevinta Spain S.L. from 90% to 100%. In December 2018, Adevinta increased its ownership interest in Finderly GmbH from 90.95% to 100%.

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 27: 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:

	2019	2018
Interest paid	(6.8)	(13.1)
Interest received	0.2	1.1
Dividends received	1.1	1.5

Note 27: Supplemental information to the consolidated statement of cash flows continued

Aggregate cash flows arising from obtaining control of subsidiaries and businesses:

	2019	2018
Cash in acquired companies (note 4)	(11.5)	(5.7)
Acquisition cost other current assets	(12.0)	(1.0)
Acquisition cost non-current assets	(109.6)	(9.3)
Aggregate acquisition cost assets	**(133.1)**	**(16.0)**
Equity and liabilities assumed	31.7	7.2
Contingent consideration (note 4)	4.4	-
Deferred consideration (note 4)	6.7	-
Gross purchase price	**(90.4)**	**(8.8)**
Fair value of previously held equity interest (note 4)	0.1	-
Cash in acquired companies (note 4)	11.5	5.7
Acquisition of subsidiaries, net of cash acquired	**(78.8)**	**(3.1)**

Changes in liabilities arising from financing activities:

	Interest-bearing borrowings	Put obligations and contingent considerations	Lease Liabilities
Debt as at 1 January 2019	**(448.5)**	**(101.5)**	**0.0**
Changes in accounting policy (note 30)	–	–	(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 30)	–	–	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	–
Contingent consideration related to business combination	–	(4.4)	–
Other	(0.2)	(0.3)	0.1
Debt at 31 December 2019	**(201.9)**	**(6.7)**	**(66.5)**

Notes to the consolidated financial statements continued

Note 27: Supplemental information to the consolidated statement of cash flows continued

	Interest-bearing borrowings	Put obligations
Debt as at 1 January 2018	**(559.7)**	**(90.0)**
Cash flows from financing activities	111.3	10.3
Foreign exchange adjustments	(0.6)	(0.3)
Changes in fair value	–	(20.6)
Changes in accounting policy	–	–
New leases and put obligations	–	–
Business combinations	(0.2)	–
Other	0.8	(0.9)
Debt at 31 December 2018	**(448.5)**	**(101.5)**

Change in ownership interests in subsidiaries consists of:

	2019	2018
Decrease in ownership interest	0.0	0.0
Increase in ownership interest – from settlement of put options	100.0	10.3
Increase in ownership interest – from other transactions	0.2	0.7
Change in ownership interests in subsidiaries	**100.2**	**11.0**

Within "Cash and cash equivalents" Adevinta holds as at 31 December 2019 €5.9 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 2018 was €3.6 million.

Note 28: Transactions with related parties

Principles
The largest shareholder of Adevinta ASA is Schibsted ASA which has a majority ownership interest of 59.28%. Related party 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.

Adevinta has ownership interests in joint ventures and associates. Transaction with joint ventures and associates are not material for the period covering the consolidated financial statements.

Note 28: Transactions with related parties continued

All transactions by Adevinta with related parties have been conducted in accordance with current internal pricing agreements within the Schibsted group and Adevinta Group.

Transactions with related parties by Adevinta are largely related to central activities in Schibsted such as IT, human resources services, legal and professional services.

For remuneration to management, see note 9 (Personnel expenses and remuneration).

For information on dividend payments and contributions to and from related parties see Consolidated Statements of Changes in Equity.

Transactions with related parties affect the consolidated financial statements as summarised below:
Summary of transactions and balances with parent-related parties:

	2019	2018
Income statement		
Operating revenues	10.3	4.0
Other operating expenses	(15.9)	(9.7)
Gross operating profit (loss)	**(5.6)**	**(5.7)**
Other income and expenses	–	–
Operating profit (loss)	**(5.6)**	**(5.7)**
Financial income	–	0.1
Financial expenses	(0.7)	(12.1)
Profit (loss) before taxes	**(6.3)**	**(17.7)**
Balance sheet		
Trade receivables and other current assets	11.5	258.1
Current assets	**11.5**	**258.1**
Non-current interest-bearing borrowings	–	446.7
Other current liabilities	6.9	15.5
Non-current liabilities	**6.9**	**462.2**

Adevinta had as at 31 December 2018 receivables from Schibsted mainly related to positive balances on the Schibsted internal cash pooling.

The non-current interest-bearing borrowing in 2018 of €446.7 million was related to €128.9 million of liabilities on the Schibsted cash-pooling and €317.8 million of loans from Schibsted ASA.

All these assets and liabilities were settled in April 2019 as part of the demerger from Schibsted.

Notes to the consolidated financial statements continued

Note 29: Auditors' remuneration

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

Details on the fees to the Group's auditors for the fiscal year 2018:

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
Adevinta Group					
EY	0.5	0.1	0.1	0.2	0.9
Other auditors	0.1	0.0	0.0	0.1	0.2
Total	**0.6**	**0.1**	**0.2**	**0.2**	**1.1**

Note 30: 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 the lease together with periods covered by an option to extend being reasonably certain to be exercised by the Group and periods covered by an option to terminate being not reasonably certain to be exercised by the Group. 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.

Note 30: Lease agreements continued

Lease liabilities are subsequently increased by interest expenses and reduced by lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term or a change in the future lease payments.

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 implementing new accounting standard on leases
Adevinta has implemented IFRS 16 Leases with effect from 1 January 2019. IFRS 16 replaces IAS 17 Leases and related interpretations and sets out the principles for recognition, measurement, presentation and disclosure of leases. See principle section above for a summary of the new accounting policies.

Under IAS 17, lease payments for operating leases were recognised on a straight-line or other systematic basis over the lease term. Implementation of IFRS 16 caused the lease expense to change from being linear over the lease term to being declining over the lease term. The lease expense changed classification from operating expenses to a combination of depreciation and interest expenses.

IFRS 16 Leases was implemented retrospectively by using the modified retrospective approach with the accumulated effect of implementation charged against equity at 1 January 2019. Comparable figures for previous periods were not restated.

Notes to the consolidated financial statements continued

Note 30: Lease agreements continued

At the date of initial application, the right-of-use assets of significant office leases are measured as if IFRS 16 had been applied since the commencement date of the related lease. For other leases, the right-of-use asset is measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments at 31 December 2018. Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application. Certain leases with a remaining lease term of less than 12 months at the date of initial application are accounted for similarly as short-term leases.

The Group has, as an alternative to performing an impairment review at the date of initial application, used the practical expedient of IFRS 16 to adjust the carrying amount of right-of-use assets by any provisions for onerous lease contracts recognised under IAS 37 at 31 December 2018.

The lease liability related to leases in force at the date of initial application is measured applying the incremental borrowing rate as of that date. The weighted average incremental borrowing rate was 2.67% at the implementation date.

Below are presented the effects on the Consolidated income statement, Consolidated statement of financial position and Consolidated statement of cash flows of applying IFRS 16 Leases compared to the amounts that would have been reported applying the former accounting policies applied until 31 December 2018:

Income statement (€ million)	**2019**
Other operating expenses	14.4
Gross operating profit (loss)	**14.4**
Other income and expenses	(0.4)
Depreciation and amortisation	(13.2)
Share of profit (loss) of joint ventures and associates	(0.0)
Operating profit (loss)	**0.7**
Net financial items	(1.7)
Profit (loss) before taxes	**(1.0)**
Taxes	0.2
Profit (loss)	**(0.8)**
Earnings per share in € – basic	(0.0)
Earnings per share in € – diluted	(0.0)

Note 30: Lease agreements continued

Statement of financial position (€ million)	**31 December 2019**	**1 January 2019**
Right-of-use assets	60.6	57.3
Investment in joint ventures and associates	(0.0)	0.0
Other non-current assets	0.2	0.0
Trade receivables and other current assets	(0.8)	(1.5)
Total assets	**60.0**	**55.9**
Equity attributable to owners of the parent	(1.5)	(0.7)
Increase (decrease) in Non-controlling interests	0.0	0.0
Other non-current liabilities	52.1	50.9
Other current liabilities	9.3	5.7
Total equity and liabilities	**60.0**	**55.9**

Statement of cash flows (€ million)	**2019**
Net cash flow from operating activities	12.8
Net cash flow from financing activities	(12.8)

The following table provides a reconciliation from operating lease commitments as of 31 December 2018 under IAS 17 and lease liabilities recognised in the statement of financial position as of 1 January 2019:

Future minimum payments under non-cancellable operational leases as at 31 December 2018 (IAS 17)	95.5
Effect from discounting of operating lease commitments	(6.3)
Commitments relating to short-term leases	(0.4)
Commitments relating to leases of low-value assets	0.0
Commitments relating to non-lease components	0.0
Lease payments relating to option periods not included in operating lease commitments as at 31 December 2018	13.4
Leases not yet commenced	(40.4)
Lease liabilities as at 1 January 2019	**61.8**

Notes to the consolidated financial statements continued

Note 30: Lease agreements continued

Effects of leases on the consolidated 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
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

Income Statement

	2019
Expense related to short-term leases and low value assets	(1.0)
Gross operating profit (loss)	**(1.0)**
Depreciation of right-of-use asset	(13.2)
Operating profit (loss)	**(14.2)**
Interest expense on lease liabilities	(1.7)
Profit (loss) before taxes	**(15.9)**

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 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 30: Lease agreements continued

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 is mainly related to the new 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	3.8
3 months to 1 year	10.8
1 to 2 years	13.2
2 to 5 years	33.2
>5 years	11.0
Total	**72.0**

This table presents undiscounted amounts.

Statement of cash flows

The following amounts related to leases are recognised in the statement of cash flows:

	2019
Net cash flow from operating activities	(1.7)
Net cash flow from financing activities	(12.8)
Total	**(14.5)**

The principal portion of lease payments are classified as cash flow from financing activities. 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.

Notes to the consolidated financial statements continued

Note 30: Lease agreements continued

Future cash outflows to which adevinta is potentially exposed that are not reflected in the lease liability

The group has various lease contracts in France that have not yet commenced as at 31 December 2019.

The future lease payments for these non-cancellable lease periods are:

Within one year	0.1
Between one and five years	22.7
More than five years	23.6
Total	**46.4**

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	2.6	21.6	24.2
Termination options expected to be exercised	9.9	9.0	18.9
Total	**12.5**	**30.6**	**43.1**

Expenses related to short-term leases are expected to remain insignificant in 2020.

Subleases

Adevinta has signed a sublease for part of the London office, which will start in 2020 and provide the following income for the right-of-use asset:

	SPT UK London office
Within one year	0.3
Between one and two years	1.3
Total	**1.6**

Note 31: Events after the balance sheet date

Digital services tax

In 2019, some European countries have approved their own digital services tax (DST) legislations, applicable from 2020:

- For Italy, the DST will levy a 3% tax over certain digital services and will be effective from January 2020 for groups with worldwide revenue above €750 million and Italian revenues applicable to DST above €5.5 million, with payment expected to take place in 2021. Management is analysing the potential impact on Adevinta of the approved DST bill.
- In Austria, the DST will levy a 5% tax on domestic online advertising services and will be effective from 1 January 2020 for groups with worldwide revenues of at least €750 million and Austrian revenue applicable to DST of at least €25 million. Management has assessed that the DST bill approved in Austria would not be applicable to Adevinta.

In addition, in February 2020 the Spanish government has approved a draft legislation to impose a 3% tax over certain digital services. The draft bill will be sent to the parliament for approval. The draft legislation would be applicable to groups with worldwide revenue above €750 million and Spanish revenues applicable to DST above €3 million. Management is analysing the potential impact on Adevinta of the DST draft bill.

Note 31: Events after the balance sheet date continued

Refinancing of the revolving credit facility

On 25 February 2020, Adevinta has completed the refinancing of its existing €300 million bank facility with €600 million multi-currency term loan and revolving credit facilities. The facilities include an accordion increase option, which provides flexibility for the parties to agree an additional €120 million during the term of the facilities. The revolving credit facility has a tenor of five years with two one-year extension options, whilst the term loan component has a tenor of three years. The term loan was drawn in NOK and converted into € through a cross-currency swap.

Agreement to acquire Grupo ZAP

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

Covid-19

The Covid-19 outbreak is currently affecting the world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the short term, turnover and results will be affected negatively, but it is still too early to say how, and how severely Covid-19 will affect Adevinta and our business.

Note 32: Ownership

Subsidiaries	Country of incorporation	% holding
Finderly GmbH	Austria	100.0%
Adevinta OOO (formerly OOO Schibsted Classified Media LLC)	Belarus	100.0%
Editora Balcão Ltda	Brazil	100.0%
Infojobs Brasil Atividades de Internet Ltda	Brazil	76.2%
Yapo.cl SpA	Chile	100.0%
Editora Urbana Ltda	Colombia	100.0%
SAS ARGUS CI	Ivory Coast	100.0%
Schibsted Classified Media Dominican Republic SRL.	Dominican Republic	100.0%
Adevinta France SASU (formerly Schibsted 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%
LBC Dévéloppement SASU (formerly Schibsted Dévéloppement SASU)	France	100.0%
Adevinta Product & Tech France SASU (formerly Schibsted Product & Tech France SASU)	France	100.0%
LBC Vertical	France	100.0%
MB Diffusion SAS	France	100.0%
SAS SNEEP	France	100.0%

Notes to the consolidated financial statements continued

Note 32: Ownership continued

Subsidiaries	Country of incorporation	% holding
SAS AUTORECRUTE	France	100.0%
SAS Motors Regie	France	100.0%
SAS MIXAD	France	100.0%
SAS SELSIA	France	100.0%
SAS SFD	France	66.0%
SAS AUTOVISUAL	France	100.0%
VIDE Dressing GmbH	Germany	100.0%
MBDE GmbH	Germany	100.0%
Adevinta Classified Media Hungary Kft. (formerly Schibsted Classified Media Hungary Kft.)	Hungary	100.0%
Adevinta Classified Media Ireland Ltd (formerly Schibsted 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%
IM S.r.l. (formerly Schibsted Italy Business S.r.l.)	Italy	100.0%
InfoJobs Italia S.r.l	Italy	100.0%
ASM Classificado de Mexico SA De CV	Mexico	100.0%
Avito SCM Sarl	Morocco	100.0%
SARL AU ARGUSED	Morocco	100.0%
Adevinta Netherlands NV (formerly Schibsted Classified Media NV)	Netherlands	100.0%
Hebdo Mag Brazil Holdings BV	Netherlands	100.0%
Le Rouge Holding B.V.	Netherlands	100.0%
Kapaza Holding BV	Netherlands	100.0%
SnT Netherlands BV	Netherlands	100.0%
Schibsted Classified Media AS	Norway	100.0%
Schibsted Marketplaces Products and Technology AS	Norway	100.0%

Note 32: Ownership continued

Subsidiaries	Country of incorporation	% holding
Schibsted Marketplaces Invest AS	Norway	100.0%
SnT Classified ANS	Norway	100.0%
Marketplaces Austria Holding AS	Norway	100.0%

Subsidiaries	Country of incorporation	% holding
Adevinta ASA	Norway	100.0%
Adevinta Products & Technology SLU (formerly Schibsted Products & Technology SLU)	Spain	100.0%
SMG News and Publications SL	Spain	100.0%
Adevinta Holdco Spain SLU (fomerly Schibsted Spain SLU)	Spain	100.0%
Adevinta Ibérica SLU (formerly Schibsted Ibérica SLU)	Spain	100.0%
Locasun Spain SLU	Spain	100.0%
SnT Spain Clasificados Online S.L.	Spain	100.0%
Adevinta Spain SLU (formerly SCM Spain SL)	Spain	100.0%
Infobras Spain SL	Spain	76.2%
Schibsted Marketplaces Products and Technology AB	Sweden	100.0%
Adevinta Ventures AB (formerly SCM Ventures AB)	Sweden	100.0%
Le Rouge AB	Sweden	100.0%
Adevinta Growth Partner AB (formerly Schibsted Growth Partner AB)	Sweden	100.0%
SnT Ventures AB	Sweden	100.0%
Adevinta Tunisia SARL (formerly Schibsted Classified Media Tunisia)	Tunisia	100.0%
Adevinta Products & Technology UK Limited (formerly Schibsted Products & Technology UK Limited)	United Kingdom	100.0%

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%
Facher Tecnologia Ltda	Brazil	50.0%
OLX Meios de Pagamento, Ltda	Brazil	50.0%
Silver Brazil JVCO BV	Netherlands	50.0%

Notes to the consolidated financial statements continued

Note 32: Ownership continued

Associate companies	Country of incorporation	% holding
SARL SNEEP ALGERIE	Algeria	49.0%
Younited SA	France	10.9%
PT Tokobagus	Indonesia	10.8%
PT 701 Search	Indonesia	10.8%
702 Search BV	Netherlands	33.3%
Silver Indonesia JVCO BV	Netherlands	10.8%
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 company presents alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance.

APMs 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 characterized by growth phase with large investments in market positions, immature monetization 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.

Definitions and reconciliations continued

Measure	Description	Reason for including
EBITDA excl. IFRS 16	EBITDA excl. IFRS 16 is earnings before other income and expenses, impairment, joint ventures and associates, interest, tax, depreciation and amortisation and excl. IFRS 16. This measure equals gross operating profit (loss) adjusted for IFRS 16 effects (see note 30). Adjusting for IFRS 16 effects consists mainly of adding office rent to current year's APM in order for comparable treatment to prior year.	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 and effects from recently implemented standards. 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 monetization 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 excl. IFRS 16	Gross operating profit (loss) excl. IFRS 16/ Operating revenues. IFRS 16 effects consist mainly of office rent costs which reduce current years measure in order for comparability to prior period.	Shows the operations' performance regardless of capital structure, tax situation and effects from IFRS 16 implementation 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.

Notes to the consolidated financial statements continued

Definitions and reconciliations continued

Measure	Description	Reason for including
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 tax payable by the Group.
Liquidity reserve	Liquidity reserve is defined as the sum of cash and cash equivalents and unutilised drawing rights on credit facilities.	Management believes that liquidity reserve shows the total liquidity available for meeting current or future obligations.
Net interest-bearing debt	Net interest-bearing debt is defined as interest-bearing liabilities less cash and cash equivalents and cash pool holdings. IFRS 16 leasing liabilities are not included in net interest bearing debt.	Management believes that net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the statement of financial position. The use of net interest-bearing debt does not necessarily mean that the cash and cash equivalent and cash pool holdings are available to settle all liabilities in this measure.
Earnings per share adjusted (EPS (adj.))	Earnings per share adjusted for other income and expenses, impairment loss, non-controlling interests related to other income and expenses and impairment loss and taxes.	The measure is used for comparing earnings to shareholders adjusted for income and expenses related transactions and events net of tax not considered by management to be part of operating activities. Management believes the measure enables an evaluation of value created for 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.

Reconciliation of EBITDA (earnings before other income and expenses, impairment, joint ventures and associates)	Year 2019	2018
Gross operating profit (loss)	**199.5**	**151.0**
= EBITDA (before other income and expenses, impairment, JVs and associates)	199.5	151.0

Reconciliation of EBITDA (earnings before other income and expenses, impairment, joint ventures and associates) excl. Investment phase	Year 2019	2018
Gross operating profit (loss)	**199.5**	**151.0**
- EBITDA Investment phase	(9.8)	(43.1)
= EBITDA excl. Investment phase	209.4	194.1

Definitions and reconciliations continued

Developed Phase and Investment Phase

Developed Phase

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

Investment Phase

(The investment phase operations are characterised by growth phase with large investments in market positions, immature monetisation rate and sustainable profitability has not been reached)

Consolidated Subsidiaries	Joint ventures and associates
• Shpock in markets: Austria, Germany, United Kingdom and Italy • Chile: Yapo • Mexico: Segundamano • Morocco: Avito • Belarus: Kufar • Dominican Republic: Corotos • Tunisia: Tayara	• Indonesia: OLX • Thailand: Kaidee (until Q2 2018) • Portugal: Custo Justo (associate from Q3 2018)

Reconciliation of underlying tax rate

	Year	
Underlying tax rate (€ million)	**2019**	**2018**
Profit (loss) before taxes	116.7	54.3
Share of profit (loss) of joint ventures and associates	(5.9)	(6.8)
Other losses for which no deferred tax benefit is recognised	42.9	89.0
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(0.4)	(1.3)
Impairment losses	22.6	47.9
Adjusted tax base	**175.8**	**183.1**
Taxes	49.6	61.3
Underlying tax rate	28.2%	33.5%

Notes to the consolidated financial statements continued

Definitions and reconciliations continued

Reconciliation of liquidity reserve	31 December 2019	31 December 2018
Cash and cash equivalents	71.8	55.1
+ Unutilised drawing rights on credit facilities	100.0	0.0
= Liquidity reserve	**171.8**	**55.1**

Reconciliation of net interest-bearing debt	31 December 2019	31 December 2018
Non-current interest-bearing borrowings	**201.7**	**448.5**
+ Current interest-bearing borrowings	0.3	0.0
– Cash and cash equivalents	(71.8)	(55.1)
– Cash pool holdings	0.0	(236.8)
= Net interest-bearing debt	**130.2**	**156.5**

Currency rates used when converting profit or loss	2019	2018
Pound sterling (GBP)	1,1406	1,1303
Brazilian Real (BRL)	0,2268	0,2329

Income statement

for the year ended 31 December

€ thousand	Note	2019	2018
Operating revenues	**17**	**–**	**–**
Personnel expenses	4	(2,315)	–
Other operating expenses	3,17	(7,627)	–
Depreciation and amortisation	–	(214)	–
Other income and expenses	5	(2,932)	–
Operating profit (loss)		**(13,087)**	**–**
Financial income	6	20,255	–
Financial expenses	6	(2,309)	–
Net financial items		**17,946**	**–**
Profit (loss) before taxes		**4,858**	**–**
Taxes	7	(342)	–
Profit (loss)		**4,516**	**–**

Statement of financial position

for the year ended 31 December

€ thousand	Note	2019	2018
ASSETS			
Deferred tax assets	7	–	–
Intangible assets		711	–
Investments in subsidiaries	8	1,345,561	–
Other non-current assets	9	443,808	–
Non-current assets		**1,790,080**	
Current assets	9	3,817	–
Cash and cash equivalents	10	8,870	101
Current assets		**12,687**	**101**
Total assets		**1,802,767**	**101**
EQUITY AND LIABILITIES			
Share capital	11	13,769	101
Other paid-in capital	11	1,028,792	–
Retained earnings	11	438,108	–
Equity		**1,480,669**	**101**
Pension liabilities	13	379	–
Other non-current liabilities	14,15	200,148	–
Non-current liabilities		**200,527**	**–**
Current liabilities	14,15	**121,571**	**–**
Total equity and liabilities		**1,802,767**	**101**

Statement of cash flows

for the year ended 31 December

€ thousand	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		4,858	–
Taxes paid	7	(11)	–
Depreciation and amortisation		214	–
Group contributions included in financial income	6	(406)	–
Dividends	6	(11,083)	–
Capitalised interest income		(8,062)	–
Net effect pension liability		403	–
Change in working capital		7,467	–
Net cash flow from operating activities		**(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	(73,470)	–
Group contributions and dividends (net)		11,083	–
Increase of non-current loans to subsidiaries		(165,016)	–
Repayment of non-current loans from subsidiaries	9	119,321	–
Net cash flow from investing activities		**(108,397)**	**–**
Net cash flow before financing activities		**(115,017)**	**–**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase	11	75	101
Capital decrease	11	(101)	
New interest-bearing loans and borrowings	14	200,000	–
Net cash flow from financing activities		**199,974**	**101**
Net increase (decrease) in cash and cash equivalents		**84,957**	**101**
Cash and cash equivalents as at 1 January		**101**	**0**
Change in cash		(76,190)	0
Cash and cash equivalents as at 31 December	10	**8,870**	**101**

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 part of the group's executive management, board of directors, financing and activities related to being listed on the Oslo stock exchange.

Adevinta ASA is defined as a subsidiary of Schibsted ASA. See note 12 (Shareholder structure) for further ownership details.

The financial statements for Adevinta ASA for the year 2019 were approved by the Board of Directors on 29 March 2020 and will be proposed to the General Meeting 5 May 2020.

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 EUR thousand unless otherwise stated.

Cash and cash equivalents

Adevinta ASA is the ultimate parent 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 balance sheet. 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/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 balance sheet.

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.

Note 2: Significant accounting policies continued

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

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 balance sheet 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.

Adevinta ASA has not acquired treasury shares during 2019 and does not hold any treasury shares as of 31 December 2019.

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 accounting principles for the Group, 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/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.

Contingent liabilities

Contingent liabilities are recognised when it is more probable than not that future uncertain events will result in outflow of economic resources. The best estimate of the amount to be paid is included in other provisions in the balance sheet. Other obligations, for which no liability is recognised, are disclosed in notes to the financial statements.

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.

Notes to the parent company financial statements continued

Note 3: Other operating expenses

	2019	2018
Rent and maintenance	95	–
Office and administrative expenses	275	–
Professional fees	7,223	–
Travel and meetings	33	–
Total operating expenses	**7,627**	**–**

Note 4: Personnel expenses

	2019	2018
Salaries and wages	1,018	–
Social security costs	191	–
Net pension expense (note 13)	409	–
Other personnel expenses	3	–
Share-based payment	694	–
Total personnel expenses	**2,315**	**–**
Number of FTEs	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. Adevinta ASA started paying the salary to the CEO in June 2019 and before that the CEO received salary from Schibsted 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

Financial income consists of:

	2019	2018
IPO-related costs	2,932	–
Other income and expense	**2,932**	–

IPO-related costs consist of expenses related to Adevinta's listing.

Note 6: Financial items

Financial income consists of:

	2019	2018
Interest income	8,114	–
Interest income cash pool	455	–
Group contributions received	406	–
Dividends from subsidiaries	11,083	–
Foreign exchange gain (agio)	183	–
Other financial income	14	–
Total	**20,255**	**–**

Note 6: Financial items continued

Financial expenses consist of:

	2019	2018
Interest expenses	1,543	–
Interest expenses cash pool	84	–
Interest expenses on pension plans (note 13)	1	–
Foreign exchange loss (disagio)	43	–
Other financial expenses	638	–
Total	**2,309**	**–**

Interest income mainly relates to income on long-term loans to group companies.

Adevinta ASA received a dividend of EUR 11 083 thousand from Schibsted Multimedia AS in connection with the demerger.

Interest expenses mainly relate to interest expenses on the loan facility as described in note 14 (Non-current and current liabilities).

Note 7: Income taxes

Set out below is a specification of the difference between the profit before taxes and taxable income of the year:

	2019	2018
Profit (loss) before taxes	4,858	–
Currency exchange difference(1)	(963)	–
Dividends received	(11,083)	–
Other permanent differences	500	–
Change in temporary differences	419	–
Effect of unrecognised actuarial gain (loss) in the pension liability	23	–
Effect of demerger cost, recognised in equity (note 11)	(807)	–
Taxable income	**(7,052)**	**–**
Tax rate	22%	23%

(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:

	2019	2018
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 (note 11)	178	–
Tax related to unrecognised actuarial gain (loss) in the pension liability	(5)	–
Withholding tax	11	–
Tax expense	**342**	**–**

Notes to the parent company financial statements continued

Note 7: Income taxes continued

Effective tax rate is a result of:

	2019	2018
Profit (loss) before taxes	4,858	–
Tax charged based on nominal rate	1,069	–
Tax effect permanent differences and currency exchange differences	(2,718)	–
Change in temporary differences not booked	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 (note 11)	178	–
Withholding tax	26	–
Taxes	**342**	**–**

The net deferred tax liability (asset) consists of the following:

	2019	2018
Temporary differences related to:		
Pension liabilities	(379)	–
Other current liabilities	(694)	–
Temporary differences	**(1,074)**	**–**
Taxable deficit to carry forward	(7,052)	
Total basis for deferred tax liability (assets)	**(8,126)**	**–**
Tax rate	22%	22%
Net deferred tax liability (asset) with applicable year's tax rate	(1,787)	–
Deferred tax assets not booked	1,787	–
Net deferred tax liability (asset)	**–**	**–**

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:

	Ownership and voting share	Location	Carrying amount	Equity
Schibsted Classified Media AS	100%	Oslo, Norway	1,345,561	1,910,160
Total			**1,345,561**	**1,910,160**

1. The shares in Schibsted Classified Media AS were moved to Adevinta ASA as a part of the demerger in April 2019, along with the shares in Schibsted Multimedia AS. Schibsted Multimedia AS and Schibsted Classified Media AS merged in October 2019.

Note 9: Other non-current and current assets

	Non-current		Current	
	2019	2018	2019	2018
Group companies' liabilities in cash pool	71,677	–	–	–
Other receivables from Group companies	372,131	–	1,729	–
Other receivables	–	–	2,088	–
Total	**443,808**	**–**	**3,817**	**–**

Non-current receivables from Group companies in 2019 consist of loan to Schibsted Classified Media (SCM) AS of EUR 168 510 thousand, a loan to Adevinta France SAS of EUR 125 702 thousand, a loan to LBC France SASU of EUR 20 520 thousand and a loan to Adevinta Holdco Spain SL of EUR 57 398 thousand. The loans to SCM AS and Adevinta France SAS were moved to Adevinta ASA as a part of the demerger from Schibsted ASA in April 2019.

Notes to the parent company financial statements continued

Note 10: Cash and cash equivalents

	2019	2018
Net assets in cash pool	8,870	–
Net assets outside the cash pool	–	101
Total Cash and cash equivalents	**8,870**	**101**

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 overdraft facility of EUR 10 million linked to the cash pool with Danske Bank and an uncommitted overdraft facility of EUR 10 million linked to the cash pool with BNP Paribas. At year end 2019, these facilities were not drawn.

Excess liquidity is placed in our relationship banks, in the cash pool or in the short-term money market.

Payroll withholding tax is not restricted cash as Adevinta holds a tax guarantee for the purpose.

Note 11: Equity

	Share capital	Treasury shares	Other paid-in capital	Retained earnings	Total
Equity as at 31 December 2018	**101**	**–**	**–**	**–**	**101**
Capital decrease	(101)	–	–	–	(101)
Demerger Schibsted Multimedia AS	8,901		867,543	(51,141)	825,302
Demerger Schibsted ASA	4,793	–	161,409	484,716	650,918
Capital increase	75	–	–	–	75
Share-based payment	–	–	(160)	–	(160)
Unrecognised actuarial gain (loss) in pension plans, net of tax	–	–	–	18	18
Profit (loss)	–	–	–	4,516	4,516
Dividend	–	–	–	–	–
Equity as at 31 December 2019	**13,769**	**–**	**1,028,792**	**438,108**	**1,480,669**

Pursuant to the demerger plan as of 24 January 2019, the share capital of Adevinta ASA was first decreased to 0, before immediately thereafter being increased with NOK 88,539,225.6 as a part of the demerger with Schibsted Multimedia AS. Furthermore, a second demerger with Schibsted ASA was approved, increasing the share capital with NOK 47,680,352,2. The capital decrease and the following demergers were effective as of 4 April 2019.

Through the demerger of Schibsted Multimedia AS, the share capital of Adevinta ASA was increased by EUR 8.9 million (NOK 88.5 million) through the issuance of 200,102,192 new A shares and 242,643,836 new B shares, each with a nominal value of 0.2 NOK.

Through the demerger of Schibsted ASA, the share capital of Adevinta ASA was increased by EUR 4.8 million (NOK 47.7 million) through the issuance of 107,747,388 new A shares and 130,654,373 B shares, each with a nominal value of NOK 0.2.

Adevinta currently has a single-class share structure, after collapsing the former dual-share class structure into one class effective as of 25 October 2019.

In connection with the listing of Adevinta ASA on the Oslo Stock Exchange on 10 April 2019, Schibsted reduced its ownership interest in Adevinta from 100% to 59.25% through a demerger and a sale of shares. In a demerger of Schibsted ASA, ownership of 35% of Adevinta was distributed to the shareholders of Schibsted.

The share capital of Adevinta ASA is NOK 136,989,700.4 divided into 684,948,502 ordinary shares, each with a nominal value of NOK 0.2. For more information on number of shares, see note 25 (Number of shares) in the consolidated financial statements. Adevinta ASA has not acquired treasury shares during 2019 and does not hold any treasury shares as of 31 December 2019.

Note 12: Shareholder structure

The 20 largest shareholders as at 31 December 2019

	Total number of shares	% of shares
Schibsted ASA	406,050,523	59,3%
Blommenholm Industrier AS	43,313,297	6,3%
Folketrygdfondet	22,974,563	3,4%
State Street Bank and Trust Comp*	22,635,020	3,3%
JPMorgan Chase Bank, N.A., London*	10,150,000	1,5%
Morgan Stanley & Co. LLC*	9,495,829	1,4%
Alecta Pensionsförsäkring, ömsesidigt	6,185,326	0,9%
Goldman Sachs International*	6,117,427	0,9%
The Bank of New York Mellon SA/NV*	5,859,240	0,9%
Goldman Sachs & Co. LLC*	4,692,594	0,7%
JPMorgan Chase Bank, N.A., London*	4,345,112	0,6%
J.P. Morgan Bank Luxembourg S.A.*	4,210,207	0,6%
The Bank of New York Mellon SA/NV*	4,051,141	0,6%
State Street Bank and Trust Comp*	3,792,362	0,6%
JPMorgan Chase Bank, N.A., London*	3,755,540	0,5%
JPMorgan Chase Bank, N.A., London*	3,700,435	0,5%
Pictet & Cie (Europe) S.A.*	3,519,695	0,5%
JPMorgan Chase Bank, N.A., London*	3,263,531	0,5%
Fdty Ivt Tr:Fdty Intrl Discvry Fd	3,126,596	0,5%
Morgan Stanley & Co. Int. Plc.*	3,089,509	0,5%
Total 20 largest shareholders		**83,9%**

*) Nominee accounts.

The list of shareholders is based on the public VPS list. For further information regarding the underlying ownership, see the chapter "Shareholder Information" in this annual report.

Notes to the parent company financial statements continued

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)	129,593
Uvashni Raman (CFO)	146
Antoine Jouteau (France)	19,307
Gianpa Santorsola (Spain & Brazil)	8,825
Ovidiu Solomonov (Global Markets)	1,910
Renaud Bruyeron (Product & Technology)	7,170
Nikki Dexter (People & Communications)	1,294
Total Board and Group management	**173,275**

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 2019. The number of shareholders as at 31 December 2019 is 4,391. Foreign ownership is 27.7% as at 31 December 2019. See note 25 (Number of shares) 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 2019 the pension plans covered 1 working member. Note 21 (Other non-current and current liabilities) in the consolidated financial statements contains further description of the pension plans.

Note 13: Pension plans continued

Amounts recognised in profit or loss:

	2019	2018
Current service cost	401	–
Net interest on the net defined benefit liability	1	–
Net pension expense – defined benefit plans	**402**	**–**
Pension expense defined contribution plans	8	–
Net pension expense	**410**	**–**
Of which included in Profit or loss – Personnel expenses	409	–
Of which included in Profit or loss – Financial expenses	1	–

Amounts recognised in the balance sheet:

	2019	2018
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	379	–
Net pension liabilities	**379**	**–**
Social security tax included in present value of defined benefit liabilities	47	–

Changes in pension liabilities:

	2019	2018
As at 1 January	–	–
Net pension expense	402	–
Contributions/benefits paid	–	–
Unrecognized actuarial (gain) loss recognized in equity (incl. tax)	(23)	–
As at 31 December	**379**	**–**

New measurement of defined benefit obligation includes:

	2019	2018
Actuarial gains and losses arising from changes in financial assumptions	–	–
Other effects of remeasurement (experience deviation)	23	–
Remeasurement of defined benefit liabilities	**23**	**–**

Notes to the parent company financial statements continued

Note 14: Non-current and current liabilities

	Non-current		Current	
	2019	**2018**	**2019**	**2018**
Liabilities to credit institutions (note 15)	200,000	–	–	–
Group companies' receivables in cash pool	–	–	110,389	–
Other liabilities to Group companies	–	–	4,799	–
Other liabilities	527	–	6,383	–
Total	**200,527**	**–**	**121,571**	**–**

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. Adevinta's main funding source as at 31 December 2019 is a EUR 300 million revolving credit facility. This facility has been refinanced in early 2020 into EUR 600 million term loan and revolving credit facilities.

For management of interest rate risk and currency risk, see note 22 (Financial risk management) in the consolidated financial statements.

Interest-bearing borrowings, composition and maturity profile:

	Non-current		Current	
	2019	**2018**	**2019**	**2018**
Bonds issued	–	–	–	–
Bank loans	200,000	–	–	–
Total carrying amounts	**200,000**	**–**	**–**	**–**
of which maturity beyond five years	–	–	–	–

For more details on bank loans and credit facilities, see note 23 (Interest-bearing borrowings) in the consolidated financial statements.

Note 16: Guarantees

	2019	**2018**
Guarantees on behalf of Group companies	–	–
Other guarantees	–	–
Total	**–**	**–**

A guarantee of NOK 18 million from Danske Bank is included in Guarantees on behalf of Group companies. This amount relates to guarantees for tax withholdings. Also included in Guarantees on behalf of Group companies are real state guarantees for EUR 370.000.

Adevinta ASA has issued a parent company guarantee as security for payment of office rent in some subsidiaries.

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.

	2019	2018
Purchase of goods and services from Schibsted ASA	670	–
Purchase of goods and services from other Group companies	4,027	–

Remuneration to management

See note 9 (Personnel expenses and remuneration) and note 10 (Share-based payment) 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 31 (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 2019 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.

29 March 2020
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

ADEVINTA ASA

COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED

31 DECEMBER 2018, 2017 AND 2016

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Adevinta ASA

Opinion

We have audited the combined financial statements of Adevinta, which comprise the combined statements of financial position as at 31 December 2016, 2017 and 2018, the income statements, the statements of comprehensive income, cash flows and changes in equity for each of the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the combined financial statements of Adevinta present fairly, in all material respects, the combined financial position of Adevinta as at 31 December 2016, 2017 and 2018, and its combined financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the combined financial statements* section of our report. We are independent of Adevinta in accordance with the ethical requirements that are relevant to our audit of the combined 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.

Responsibilities of management for the combined financial statements

The Board of Directors and Chief Executive Director (management) are responsible for the preparation and fair presentation of the combined financial statements in accordance with International Financial Reporting Standards ad adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing Adevinta'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 Adevinta or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the combined 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 Adevinta'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 Adevinta'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 combined 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 Adevinta to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined 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 Adevinta to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the 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.

Oslo, 4 March 2019
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

COMBINED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

(EUR million)	Note	2018	2017	2016
Operating revenues	**6, 7**	**594.6**	**511.4**	**421.1**
Personnel expenses	9	(201.3)	(182.6)	(145.5)
Other operating expenses	8	(242.3)	(233.0)	(213.8)
Gross operating profit (loss)	**6**	**151.0**	**95.8**	**61.8**
Depreciation and amortisation	16, 17	(26.5)	(21.6)	(14.3)
Share of profit (loss) of joint ventures and associates	5	6.8	(13.5)	(17.8)
Impairment loss	5, 15, 16, 17	(56.6)	(1.1)	(0.6)
Other income and expenses	11	(6.3)	139.3	(3.4)
Operating profit (loss)	**6**	**68.4**	**198.8**	**25.7**
Financial income	12	1.2	0.6	8.5
Financial expenses	12	(15.3)	(18.3)	(10.3)
Profit (loss) before taxes		**54.3**	**181.2**	**23.9**
Taxes	13	(61.3)	(62.1)	(43.6)
Profit (loss)		**(7.0)**	**119.1**	**(19.7)**
Profit (loss) attributable to:				
Non-controlling interests	25	0.4	(1.5)	0.3
Owner of the parent		(7.4)	120.6	(20.1)
Earnings per share in EUR:				
Basic	14	(7.38)	120.58	(20.07)
Diluted	14	(7.38)	120.58	(20.07)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

(EUR million)	Note	2018	2017	2016
Profit (loss)		**(7.0)**	**119.1**	**(19.7)**
Items not to be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit pension liabilities		(0.5)	(0.4)	(0.4)
Income tax relating to remeasurements of defined benefit pension liabilities		0.1	0.1	0.1
Items to be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		(49.1)	(25.0)	5.2
Share of other comprehensive income from joint ventures and associates	5	-	-	(0.2)
Other comprehensive income/ (loss), net of tax		**(49.5)**	**(25.3)**	**4.8**
Total comprehensive income/ (loss), net of tax		**(56.5)**	**93.8**	**(15.0)**
Total comprehensive income attributable to:				
Non-controlling interests		0.3	(1.8)	0.1
Owner of the parent		(56.8)	95.6	(15.1)

COMBINED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER

(EUR million)	Note	2018	2017	2016
ASSETS				
Intangible assets	15, 16	1 301.0	1 354.0	1 168.6
Property, plant and equipment	17	19.8	19.1	14.6
Investments in joint ventures and associates	5	375.3	413.3	68.6
Deferred tax assets	13	3.7	4.1	6.6
Other non-current assets	18, 22	9.4	9.2	15.3
Non-current assets		**1 709.2**	**1 799.6**	**1 273.8**
Contract assets	7	2.0	-	-
Trade receivables and other current assets	18, 19, 22, 24	387.2	336.9	216.5
Cash and cash equivalents	22, 24	55.1	37.4	79.4
Current assets		**444.3**	**374.3**	**295.8**
Total assets		**2 153.5**	**2 174.0**	**1 569.6**
EQUITY AND LIABILITIES				
Other equity		1 317.8	1 240.2	939.3
Total equity attributable to parent	**2**	**1 317.8**	**1 240.2**	**939.3**
Non-controlling interests	25	13.9	15.3	15.6
Equity		**1 331.7**	**1 255.5**	**954.8**
Deferred tax liabilities	13	72.3	70.4	69.0
Non-current interest-bearing borrowings	22, 23, 24	448.5	559.2	300.4
Other non-current liabilities	21	4.3	4.5	26.8
Non-current liabilities		**525.0**	**634.1**	**396.2**
Current interest-bearing borrowings	23, 24	-	0.5	0.6
Income tax payable		10.0	13.9	9.4
Contract liabilities	7	51.2	-	-
Other current liabilities	21, 22, 23, 24	235.6	270.0	208.5
Current liabilities		**296.8**	**284.3**	**218.6**
Total equity and liabilities		**2 153.5**	**2 174.0**	**1 569.6**

London, February 27, 2019

Orla Noonan
Chairman of the Board

Kristin Skogen Lund
Board member

Sophie Javary
Board member

Peter Brooks-Johnson
Board member

Fernando Abril-Martorell
Board member

Terje Seljeseth
Board member

Rolv Erik Ryssdal
CEO

COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

(EUR million)	Note	2018	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) before taxes		54.3	181.2	23.9
Depreciation, amortisation and impairment losses	5, 15, 16, 17	83.1	22.7	14.9
Net effect pension liabilities		(0.2)	(0.0)	(3.1)
Share of loss (profit) of joint ventures and associates	5	(6.8)	13.5	17.8
Dividends received from joint ventures and associates	5	1.5	-	-
Taxes paid		(53.7)	(60.8)	(42.2)
Sales losses (gains) on non-current assets and other non-cash losses (gains)		(1.3)	(142.7)	(1.3)
Change in working capital and provisions *		(3.1)	(8.1)	8.9
Net cash flow from operating activities	**26**	**73.9**	**5.8**	**18.9**
CASH FLOW FROM INVESTING ACTIVITIES				
Development and purchase of intangible assets, and property, plant and equipment	16, 17	(30.7)	(30.4)	(24.9)
Acquisition of subsidiaries, net of cash acquired	26	(3.1)	(134.2)	(44.0)
Proceeds from sale of intangible assets, and property, plant and equipment		0.4	0.4	1.0
Proceeds from sale of subsidiaries, net of cash sold	26	0.1	18.3	-
Net sale of (investment in) other shares		(3.3)	(294.8)	(15.3)
Net change in other investments		2.8	2.4	1.4
Net cash flow from investing activities		**(33.8)**	**(438.3)**	**(81.8)**
Net cash flow before financing activities		**40.1**	**(432.5)**	**(62.9)**
CASH FLOW FROM FINANCING ACTIVITIES				
New interest-bearing loans and borrowings		0.4	0.1	0.2
Repayment of interest-bearing loans and borrowings		(0.0)	-	(5.4)
Change in ownership interests in subsidiaries		(11.0)	(1.1)	-
Dividends paid to non-controlling interests	25	(3.4)	(2.7)	(0.6)
Net contribution from (to) Schibsted ASA		(8.9)	393.5	117.4
Net cash flow from financing activities		**(22.9)**	**389.8**	**111.7**
Effects of exchange rate changes on cash and cash equivalents		0.4	0.8	0.4
Net increase (decrease) in cash and cash equivalents		**17.7**	**(41.9)**	**49.2**
Cash and cash equivalents as at 1 January		37.4	79.4	30.2
Cash and cash equivalents as at 31 December		**55.1**	**37.4**	**79.4**

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

COMBINED STATEMENTS OF CHANGES IN EQUITY

(EUR million)	Note	Contributed capital and retained earnings	Foreign currency transl. reserve	Total equity attributable to parent	Non-controlling interests	Total
As at 31 December 2015		**646.4**	**21.9**	**668.3**	**15.1**	**683.4**
Profit (loss) for the period		(20.1)		(20.1)	0.3	(19.7)
Other comprehensive income		(0.5)	5.4	5.0	(0.2)	4.8
Total comprehensive income (loss)		**(20.5)**	**5.4**	**(15.1)**	**0.1**	**(15.0)**
Share-based payment		0.3		0.3	0.0	0.3
Dividends paid to non-controlling interests				-	(0.6)	(0.6)
Changes in ownership of subsidiaries that do not result in a loss of control	4	(9.7)		(9.7)	1.0	(8.7)
Group contributions and dividends		48.3		48.3		48.3
Transactions with former group entities including effects of allocation	2	247.1		247.1		247.1
Total transactions with the owners		**286.0**	**-**	**286.0**	**0.4**	**286.4**
As at 31 December 2016		**911.9**	**27.3**	**939.3**	**15.6**	**954.8**
Profit (loss) for the period		120.6		120.6	(1.5)	119.1
Other comprehensive income		(0.3)	(24.6)	(24.9)	(0.4)	(25.3)
Total comprehensive income (loss)		**120.3**	**(24.6)**	**95.7**	**(1.8)**	**93.8**
Capital increase				-	0.7	0.7
Share-based payment		(0.2)		(0.2)	(0.0)	(0.3)
Dividends paid to non-controlling interests				-	(2.7)	(2.7)
Business combinations				-	0.8	0.8
Changes in ownership of subsidiaries that do not result in a loss of control	4	(3.5)		(3.5)	2.9	(0.7)
Share of transactions with the owners of joint ventures and associates		(0.6)		(0.6)		(0.6)
Group contributions and dividends		11.4		11.4		11.4
Transactions with former group entities including effects of allocation	2	198.2		198.2		198.2
Total transactions with the owners		**205.3**	**-**	**205.3**	**1.6**	**206.9**
As at 31 December 2017		**1 237.5**	**2.7**	**1 240.2**	**15.3**	**1 255.5**
Profit (loss) for the period		(7.4)		(7.4)	0.4	(7.0)
Other comprehensive income		(0.4)	(49.1)	(49.5)	(0.1)	(49.5)
Total comprehensive income (loss)		**(7.8)**	**(49.1)**	**(56.9)**	**0.3**	**(56.5)**
Changes due to changes in accounting policies (IFRS 15)		(3.8)		(3.8)		(3.8)
Changes due to changes in accounting policies (IFRS 2)		0.5		0.5		0.5
Capital increase				-	0.2	0.2
Share-based payment		(0.3)		(0.3)	(0.0)	(0.4)
Dividends paid to non-controlling interests				-	(3.4)	(3.4)
Changes in ownership of subsidiaries that do not result in a loss of control	4	(22.8)		(22.8)	1.5	(21.3)
Share of transactions with the owners of joint ventures and associates		(0.1)		(0.1)		(0.1)
Group contributions and dividends		(38.7)		(38.7)		(38.7)
Transactions with former group entities including effects of allocation	2	199.6		199.6		199.6
Total transactions with the owners		**134.5**	**-**	**134.5**	**(1.7)**	**132.8**
As at 31 December 2018		**1 364.2**	**(46.4)**	**1 317.8**	**13.9**	**1 331.7**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

GENERAL INFORMATION

Note 1 General information
Note 2 Basis for preparing the financial statements
Note 3 Significant accounting judgements and major sources of estimation uncertainty

ADEVINTA STRUCTURE

Note 4 Changes in the composition of Adevinta
Note 5 Investments in joint ventures and associates

INFORMATION ON INCOME STATEMENT ITEMS

Note 6 Operating segments
Note 7 Revenue recognition
Note 8 Other operating expenses
Note 9 Personnel expenses and remuneration
Note 10 Share-based payment
Note 11 Other income and expenses
Note 12 Financial items
Note 13 Income taxes
Note 14 Earnings per share

INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS

Note 15 Impairment assessments
Note 16 Intangible assets
Note 17 Property, plant and equipment
Note 18 Other non-current and current assets
Note 19 Trade receivables
Note 20 Financial liabilities related to business combinations and increases in ownership interests
Note 21 Other non-current and current liabilities

CAPITAL MANAGEMENT

Note 22 Financial risk management
Note 23 Interest-bearing borrowings
Note 24 Financial instruments by category

OTHER INFORMATION

Note 25 Non-controlling interests
Note 26 Supplemental information to the combined statement of cash flows
Note 27 Transactions with related parties
Note 28 Lease agreements
Note 29 Events after the balance sheet date
Note 30 Ownership

NOTE 1: GENERAL INFORMATION

GENERAL

The combined financial statements including notes for the Adevinta business (hereby called "Adevinta" or "the business") for the year 2018, with comparative figures for 2017 and 2016, were approved by the Board of Directors on 27 February 2019. Main offices for Adevinta are Grensen 5-7, 0159 Oslo, Norway and Av. Diagonal 682, Barcelona, Spain.

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 is carried out in Italy, Austria, Ireland, Hungary, Mexico, Chile, Belarus, Colombia, the Dominican Republic, Morocco, Tunisia, UK and Germany. The business areas are described in Operating segment information in note 6.

NOTE 2: BASIS FOR PREPARING THE COMBINED FINANCIAL STATEMENTS

BACKGROUND

In connection with the initial public offering (IPO) and listing of Adevinta ASA on Oslo Stock Exchange combined financial statements covering Schibsted's online classified business outside the Nordic countries for the years ended 31 December 2016, 2017 and 2018 have been prepared.

The spin-off of the Adevinta business is carried out by way of transactions and demergers of such business from Schibsted ASA as described in the steps below:

(i) Adevinta ASA was incorporated on 9 November 2018 as an empty subsidiary of Schibsted ASA.

(ii) Before the demerger of Schibsted ASA, certain intra-group transactions were carried out to ensure that the assets, rights and liabilities of the Adevinta business are owned by companies which will be a part of Adevinta following completion of the spin-off which is expected 9 April 2019.

(iii) Before the demerger of Schibsted ASA, a demerger of Schibsted ASA's wholly owned subsidiary Schibsted Multimedia AS was carried out, with Adevinta ASA as the acquiring company. Through this demerger, assets representing approximately 65% of the net value of the international online classifieds business were transferred to Adevinta ASA and Schibsted ASA received shares in Adevinta ASA in consideration. These shares represented approximately 65% of the share capital of Adevinta ASA following completion of the spin-off.

(iv) Through a demerger of Schibsted ASA, assets representing approximately 35% of the net value of the international online classifieds business were transferred to Adevinta ASA and the shareholders of Schibsted ASA will receive shares in Adevinta ASA in consideration. These shares will represent approximately 35% of the total number of shares in Adevinta ASA following completion of the spin-off. The demerger was approved by the shareholders on an Extraordinary General Meeting of Schibsted ASA on 25 February 2019 and will be completed after the creditor notification period expires 8 April 2019.

Following the transactions described above, Schibsted ASA will own approximately 65% of the shares in Adevinta ASA and the shareholders of Schibsted ASA will own approximately 35% of the shares in Adevinta ASA. The transactions are expected to be completed by 9 April 2019. The transactions will be accounted for as group continuity basis in Adevinta ASA's future consolidated financial statements.

Schibsted plans to retain a 60% ownership in Adevinta at the time of the listing, after selling down up to 5 percent in the market and distributing shares to Schibsted's shareholders.

Historical consolidated financial information for Adevinta is not available as the demerger is not yet completed. Hence, in connection with the listing of Adevinta, combined financial statements have been prepared. The combined financial statements is combining the historical results of operations and carrying amounts of assets and liabilities of the legal entities, as well as intangible assets related to centralized product and technology development, that constitutes the Adevinta business.

The combined financial statements present the business as a single economic entity and have been prepared based on historical financial information of the relevant entities and business as part of the Schibsted Group, using the same accounting principles, which are also outlined below. The combined financial statements have been prepared using EUR as the presentation currency which is what Adevinta will apply going forward. All receivables, liabilities, revenue and expenses between Adevinta entities have been eliminated.

COMPLIANCE WITH IFRS

The combined 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 combined financial statements have been carried out in accordance with applicable IFRS standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) has been applied. The date of transition was 1 January 2016. The adoption of IFRS 1 had no significant impact on the financial position, financial performance and cash flows of Adevinta, as it previously was part of the Schibsted group which already applied IFRS. Accordingly, no reconciliations to previous financial statements or effects of implementation are relevant.

IFRS 10 requires the parent company, Adevinta ASA, to directly or indirectly control its subsidiaries at the balance sheet date in order to prepare consolidated financial statements. Adevinta ASA will not obtain such control until 9 April 2019. IFRS 10 has therefore not been applied for the combined financial statements, but will become mandatory for the group's 2019 financial statements with retrospective effect for the carved-out financial statements.

FINANCIAL STATEMENTS

The combined financial statements have been prepared based on a historical cost basis, apart from some financial instruments measured at fair value (see note 24 for Financial instruments).

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 statement of financial position date. Cash and cash equivalents consists 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 Annual General Meeting.

All amounts are in EUR million, which is the presentation currency of Adevinta unless otherwise stated. Tables may not summarise due to rounding.

BASIS FOR ALLOCATION OF INCOME, EXPENSES, ASSETS AND LIABILITIES

Preparation of the Combined Financial Statements has required certain allocations of expenses and assets that the Schibsted Group had previously not charged to the entities constituting the business. The principles and reasons for these allocations are described below. Management believes the principles used in preparing the combined financial statements are reasonable. As a separately listed entity Adevinta will incur additional administrative expenses in the future. The combined financial statements may not be indicative of future performance.

General administrative and overhead costs
General administrative and overhead costs related to Schibsted's corporate services, such as IT, human resources services, communication, tax, legal services and internal banking system, have been allocated to Adevinta entities based on the actual cost charged to the Adevinta entities for the services delivered in each period. It is expected that these costs will be incurred directly in Adevinta in the future.

Management believes all significant relevant costs have been allocated to the entities identified as entities conducting the business. Certain of Schibsted's corporate costs related to preparing its consolidated financial statements, complying with requirements for Schibsted's listing on the Oslo Stock Exchange and other headquarter activities are not reflected in the combined financial statements as these have not been historically charged to the business and will continue to be incurred by Schibsted. As a separately listed entity Adevinta will incur additional headquarter costs compared to the historical cost base.

Centrally developed intangible assets and related expenses
Schibsted has had a centralized approach to some of its product and technology development. The carrying amount of centrally developed intangible assets used by all or some of the Adevinta entities have been allocated to the business based on allocation keys, such as usage of the products or proportional share of revenues for entities constituting Adevinta. The corresponding historical operating expenses, capitalization, amortization and impairment have been allocated accordingly.

Cash, cash equivalents and deposits in Schibsted cash pool
Schibsted has had a centralized approach to cash management that operates as an internal banking system (cash pool). Balances owed to, or owing from, Adevinta entities under the Schibsted centralized cash management internal banking system have been presented on a gross basis in the combinedstatement of financial position as credit/debit positions in Schibsted cash-pooling arrangement (see note 22).

The level of cash, cash equivalents and deposit in the Schibsted Group's cash pool may not be indicative of the future level of cash in the new Adevinta.

Capital structure and interests
Schibsted has had a centralized approach to financing its operations. As a result, the business has not had separate external financing. Historical intercompany liabilities and receivables of the Adevinta entities are included in the combined statement of the financial position and presented as liability to or receivable from Schibsted.

Interest income and expense related to intercompany liabilities and receivables have been included based on the actual historical charges related to the intercompany balances.

In connection with the demerger and listing, the intercompany liabilities will be settled and the interest bearing liabilities and interest expenses will therefore not be indicative of the future level of cash in Adevinta. For more information on intercompany balances, see note 23.

Long term incentives
Some members of management and other key employees in Adevinta entities have historically been included in the share-based payment scheme of Schibsted. All amounts presented in the Combined Financial Statements related to long-term incentives are in connection with this scheme. The cost related to the share-based payment scheme is charged to the Adevinta entities based on the origin of the services provided by the members of the share-based payment scheme.

Income taxes
Tax expenses comprise the tax expenses of the legal entities constituting the business. Further, the tax expenses include the related tax effect of costs allocated to Adevinta in preparing the combined financial statements.

The income tax payable comprise the tax payable of the legal entities included in the business. Deferred taxes comprise the deferred tax assets and deferred tax liabilities of the legal entities included in the business, and deferred taxes on excess values from acquisition of such operations. The combined financial statements also include the related deferred taxes on intangible assets related to product and technology development allocated to Adevinta.

CONSOLIDATION PRINCIPLES
An entity is controlled when Adevinta 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 Adevinta 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. Adevinta 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 from the date control of the subsidiary was obtained (acquisition date) and until the date the control of the subsidiary ceased. Entities included in the combined financial statement are all Adevinta entities representing the business. An overview of the entities included are presented in note 30. The combined financial statements include by consolidation or use of the equity method of accounting up and until the date of disposal, certain non-Nordic online classifieds operations disposed of during the period of these financial statements. Those operations were legally held by entities being allocated to Adevinta and were managed as part of the Marketplaces segment in Schibsted. The operations were not classified as discontinued operations and gains or losses on disposal is recognized in Other income and expenses.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to the ultimate parent. Non-controlling interests are presented in the combined statement of financial position within equity, separately from the equity of the owners of the parent. 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.

FOREIGN CURRENCY TRANSLATION
Items included in the financial statements of each of the Adevinta's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Combined Financial Statements are presented using EUR as presentation currency. As Schibsted's consolidated financial statements are presented in NOK, the change in presentation currency to EUR is treated as a change in accounting principle, and comparative figures have been restated accordingly.

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 balance sheet 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 balance sheet 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 recognized 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 is translated from the functional currency of the operation into EUR (the presentation currency) by using the step-by-step method of consolidation. Assets and liabilities are translated at the closing rate at the balance sheet date and income and expenses are translated monthly at the average exchange rates for the month and accumulated. Assets and liabilities as of 1 January 2016 are translated at the closing rate at balance sheet date 31 December 2015, accumulated translation differences are presented as if the presentation currency for Adevinta has always been EUR. Resulting exchange differences are recognized in other comprehensive income until the disposal of the far-off operation.

Exchange rates are quoted from the Norwegian central bank (norges-bank.no).

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation, is 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 balance sheet date.

EQUITY AND CHANGES IN PARENT'S INVESTMENT

The business reflected in the combined financial statements has not, as per the reporting date, formed a group controlled by a separate legal entity and therefore it is not meaningful to present share capital or an analysis of changes in share capital between periods.

However, within the combined statement of changes in equity Adevinta has presented "Contributed equity and retained earnings" which includes an analysis of the net equity impact of transactions with the parent including group contributions, dividends between group companies and allocations made in preparing the combined financial statements.

Total equity as at 1 January 2016 is equal to the combined net assets contributed by Schibsted to Adevinta at this date. Total equity comprises 'Contributed equity and retained earnings' and other reserves.

Group contributions and dividends made between entities in Schibsted and entities in Adevinta during the periods presented are reflected in 'Contributed equity and retained earnings' within total equity.

Allocations in preparing the combined financial statements are not settled and do not result in an intercompany balance between Schibsted and Adevinta. Accordingly, such allocations are reflected in the combined statement of changes in equity as contributions or distributions between Schibsted and Adevinta are recognized within changes in equity as contributions to and from the parent and are presented as 'Transactions with former group entities including effects of allocation'.

Similarly, the combined statement of cash flow reflects the cash flows from such net equity transactions within "Net contribution from (to) Parent."

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared under the indirect method. The combined statement of cash flows may not be indicative of future performance due to the effects from the demerger.

EARNINGS PER SHARE

As Adevinta ASA was incorporated on 9 November 2018, it had no Shares outstanding in the periods presented. For calculation of earnings per share, the number of Shares at the incorporation date is used as denominator for all periods presented. Earnings per share is calculated by dividing profit (loss) attributable to owners of Adevinta by the number of Shares outstanding. Diluted earnings per share is calculated by dividing profit (loss) attributable to owners of Adevinta by the weighted average number of Shares outstanding, adjusted for all dilutive potential shares. Adevinta had no dilutive shares during the periods presented.

OPERATING SEGMENTS

In connection with the spin-off of the business management has assessed operating segments according to IFRS 8 Segments. Based on the internal reporting structure, Adevinta has identified France, Spain, Brazil, Global markets and Other/HQ as operating segments, which is in line with how the business will continue to be developed and managed by the chief operating decision maker. The operating segment Brazil includes historical financial information for OLX on a 100 % consolidated basis. This is consistent with the internal reporting. OLX is accounted for using the equity method in the combined financial statements. Comparative figures have been restated accordingly. As a consequence of the change in operating segments and certain cash-generating units to which goodwill has been allocated, goodwill is reallocated to the cash-generating units affected using a relative value approach. The reallocation of goodwill has not resulted in impairment losses.

NEW AND AMENDED STANDARDS ADOPTED BY ADEVINTA

The accounting standards IFRS 2 Share-based payment (amendment), IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers has been implemented from 1 January 2018. For details of nature of change and impact on the combined financial statements see note 10, 24 and 7, respectively.

New standards and interpretations not yet adopted

Certain new accounting standards, interpretations and amendments to standards have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted in the combined financial statements. Adevinta's assessment of the impact of these new standards and interpretations are set out below.

Title of standard	IFRS 16 Leases
Nature of change	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all almost leases under a single on-balance sheet model. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and amortisation on the right-of-use asset. Repayment of the lease liability will be classified as cash flows from financing activity in the cash flow statement.
Impact	Adevinta plans to adopt IFRS 16 retrospectively by using the modified retrospective approach, with the accumulated effect of implementation charged against equity 1 January 2019, hence the comparative figures for 2018 will not be restated. Adevinta will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. Upon implementation of the standard, a liability will have to be recognised for the net present value of remaining lease payments and an asset will be recognised for the right to use the underlying asset during the remaining lease term. Adevinta's equity ratio will consequently decrease. Lease expense will change from being linear over the lease term to being declining and the lease expense will change classification from operating expenses to a combination of amortisation and interest expenses. The effect on assets, liabilities and expenses will depend on the agreements actually in force on implementation. Adevinta's assessment indicates a right-of-use asset of EUR 73 million to be recognized and a corresponding lease liability of EUR 82 million in respect of all these leases. Net impact on equity will be EUR 6 million. The impact on profit or loss is to decrease Other expenses by approximately EUR 13 million, to increase depreciation by approximately EUR 12 million and to increase interest expense by approximately EUR 2 million. The impact on cash flow is to move approximately EUR 11 million from operating to financing activities. Adevinta will elect to use the exemptions proposed by the standard and adjust the right-of use-asset at the date of initial applicataion by any provision for onerous lease contracts, recognized under IAS 17 at 31 December 2018. Any accruals or deferrals of lease payment or incentives previously recognised in respect of the operating leases will be derecognised and the amount factored into the measurement of the right-to-use assets and lease liabilities. Adevinta will for all lease contracts, except for significant office lease contracts, elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value (below EUR 5 000). Adevinta has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value. For significant office leases the right-of-use assets will be measured as if the standard had been applied since the commencement of the lease . For all other leases the right-of-use assets will be measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments at 31 December 2018. At the date of initial application Adevinta will elect to separate non-lease components from lease components, and will account for each lease component and any associated non-lease component separately. At initial application Adevinta will apply the incremental borrowing rate as of 1 January 2019 for all leases.
Date of adoption by Adevinta	1 January 2019

NOTE 3: SIGNIFICANT ACCOUNTING JUDGEMENTS AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

Significant judgements and major sources of estimation uncertainty have been used in preparing the combined financial statements. The most important areas where such judgements and sources of estimation uncertainty are having an impact are listed below. More detailed information is included in the relevant notes.

Significant judgements and estimates:

- Calculation of value in use in testing for impairment of Goodwill and Intangible assets (note 15)
- Capitalisation of development costs (note 16)
- Recognition of deferred tax asset for tax losses carried forward (note 13)
- Recognition of contracted listing fees and premium products according to normal pattern of views (note 7)
- Liabilities measured at fair value (note 20 and note 24)

NOTE 4: CHANGES IN THE COMPOSITION OF ADEVINTA

Principle

BUSINESS COMBINATIONS

The acquisition method is used to account for all business combinations where Adevinta ASA or a subsidiary is the acquirer, i.e. 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 measured at fair value at the acquisition date. Any non-controlling interest in the acquiree is measured 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 contingent consideration deemed to be a liability is recognised in profit or loss.

In business combination 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.

CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL

Transactions with non-controlling interests are recognised in equity. In entities where Adevinta already owned interests prior to the business combination, any change in the value of earlier interests are recognised in the income statement.

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 balance sheet 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.

LOSS OF CONTROL

When control of a subsidiary is lost, the assets and liabilities of the subsidiary and the carrying amount of any non-controlling interests are derecognised. 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 as gain or loss 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 has in 2018 invested EUR 3.0 milion (EUR 134.2 million in 2017 and EUR 42.2 million in 2016) related to acquisition of businesses (business combinations). The amount comprises cash consideration transferred reduced by cash and cash equivalents of the acquiree. Adevinta has in addition paid EUR 0.1 million (EUR 0.0 million in 2017 and EUR 1.8 million in 2016) of contingent consideration related to prior year's business combinations.

In November 2018, Adevinta completed a bolt-on acqusition of Videdressing.com, a general goods vertical within second-hand fashion, through the acqusition of 100 % of the shares of Videdressing SAS.

In January 2017, Adevinta acquired the Spanish real estate portal Habitaclia.com through the acquisition of 100% of the shares of Habitaclia, S.L.U and Inmofusion, S.L.U. Adevinta, owning the real estate site Fotocasa.es, thereby strengthened its leadership in the Spanish real estate classified ads segment.

In June 2017, Adevinta increased its ownership interest from 50% to 100% in Yapo.cl SpA, a company operating the Chilean online classifieds site Yapo.cl. The previously held ownership interest was accounted for as a joint venture and the business combination was accounted for as a step acquisition. The acquisition was part of a larger agreement with Telenor described further under the sub-heading Other changes in the composition of Adevinta below.

In November 2017, Adevinta acquired the French real estate online classifieds operation avendrealouer.fr through the acquisition of 100% of the shares of CityOne SAS. The acquisition strengthened Adevinta's product offering and market position among professional real estate agents in France.

In October 2016, Adevinta acquired MB Diffusion, the leading online marketplace for agricultural and construction equipment in France, through acquisition of 100% of the shares of MB Diffusion SAS and MB Line SAS. The entity had strong synergies with Leboncoin in France and an international presence with prospects for future growth.

Adevinta has also been involved in other minor business combinations, including step acquisitions.

In step acquisitions, the previously held equity interest is measured at fair value at the acquisition date. A total gain of EUR 52.3 million was recognised in 2017 in profit or loss in the line item Other income and expenses.

Acquisition-related costs of EUR 0.2 million (EUR 0.7 million in 2017 and EUR 0.5 million in 2016) related to business combinations closed are recognised in profit or loss in the line item Other income and expenses.

The table below summarise the consideration transferred and the amounts recognised for assets acquired and liabilities assumed after the business combinations:

	Total 2018	*Yapo.cl 2017*	*Other 2017*	Total 2017	Total 2016
Consideration:					
Cash	8.7	60.8	82.4	143.2	46.4
Contingent consideration	-	-	-	-	0.1
Consideration transferred	**8.7**	**60.8**	**82.4**	**143.2**	**46.5**
Fair value of previously held equity interest	0.0	46.2	7.0	53.1	0.0
Total	**8.7**	**107.0**	**89.3**	**196.3**	**46.5**
Amounts for assets and liabilities recognised:					
Intangible assets	0.3	6.7	17.4	24.1	12.0
Property. plant and equipment	0.1	0.1	0.2	0.4	0.2
Other non-current assets	0.1	-	-	-	0.1
Trade and other receivables	1.0	0.9	2.7	3.6	2.0
Cash and cash equivalents	5.7	1.0	7.9	8.9	4.2
Deferred tax liabilities	-	(1.6)	(3.7)	(5.3)	(3.7)
Other non-current liabilities	(0.5)	(11.2)	10.9	(0.3)	0.0
Current liabilities	(6.8)	(1.1)	(8.8)	(9.9)	(2.7)
Total identifiable net assets	**(0.2)**	**(5.2)**	**26.7**	**21.4**	**11.9**
Non-controlling interests	-	-	(0.8)	(0.8)	-
Goodwill	8.9	112.2	63.3	175.6	34.5
Total	**8.7**	**107.0**	**89.3**	**196.3**	**46.5**

The purchase price allocations for acquisitions made in 2018 are preliminary due to uncertainty in certain valuation factors. There are no significant effects from finalising preliminary purchase price allocations in any subsequent year.

The goodwill recognised is attributable to inseparable non-contractual customer relationships, the assembled workforce of the companies and synergies. None of the goodwill recognised is 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 are good strategic fits with existing operations within Adevinta.

The fair value of acquired receivables was EUR 1.0 million in 2018 (EUR 3.6 million in 2017 and EUR 2.0 million in 2016), of which EUR 0.6 million (EUR 0.6 million in 2017 and EUR 1.8 million in 2016) are trade receivables. There is no material difference between the gross contractual amounts receivable and the fair value of the receivables.

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

The companies acquired in business combinations have since the acquisition dates contributed EUR 0.4 million to operating revenues in 2018 (EUR 15.0 million in 2017 and EUR 1.8 million in 2016) and contributed negatively to consolidated profit (loss) by EUR 0.3 million in 2018 (positively EUR 1.4 million in 2017 and negatively EUR 0.1 million in 2016). If the acquisition date of all business combinations completed through purchase of shares was as at 1 January, the operating revenues of Adevinta would have increased by EUR 3.5 million in 2018 (EUR 12.0 million in 2017 and EUR 8.4 million in 2016) and profit (loss) would have decreased by EUR 1.4 million (decreased EUR 1.5 million in 2017 and increased EUR 0.8 million in 2016). The above figures do not include business combinations completed through purchase of assets for which no separate financial statements exists.

OTHER CHANGES IN THE COMPOSITION OF ADEVINTA

In May 2017, Adevinta discontinued the operation and sold certain assets of the online classifieds site Kapaza.be in Belgium.

In May 2017, Adevinta entered into an agreement to acquire Telenor's 25% interest in the Brazilian online classifieds operation olx.com.br and its 50% interest in the Chilean online classifieds operation Yapo.cl. Simultaneously, Adevinta entered into an agreement to sell to Telenor its 33.3% ownership interest in the associate 701 Search Pte Ltd operating online classifieds operations in Malaysia, Vietnam and Myanmar. The transactions were closed 30 June 2017. As a result of differences in value of assets acquired and sold, Adevinta made a cash payment of USD 405 million. Before the transaction, the Brazilian and Chilean operations were both joint ventures of Adevinta, accounted for using the equity method of accounting. The transaction in respect of olx.com.br is accounted for as an increase in ownership interest of a joint venture from 25% to 50%. The transaction in respect of Yapo.cl in Chile is accounted for as a business combination as described above.

Total net gains of EUR 1.3 million (EUR 90.9 million in 2017 and EUR 1.3 million in 2016) is recognised from the sale of subsidiaries, joint ventures and associates in the line item Other income and expenses.

Adevinta has in 2018 invested EUR 11.0 million (EUR 4.5 million in 2017 and EUR 0.0 million in 2016) related to increased ownership interests in subsidiaries. The amount invested in 2018 is primarilly related to increase of ownership interest to 100% in Finderly GmbH (Shpock).

Changes in ownership interests in subsidiaries are accounted for as equity transactions. The effect on the equity attributable to owners of the parent is presented in the table below:

	2018	2017	2016
Net consideration received (paid)	(11.0)	(4.5)	-
Financial liabilities previously recognised related to non-controlling interests' put options	10.3	-	-
Adjustment to equity	**(0.7)**	**(4.5)**	**-**
Of which adjustment to non-controlling interests	-	0.6	-
Of which adjustment to equity attributable to owner of the parent	(0.7)	(5.1)	-

The adjustments to equity presented above is 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. Included in that line item is also changes in financial liabilities related to non-controlling interests' put options recognised in equity as disclosed in note 20 Financial liabilities related to business combinations and increases in ownership interests.

CityOne SAS, MB Diffusion SAS, MB Line SAS and Videdressing SAS are included in operating segment France. Habitaclia, S.L.U. and Inmofusion, S.L.U. are included in operating segment Spain. Olx.com.br is included in operating segment Brazil. Kapaza.be, Yapo.cl SpA and 701 Search Pte Ltd are included in operating segment Global markets.

NOTE 5: INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Principle

A joint arrangement is an arrangement of which 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 that Adevinta, directly or indirectly through subsidiaries, has significant influence over. Significant influence is normally presumed to exist when Adevinta controls 20% or more of the voting power of the investee.

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.

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.

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. The difference between the total of the fair value of any retained interest and any proceeds from disposing of a part interest in a joint venture or an associate, and the carrying amount of the investment, is recognised as gain or loss in profit or loss.

If Adevinta's ownership interest in a joint venture or an associate is reduced, but the equity method is still applied, a gain or loss from the partial disposal is recognised in profit or loss. The retained interest is not remeasured.

	2018			2017			2016		
Development in net carrying amount	**Joint ventures**	**Associates**	**Total**	**Joint ventures**	**Associates**	**Total**	**Joint ventures**	**Associates**	**Total**
As at 1 January	**405.1**	**5.9**	**410.9**	**58.6**	**9.2**	**67.8**	**41.1**	**16.7**	**57.8**
Change in accounting principle IFRS 15	(0.5)	-	(0.5)	-	-	-	-	-	-
Additions	-	0.9	0.9	381.1	0.6	381.6	12.7	3.9	16.6
Disposals	-	-	-	-	(87.6)	(87.6)	-	(1.3)	(1.3)
Transition from (to) subsidiaries	-	0.5	0.5	(1.1)	(0.1)	(1.2)	-	-	-
Transition from (to) receivables	(1.8)	-	(1.8)	-	-	-	-	-	-
Share of profit (loss)	**7.5**	**(0.7)**	**6.8**	**(7.1)**	**(6.5)**	**(13.5)**	**(6.7)**	**(11.2)**	**(17.8)**
Share of other comprehensive income	-	-	-	(0.2)	0.3	0.0	-	(0.2)	(0.2)
Gain (note 4)	-	0.8	0.8	-	90.1	90.1	-	1.3	1.3
Impairment losses	-	-	-	-	-	-	-	(0.4)	(0.4)
Dividends received	(0.3)	(1.7)	(2.0)	-	-	-	-	-	-
Share of transactions with the owners of joint ventures and associates	(0.1)	-	(0.1)	(0.6)	-	(0.6)	-	-	-
Translation differences	(42.4)	0.1	(42.3)	(25.7)	(0.0)	(25.7)	11.5	0.3	11.8
As at 31 December	**367.5**	**5.8**	**373.3**	**405.1**	**5.9**	**410.9**	**58.6**	**9.2**	**67.8**
Of which presented in Investments in joint ventures and associates	367.5	7.8	375.3	405.1	8.2	413.3	58.6	10.0	68.6
Of which presented in Other current liabilities	-	(2.0)	(2.0)	-	(2.3)	(2.3)	-	(0.8)	(0.8)

For more details on acquisitions and divestments of joint ventures and associates, see note 4 Changes in the compositition of Adevinta.

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

		2018			2017			2016		
	Country of incorporation	**Interest held**	**Joint ventures**	**Associates**	**Interest held**	**Joint ventures**	**Associates**	**Interest held**	**Joint ventures**	**Associates**
Silver Brazil JVCO BV	Netherlands	50.00%	361.8	-	50.00%	401.6	-	-	-	-
SnT Classified ANS	Norway	n/a	-	-	n/a	-	-	50.00%	56.1	-
Willhaben Internet Service GmbH	Austria	50.00%	5.7	-	50.00%	3.4	-	50.00%	2.5	-
Younited SA	France	11.09%	-	7.1	11.55%	-	8.2	13.72%	-	6.5
Other		-	-	(1.4)	-	-	(2.3)	-	-	2.7
Carrying amount as at 31 December		**-**	**367.5**	**5.8**	**-**	**405.1**	**5.9**	**-**	**58.6**	**9.2**

If the company mentioned is the parent company of a group, the figures presented are for the consolidated group.

Description of the business of the joint ventures and associates:

Silver Brazil JVCO BV	Operates an online classified site in Brazil (olx.com.br, 50% joint venture from July 2017) (see note 4)
SnT Classified ANS	Operates online classified sites in Chile (Yapo.cl, 50% joint venture until June 2017), Brazil (olx.com.br, 25% joint venture until June 2017) and Bangladesh (ekhanei.com, closed down) (see note 4)
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)

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

	2018			2017				2016		
	Silver Brazil	Willhaben	Total	Silver Brazil	SnT	Other	Total	SnT	Other	Total
Interest held as at 31 December	**50.00%**	**50.00%**	**-**	**50.00%**	**n/a**	**-**	**-**	**50.00%**	**-**	**-**
Income statement and statement of comprehensive income:										
Operating revenues	62.6	-	-	25.6	3.1	-	-	3.9	-	-
Depreciation and amortisation	(1.1)	-	-	(0.5)	(0.1)	-	-	(0.1)	-	-
Interest income	0.4	-	-	0.2	-	-	-	-	-	-
Taxes	10.4	-	-	-	-	-	-	(0.1)	-	-
Profit (loss)	9.8	-	-	(6.0)	(13.1)	-	-	(19.2)	-	-
Profit (loss) attributable to non-controlling interests	-	-	-	-	(2.3)	-	-	(1.9)	-	-
Profit (loss) attributable to owners of the parent	9.8	-	-	(6.0)	(10.7)	-	-	(17.2)	-	-
Other comprehensive income attributable to owners of the parent	-	-	-	-	(0.4)	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	9.8	-	-	(6.0)	(11.1)	-	-	(17.2)	-	-
Share of profit (loss)	**4.9**	**2.6**	**7.5**	**(3.0)**	**(5.4)**	**1.4**	**(7.1)**	**(8.6)**	**1.9**	**(6.7)**
Share of other comprehensive income	-	-	-	-	(0.2)	-	(0.2)	-	(0.1)	(0.1)
Share of total comprehensive income	**4.9**	**2.6**	**7.5**	**(3.0)**	**(5.6)**	**1.4**	**(7.2)**	**(8.6)**	**1.9**	**(6.7)**
Balance sheet:										
Non-current assets	32.5	-	-	21.0	-	-	-	97.9	-	-
Other current assets	9.4	-	-	10.4	-	-	-	1.0	-	-
Cash and cash equivalents	11.7	-	-	2.2	-	-	-	7.9	-	-
Non-controlling interests	-	-	-	-	-	-	-	(2.5)	-	-
Non-current financial liabilities (excluding trade and other payables)	(4.9)	-	-	(5.4)	-	-	-	-	-	-
Other non-current liabilities	(7.6)	-	-	(3.2)	-	-	-	(0.3)	-	-
Current financial liabilities (excluding trade and other payables)	(2.2)	-	-	(0.1)	-	-	-	-	-	-
Other current liabilities	(19.7)	-	-	(8.8)	-	-	-	(1.9)	-	-
Net assets	**19.2**	**-**	**-**	**16.2**	**-**	**-**	**-**	**102.1**	**-**	**-**
Share of net assets	9.6	-	-	8.1	-	-	-	51.1	-	-
Goodwill	352.2	-	-	393.5	-	-	-	4.9	-	-
Carrying amount as at 31 December	**361.8**	**5.7**	**367.5**	**401.6**	**-**	**3.5**	**405.1**	**56.1**	**2.5**	**58.6**

The table above shows figures on a 100% basis. Adevinta's share is presented on separate line items. "Other" includes Adevinta's share of all individually immaterial joint ventures.

In 2017, the SnT figures relate to yapo.cl, olx.com.br and ekhanei.com, in the period from January to June 2017. The Silver Brazil figures relate to olx.com.br in the period from July to December 2017.

At the end of June 2017, Adevinta acquired Telenor's 25% interest in olx.com.br and its 50% interest in Yapo.cl. The acquisition was part of a larger agreement with Telenor further described in note 4. The transaction in respect of olx.com.br is accounted for as an increase in ownership interest from 25% to 50% under the equity method. The transaction in respect of Yapo.cl is accounted for as a business combination where ownership interest increased from 50% joint venture to 100% subsidiary.

NOTE 6: OPERATING SEGMENTS

Principle

This note has been prepared on the intended reporting structure to Adevinta's chief operating decision maker, defined as the CEO. The operating segments reflect an allocation based on geographical location.

Adevinta's operating segments consist of online classified operations in France, Spain, Brazil and Global Markets.

- France comprises Leboncoin, MB Diffusion, Kudoz, Avendrealouer and Videdressing.
- Spain comprises primarily of Coches, FotoCasa, Vibbo, Milanuncios, InfoJobs and Habitaclia.
- Brazil comprises OLX Brazil joint venture and Infojobs Brazil. In the Combined Income Statement and Combined Statement of Financial Position of Adevinta, OLX Brazil is accounted for using the equity method of accounting. In the Brazil segment figures are presented based on 100% basis to reflect how Brazil is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Combined Income Statement and Combined Statement of Financial Position.
- Global Markets comprises primarily Subito and Infojobs in Italy, Daft, Done Deal and Adverts in Ireland, Hasznaltauto and Jofogas in Hungary, Fincaraiz in Colombia, Yapo in Chile, Segundamano in Mexico, Kufar in Belarus, Tayara in Tunisia, Avito in Morocco, Corotos in Dominican Republic and Shpock in Austria, Germany, United Kingdom and Italy.

Other/ Headquarters comprise operations not included in the four reported operating segments, including Adevinta's headquarter and centralised functions such as centralised product and technology development.

Eliminations comprise intersegment sales. Transactions between operating segments are conducted on normal commercial terms. In addition reconciling items related to OLX Brazil is presented here.

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

See also note 7 for Disaggregation of revenues.

Operating revenues and profit (loss) by operating segments

2018	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	**305.6**	**160.0**	**68.9**	**117.9**	**4.7**	**(62.6)**	**594.6**
Operating revenues from other segments	1.0	-	-	0.4	2.3	(3.7)	-
Operating revenues	**306.6**	**160.0**	**68.9**	**118.3**	**7.1**	**(66.2)**	**594.6**
Gross operating profit (loss) ex. Investment phase	**169.3**	**47.1**	**2.6**	**12.7**	**(34.8)**	**(2.7)**	**194.1**
Gross operating profit (loss)	**169.3**	**47.1**	**2.6**	**(30.4)**	**(34.8)**	**(2.7)**	**151.0**
Depreciation and amortisation	(5.7)	(6.3)	(2.1)	(6.5)	(6.9)	1.1	(26.5)
Share of profit (loss) of joint ventures and associates	(1.9)	-	-	3.8	-	4.9	6.8
Impairment loss	-	-	(0.1)	(47.9)	(8.7)	-	(56.6)
Other income and expenses	0.6	(2.1)	-	(3.0)	(1.8)	-	(6.3)
Operating profit (loss)	**162.2**	**38.7**	**0.4**	**(84.0)**	**(52.2)**	**3.3**	**68.4**

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 2018, investment phase operations contributed Operating revenues of EUR 27.9 million and reduced Gross operating profit by EUR 43.1 million.

For information regarding Other income and expenses, see Note 11.

2017	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	**259.1**	**137.7**	**53.3**	**106.0**	**1.5**	**(46.2)**	**511.4**
Operating revenues from other segments	0.5	-	-	1.1	2.3	(4.0)	-
Operating revenues	**259.7**	**137.7**	**53.3**	**107.1**	**3.8**	**(50.2)**	**511.4**
Gross operating profit (loss) ex. Investment phase	**151.9**	**34.4**	**(5.5)**	**7.7**	**(39.3)**	**5.7**	**155.0**
Gross operating profit (loss)	**151.9**	**34.4**	**(5.5)**	**(51.5)**	**(39.3)**	**5.7**	**95.8**
Depreciation and amortisation	(3.9)	(5.3)	(2.0)	(7.4)	(4.2)	1.1	(21.6)
Share of profit (loss) of joint ventures and associates	(2.0)	-	-	(7.9)	-	(3.6)	(13.5)
Impairment loss	-	-	(0.1)	(0.1)	(1.0)	-	(1.1)
Other income and expenses	3.8	(2.6)	-	137.2	0.9	-	139.3
Operating profit (loss)	**149.8**	**26.5**	**(7.6)**	**70.4**	**(43.5)**	**3.2**	**198.8**

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 2017, investment phase operations contributed Operating revenues of EUR 24.0 million and reduced Gross operating profit by EUR 59.2 million.

For information regarding Other income and expenses, see Note 11.

2016	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	**214.1**	**110.7**	**29.8**	**87.3**	**2.5**	**(23.5)**	**421.1**
Operating revenues from other segments	0.1	0.1	-	1.6	5.9	(7.8)	-
Operating revenues	**214.2**	**110.8**	**29.8**	**88.9**	**8.5**	**(31.2)**	**421.1**
Gross operating profit (loss) ex. Investment phase	**128.3**	**23.7**	**(21.0)**	**(0.1)**	**(20.1)**	**21.7**	**132.6**
Gross operating profit (loss)	**128.3**	**23.7**	**(21.0)**	**(70.9)**	**(20.1)**	**21.7**	**61.8**
Depreciation and amortisation	(1.9)	(2.8)	(0.8)	(7.0)	(2.5)	0.8	(14.3)
Share of profit (loss) of joint ventures and associates	(2.7)	-	-	(8.9)	-	(6.2)	(17.8)
Impairment loss	(0.4)	-	(0.1)	-	(0.1)	-	(0.6)
Other income and expenses	0.8	(2.9)	-	(0.6)	(0.8)	-	(3.4)
Operating profit (loss)	**124.1**	**18.0**	**(21.8)**	**(87.4)**	**(23.5)**	**16.3**	**25.7**

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 2016, investment phase operations contributed Operating revenues of EUR 16.5 million and reduced Gross operating profit by EUR 70.8 million.

For information regarding Other income and expenses, see Note 11.

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 customer's location. Operating revenues presented in the table below are revenues from external customer. Non-current assets are attributed based on the geographical location of the assets.

	2018	2017	2016
Operating revenues			
France	305.6	259.1	214.1
Spain	160.3	138.2	111.1
Other Europe	100.2	90.2	79.0
Other countries	28.4	23.9	16.8
Total	**594.6**	**511.4**	**421.1**
Non-current assets			
France	505.8	497.5	471.6
Spain	487.0	487.3	423.2
Other Europe	218.4	223.7	244.7
Other countries	484.8	577.8	112.2
Total	**1 696.1**	**1 786.3**	**1 251.9**

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

Principle

Adevinta has implemented IFRS 15 Revenue from Contracts with Customers effective 1 January 2018. IFRS 15 supersedes IAS 11 Construction contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Adevinta has applied the following principles for 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 recognized as the ads are displayed.

Classifieds

Listing fees in contracts entitling the customer to have an ad displayed for a defined maximum period of time is recognized 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 recognized over that period. Revenue from other premium products benefiting the customer in a pattern similar to that of a listing fee is recognized over the applicable period similar to listing fees.

Revenue is measured at the fair value of the goods or services delivered or received, depending on which item that can be measured reliably.

Estimation uncertainty

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

Effects of implementing new accounting standard on revenue recognition

The recognition of the majority of the revenue of Adevinta is not affected by the new standard. This applies to brand advertising revenues being recognised as the ads are displayed. The policy change from the implementation of IFRS 15 that primarily affects Adevinta is related to the period over which certain revenue streams from online classifieds operations are recognised. Revenue from certain listing fees and premium products were up and until 31 December 2017 recognised when the ad was initially displayed or when the premium products were initially activated. From 1 January 2018 listing fees in contracts entitling the customer to have an ad displayed for a defined maximum period of time is 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.

The new standard is implemented retrospectively applying the modified retrospective method. Under this method, the comparative information is not restated. The cumulative effect of initially applying IFRS 15 of EUR 3.7 million (net of tax) is recognized as a reduction to the opening balance of equity at 1 January 2018. Below is presented the effects of applying IFRS 15 compared to the amounts that would have been reported applying the former accounting policies:

Combined Statement of Financial Position	31 December 2018	1 January 2018
Decrease in Investments in joint ventures and associates	(0.5)	(0.5)
Decrease in total assets	**(0.5)**	**(0.5)**
Decrease in Other current liabilities	(46.6)	(40.6)
Increase in Contract liabilities	51.2	45.1
Decrease in Deferred tax liabilities	(1.4)	(1.3)
Decrease in Equity attributable to owners of the parent	(3.6)	(3.7)
Decrease in Non-controlling interests	-	-
Decrease in equity and liabilities	**(0.5)**	**(0.5)**

Combined Income Statement	2018
Decrease in Operating revenues	(0.1)
Decrease in Gross operating profit (loss) / Operating profit (loss) / Profit (loss) before taxes	(0.1)
Decrease in Taxes	0.2
Increase in Profit (loss)	0.1
Decrease in Profit (loss) attributable to non-controlling interests	-
Increase in Profit (loss) attributable to owners of the parent	0.1

Revenue from contracts with customers

	2018
Revenue from contracts with customers	594.3
Other revenues	0.3
Operating revenues	**594.6**

Contracts with customers typically have a contract period of one year or less and do not contain significant variable consideration.
The revenue is measured at the transaction price agreed under the contract. No element of financing is deemed present as the sales are normally made with credit terms of 30-60 days, which is consistent with local market practice. While deferred payment terms exceeding normal credit terms may be agreed in rare circumstances, the deferral never exceeds twelve months.
Adevinta has no significant obligations for refunds, warranties and other similar obligations.

Disaggregation of revenue

In the following table, revenue is disaggregated by category.

	2018	2017	2016
Advertising revenues	134.6	126.1	113.0
Classifieds revenues	450.8	377.3	298.6
Other operating revenues	9.1	7.9	9.5
Operating revenues (Note 6)	**594.6**	**511.4**	**421.1**

Contract asset and liabilities

The contract assets primarily relate to the 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 become unconditional. It is expected insignificant credit loss on contract assets. The contract liabilities relate to payments received in advance of performance under advertising and classified contracts. Contract liabilities are recognized as revenue when we perform under the contract.

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 2018	**76.6**	**0.9**	**45.1**
Net of cash received and revenues recognized during the period	5.7	2.0	6.4
Transfer from contract assets recognised at the beginning of the period to receivables	0.9	(0.9)	-
Business combination	0.6	-	-
Impairment losses recognised	(1.9)	-	-
Currency translation	(0.2)	(0.1)	(0.3)
Balance as at 31 December 2018	**81.6**	**2.0**	**51.2**

All contracts have duration of one year or less, hence contract liability at the beginning of the period are recognized as revenue during the period. Remaining performance obligations at the reporting date have original expected durations of one year or less. Adevinta applies the practical expedient in IFRS15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Contract costs

In 2018 there was no significant incremental commission fees capitalized and no impairment loss related to capitalized contract costs was recognized.

NOTE 8: OTHER OPERATING EXPENSES

	2018	2017	2016
Commissions	12.3	11.2	6.8
Rent. maintenance. office expenses and energy	18.4	14.7	12.4
Marketing spend	116.9	117.5	123.2
Professional fees	33.3	28.4	31.7
Travelling expenses	8.5	7.9	6.5
IT expenses	38.3	32.6	19.9
Other operating expenses	14.7	20.7	13.2
Total	**242.3**	**233.0**	**213.8**

NOTE 9: PERSONNEL EXPENSES AND REMUNERATION

Principle

Employees in certain countries have retirement plans, which is defined contribution plans. Under the defined contribution plans the company pays an agreed annual contribution to the employee's pension plan, but any risk related to future pension is borne by the employee. In a defined contribution plan, 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, i.e. there is no liability to record in the statement of financial position.

Adevinta has some pension plans that are classified as defined benefit plans, see note 21 Other non-current and current liablities.

	2018	2017	2016
Salaries	158.5	148.9	116.1
Social security costs	43.3	37.5	27.7
Net pension expenses	2.2	2.2	2.0
Share-based payment	(0.6)	3.1	4.3
Other personnel expenses*	(2.2)	(9.2)	(4.6)
Total	**201.3**	**182.6**	**145.5**
Number of full time equivalents	3 637	3 230	2 501

** Other personnel expenses are deducted with amount of capitalised salaries and social security*

THE BOARD OF DIRECTORS' STATEMENT OF EXECUTIVE COMPENSATION

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

Adevinta ASA was established in November 2018, and Rolv Erik Ryssdal took the position as CEO for Adevinta on the 1st of December 2018. Adevinta has paid EUR 36,9 thousand in compensation to the CEO in 2018. As Adevinta Group will be established 9 April 2019, the terms and conditions of compensation arrangements for all other key management employees and directors for Adevinta were not in place as of December 31, 2018.

Remuneration to the Board of Directors

The new Board of Directors was appointed on 8 February 2019. Prior to this the Board of Directors consisted of Schibsted employees. Compensation to members of the new Board of Directors up to the Annual General Meeting in 2020 will be as determined by the Extraordinary General Meeting of Schibsted ASA held on 25 February 2019. Thereafter, compensation will be determined on an annual basis by the shareholders at the Company's Annual General Meeting.

NOTE 10: SHARE-BASED PAYMENT

Principle

In equity-settled share-based payment transactions with employees, the employee services and the corresponding equity increase is measured by reference to the fair value of the equity instruments granted. The fair value of the equity instruments are 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 is expected to vest. 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 is 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 balance sheet date and at settlement date, with changes in fair value recognised in profit or loss.

The programmes vested before 1 January 2018 is treated partly as share-based payment transactions settled in cash (tax) and partly as share-based payment transactions settled in equity (net payment in form of shares). The expense related to the portion that is recognised as a share-based payment transaction settled in equity is recognised in equity, while the expense related to the portion that is treated as a share-based payment transaction settled in cash is recognised as a liability.

The programmes vested from 1 January 2018 with transactions for which Adevinta is obliged to withhold tax on the employee's behalf is classified entirely as share-based payment transactions settled in equity.

Effects of implementing amendment to IFRS 2 Share-based Payment:
Adevinta has implemented amendments to IFRS 2 Share-based Payment. The amendment relates to share-based payment transactions with a net settlement feature for withholding tax obligations. The amendments to IFRS 2 are implemented prospectively. A payment liability of EUR 0.5 million recognised at 31 December 2017 related to unvested share-based payment transactions is reclassified to equity at 1 January 2018.

Long-term incentive programme
Some members of management and other key employees in Adevinta have historically been included in the share-based payment scheme of Schibsted. The programmes in question are the Senior Executive Plan and the Key Contributor Plan, both established in 2015, and the Long-term Incentive Plan, which was established in 2018.

All amounts presented below related to long-term incentives are in connection with these schemes and local programmes in Finderly GmbH and Distilled Sch Ltd. The cost related to the share-based payment scheme managed by Schibsted is charged to the Adevinta entities based on the origin of the services provided by the members of the share-based payment scheme.

	2018	2017	2016
Share-based cost in Adevinta (included in personnel expenses)	**(0.6)**	**3.1**	**4.3**
Of which is equity-settled	0.9	1.0	1.6
Of which is cash-settled	(1.4)	2.1	2.7

In 2018 a settlement of a local programme effected the cash-settled share-based cost positively by EUR 1.8 millon.

	2018	2017	2016
Liabilities arising from share-based payment transactions in Adevinta	2.6	5.7	4.5

Settlement of rights under existing Schibsted schemes
Existing awards under the Key Contributor Plan and the Long-term Incentive Plan held by participants who will transfer to Adevinta as part of the Separation will be settled in connection with the Listing so as to align their incentives with Adevinta. Awards under the Key Contributor Plan will be settled in cash. Payment will be made in two cash tranches. The first cash payment will be made on or about the date of the Listing whilst the second payment will be made one year after the date of Listing. Participants must be in Adevinta employment in order to be eligible for either cash payment.

Existing awards under the Senior Executive Plan will vest according to the existing schedule, with vesting dates in December 2019, 2020 and 2021 respectively. Settlement will be made in cash according to the existing terms of the Senior Executive Plan. The only condition for receiving settlement is continued employment. For participants who transfer to Adevinta as part of the Separation, the condition for settlement will be continued employment with Adevinta as of the vesting dates of the awards.

Existing awards under the Long-term Incentive Plan will be measured as of the date of the Listing, and settled with shares in Schibsted based on this measurement. Awards will be reduced on a pro rata basis to reflect that they are settled before the original vesting date. Participants will be required to sell the Schibsted shares received as settlement of the awards and use the net proceeds to acquire B-Shares in Adevinta. These B-Shares will be subject to continues employment and a one-year holding period.

Share-saving program for all Adevinta employees
Adevinta has historically been included in the share-saving program of Schibsted. All employees have been invited to save up to 5 percent, but a maximum of NOK 50,000, annually of their base gross salary through payroll deductions in order to purchase shares in Schibsted. The shares have been purchased on market terms four times a year, after the release of Schibsted's quarterly results. Unless otherwise decided by Schibsted's Board of Directors, participants employed by Adevinta will receive one free bonus share from Schibsted per two shares purchased and held for two years.

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 operating activities and not being reliable indicators of underlying operations. Other income and expenses include items such as restructuring costs, acquisition-related costs, gains or losses on sale or remeasurement of assets, investments of operations and other expenses. Acquisition-related costs may include both costs related to acquisitions done and transactions that were not completed.

	2018	2017	2016
Gain on sale of subsidiaries. joint ventures and associates	1.3	91.5	1.3
Gain from remeasurement on equity interests in business combinations	-	52.3	-
Other income or gain	**1.3**	**143.8**	**1.3**
Restructuring costs	(7.0)	(3.0)	(4.0)
Other expenses	(0.7)	(1.5)	(0.7)
Other expenses or loss	**(7.6)**	**(4.5)**	**(4.7)**
Total	**(6.3)**	**139.3**	**(3.4)**

Restructuring costs in 2018 are mainly related to personnel expenses and provisions for loss on office rental contracts.
Gain on sale of subsidiaries, joint ventures and associates in 2017 mainly comprises of a gain from the sale of the associate 701 Search Pte Ltd. See note 4 Changes in the composition of Adevinta.
Gain from remeasurement of equity interests in 2017 is primarily related to the step acquisition of Yapo.cl SpA. See note 4 Changes in the composition of Adevinta.

NOTE 12: FINANCIAL ITEMS

Financial income and expenses consists of:

	2018	2017	2016
Interest income	1.1	0.4	0.6
Net foreign exchange gain	-	-	7.8
Other financial income	0.1	0.3	0.1
Total financial income	**1.2**	**0.6**	**8.5**
Interest expenses	(13.1)	(11.4)	(10.2)
Net foreign exchange loss	(1.9)	(6.6)	-
Other financial expenses	(0.3)	(0.2)	(0.1)
Total financial expenses	**(15.3)**	**(18.3)**	**(10.3)**
Net financial items	**(14.1)**	**(17.6)**	**(1.8)**

Interest expenses in 2018, 2017 and 2016 includes EUR 0.9 million related to put options, see note 20 Financial liabilities related to business combinations and increases in ownership interests and note 24 Financial instruments by category.

Net foreign exchange gain (loss) in 2018, 2017 and 2016 are largely related to currency effects in Adevinta´s business in Latin America.

NOTE 13: INCOME TAXES

Principle

Current tax liabilities and assets are measured at 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 basis and the carrying amount of an asset or liability in the consolidated financial statements and the tax basis 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 amount 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 upon the likely timing and the level of future taxable profits together with tax planning strategies. For unrecognized deferred tax assets see table below.

Adevinta's income tax expense comprises the following:

	2018	2017	2016
Current income taxes	58.5	65.7	48.1
Deferred income taxes	2.7	(3.7)	(4.6)
Taxes	**61.2**	**62.0**	**43.5**
Of which recognised in profit or loss	61.3	62.1	43.6
Of which recognised in other comprehensive income	(0.1)	(0.1)	(0.1)
Of which recognised in equity	-	-	-

Adevinta's effective 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:

	2018	2017	2016
Profit (loss) before taxes	**54.3**	**181.2**	**23.9**
Estimated tax expense based on nominal tax rate in Norway	12.5	43.5	6.0
Tax effect share of profit (loss) of joint ventures and associates	(1.6)	3.2	4.4
Tax effect impairment loss goodwill	11.0	-	-
Tax effect gain from remeasurement on equity interests in business combinations	-	(12.5)	-
Tax effect other permanent differences	1.6	(6.2)	(0.5)
Change in unrecognised deferred tax assets	21.3	19.8	19.3
Effect of tax rate differentials abroad	16.5	14.3	14.4
Effect of changes in tax rates	-	-	-
Taxes recognised in profit or loss	**61.3**	**62.1**	**43.6**

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.

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

	2018	2017	2016
Current items	(3.3)	(0.1)	(0.2)
Intangible assets	82.5	88.8	83.3
Other non-current items	(1.7)	(9.4)	(3.2)
Unused tax losses	(126.1)	(113.8)	(106.4)
Calculated net deferred tax liabilities (assets)	**(48.6)**	**(34.5)**	**(26.5)**
Unrecognised deferred tax assets	117.1	100.8	88.9
Net deferred tax liabilities (assets) recognised	**68.5**	**66.3**	**62.4**
Of which deferred tax liabilities	72.3	70.4	69.0
Of which deferred tax assets	(3.7)	(4.1)	(6.6)

Adevinta's unused tax losses are mainly related to operations in United Kingdom, Mexico, Austria and Italy as well as other countries in which online classified operations has been established. The majority of the tax losses can be carried forward for an unlimited period. Approximately 25% of the unused tax losses expire during the first ten years.

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

	2018	2017	2016
As at 1 January	66.3	62.4	49.0
Change in accounting policy	(1.3)	-	-
Change included in tax expenses	2.7	(3.7)	(4.6)
Change from purchase and sale of subsidiaries		3.7	3.7
Reclassified to / from current income taxes	1.2	3.7	14.7
Translation differences	(0.4)	0.2	(0.5)
As at 31 December	**68.5**	**66.3**	**62.4**

Adevinta's unrecognised deferred tax assets are mainly related to foreign operations with recent tax losses where future taxable profits may not be available before unused tax losses expire. 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

Adevinta ASA was incorporated at the end of 2018. Accordingly, it had no shares outstanding in the periods presented. For calculation of earnings per share, the number of shares at incorporation date is used as denominator for all periods presented. Earnings per share is calculated by dividing profit (loss) attributable to owners of the parent by the number of shares outstanding. 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. As of 31 December there were no dilute shares.

	2018	2017	2016
Number of shares outstanding	1 000 000	1 000 000	1 000 000
Number of shares outstanding	**1 000 000**	**1 000 000**	**1 000 000**
Profit (loss) attributable to owners of the parent (EUR)	(7 379 027)	120 581 286	(20 070 177)
Earnings per share (EUR)	(7.38)	120.58	(20.07)
Diluted earnings per share (EUR)	(7.38)	120.58	(20.07)

NOTE 15: IMPAIRMENT ASSESSMENTS

Principle

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

Value in use is assessed by discounting estimated future cash flows. Estimated cash flows are based on management's experience and market knowledge for the given period, normally five years. For subsequent periods growth factors are used that do not exceed the long-term average rate of growth for the relevant market. Expected cash flows are discounted using an after tax discount rate that takes into account the expected long-term interest rate with the addition of a risk margin appropriate for 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 is expected to benefit from the synergies of the combination. Testing for impairment of goodwill is done by comparing recoverable amount and carrying amount of the same groups of cash-generating units as to which goodwill is allocated.

Impairment losses recognised in respect of cash-generating units are allocated first 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 if the loss no longer exists for all property, plant and equipment and intangible assets with the exception of goodwill where impairment losses are not reversed.

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. Correspondingly, the expected useful lives and residual values included in the calculation of depreciation and amortisation will be based on estimates.

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

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

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

		GOODWILL			TRADEMARKS, INDEFINITE		
	Operating segment	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
Marketplace operations France	France	436.1	427.2	406.4	94.1	94.1	94.1
Marketplace operations Spain	Spain	345.4	345.5	303.4	18.1	18.1	13.5
Marketplace operations Chile	Global Markets	60.4	115.6	-	6.3	6.8	-
Marketplace operations Italy. Austria. Germany and UK	Global Markets	4.9	4.9	4.9	22.9	22.9	22.9
Marketplace operations Ireland	Global Markets	37.6	37.5	37.5	16.1	16.1	16.1
Marketplace operations Spain. Italy and Mexico	Spain/Global Markets	-	-	-	128.9	128.9	128.9
Marketplace operations Hungary	Global Markets	26.8	27.7	27.7	-	-	-
Marketplace operations Morocco	Global Markets	21.3	20.8	21.9	-	-	-
Marketplace operations Mexico	Global Markets	28.8	27.3	29.7	-	-	-
Other CGUs		2.0	2.0	12.2	4.4	4.5	10.9
Total		**963.3**	**1 008.5**	**843.8**	**290.9**	**291.4**	**286.5**

Impairment testing / Impairment assessments

Adevinta recognised impairment losses related to goodwill of EUR 47.9 million in 2018 and EUR 0 million in 2017 and 2016.

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 takes 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 area of operations. Marketplace operations experience good growth. Adevinta has goodwill related to cash generating units in certain markets that presently recognise negative or low profitability due to large investments in market positions and immature monetization rates. Such units are dependent on future growth in profitability to recover goodwill.

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

The impairment losses of EUR 47.9 million related to goodwill in 2018 are impairment loss related to the cash-generating unit marketplace operations in Chile. After the impairment the carrying amount is equal to value in use.

Value in use of the marketplace operations in Chile is calculated using a pretax weighted average discount rate of 12.9 % and sustained growth of 3% in 2018. Changes in significant assumptions would have increased (decreased) recoverable amount (EUR million) of those operations as at 31 December 2018 as follows:

Pre-tax discount rate	+1%	(7.8)
	(1%)	9.7
Sustained growth	+1%	4.7
	(1%)	(3.9)

Value in use of the marketplace operations in Mexico is calculated using a pre-tax weighted average discount rate of 17.7% and sustained growth of 3% in 2018. Changes in significant assumptions would have increased (decreased) recoverable amount (EUR million) of those operations as at 31 December 2018 as follows:

Pre-tax discount rate	+1%	(3.6)
	(1%)	4.2
Sustained growth	+1%	1.5
	(1%)	(1.3)

An increase in pre-tax discount rate of one percentage point or a decrease in sustained growth of one percentage point would not have resulted in an impairment loss having to be recognised. The recoverable amount is also significantly affected by assumptions used for future cash flows which are uncertain. The estimated future cash flows may decrease by approximately 16% compared to the estimates actually used before any impairment loss would have to be recognised.

Pre-tax discount rates are determined by country and are in the range between 9.0% and 18.2%. Sustained growth is determined by cash generating unit and are in the range between 1.5% and 3%.

NOTE 16: INTANGIBLE ASSETS

Principle

Intangible assets are measured at its cost less accumulated amortisation and accumulated impairment losses. Amortisation of intangible assets with a definite useful life is allocated on a systematic basis over its useful life. Intangible assets with an indefinite useful life are not amortised. Costs of developing software and other intangible assets are recognised as an expense until all requirements for recognition as an asset are met. The requirements for recognition as an asset include, among other requirements, the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Costs incurred after the time that all the requirements for recognition as an asset are met are recognised as an asset. 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.

Subsequent expenditure incurred in the operating stage to enhance or maintain an intangible asset are normally recognised as an expense as the requirement to demonstrate probable increased economic benefits will normally not be met.

Intangible assets with a finite expected useful life are as a general rule amortised on a straight line basis over the expected useful life. The amortisation period of software and licenses is normally 3 years. Other intangible assets is 1.5-10 years. The amortisation method, expected useful life and any residual value are assessed annually.

Estimation uncertainty

Adevinta has significant activities related to developing new technology to facilitate digital transformation and products that improve the ability to offer targeted advertising and personalised products for customers. Costs of developing such technology is expensed until all requirements for recognition as an asset is met. When requirements for recognition as an asset are met, the sum of personnel and other operating expenses incurred are capitalised. The requirements for recognition as an asset include the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Determining whether cost shall be charged to expense or be recognised as an asset based on the existing requirements involves the use of judgement by management.

Development in net carrying amount in 2018	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	1 008.5	291.4	0.8	36.7	16.5	1 354.0
Additions	-	-	-	22.6	0.2	22.7
Acquired through business combinations	8.9	-	-	0.3	-	9.2
Disposals	-	-	-	(0.4)	-	(0.4)
Amortisation	-	-	(0.1)	(15.5)	(4.8)	(20.3)
Impairment losses	(47.9)	-	-	(8.7)	-	(56.6)
Translation differences	(6.3)	(0.5)	-	(0.7)	(0.1)	(7.5)
As at 31 December	**963.3**	**290.9**	**1.0**	**34.1**	**11.8**	**1 301.0**
Of which accumulated cost	1 187.8	291.4	24.6	141.8	34.4	1 680.0
Of which accumulated amortisation and impairment loss	(224.5)	(0.5)	(23.6)	(107.7)	(22.6)	(379.0)

Development in net carrying amount in 2017	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	843.8	286.5	0.9	26.5	11.0	1 168.6
Additions	-	-	-	20.6	-	20.6
Acquired through business combinations	175.6	11.0	-	2.8	10.4	199.7
Disposals on sale of businesses	(10.2)	(6.4)	-	(0.1)	-	(16.7)
Amortisation	-	-	-	(11.8)	(4.8)	(16.6)
Impairment losses	-	-	-	(1.1)	-	-1.1
Translation differences	(0.6)	0.3	-	(0.2)	-	-0.5
As at 31 December	**1 008.5**	**291.4**	**0.8**	**36.7**	**16.5**	**1 354.0**
Of which accumulated cost	1 186.3	292.0	24.2	120.9	34.4	1 657.8
Of which accumulated amortisation and impairment loss	(177.8)	(0.5)	(23.4)	(84.3)	(17.9)	(303.8)

Development in net carrying amount in 2016	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	812.8	283.1	1.5	16.8	7.4	1 121.6
Additions	-	-	0.1	16.0	0.2	16.3
Acquired through business combinations	34.5	3.4	-	3.2	5.4	46.5
Disposals	-	-	-	(1.1)	-	(1.1)
Amortisation	-	-	(0.7)	(7.6)	(1.9)	(10.2)
Impairment losses	-	-	-	(0.2)	-	(0.2)
Translation differences	(3.5)	0.1	-	(0.6)	(0.2)	(4.3)
As at 31 December	**843.8**	**286.5**	**0.9**	**26.5**	**11.0**	**1 168.6**
Of which accumulated cost	1 026.3	287.6	24.2	103.0	24.1	1 465.1
Of which accumulated amortisation and impairment loss	(182.4)	(1.0)	(23.3)	(76.5)	(13.1)	(296.4)

Additions in Software and licenses mainly consists of internally developed intangible assets. Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense when incurred. Impairment losses of EUR 8.7 million in 2018 from Software and licenses are related to closure of a joint generalist platform project and certain other projects.

NOTE 17: PROPERTY, PLANT AND EQUIPMENT

Principle

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

The depreciable amount (cost less residual value) of property, plant and equipment is allocated on a systematic basis over its useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

Costs of repairs and maintenance are recognised in profit or loss as incurred. Cost of replacements and improvements are recognised in the carrying amount of the asset.

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

Property, plant and equipment are depreciated on a straight line basis over their estimated useful life. Depreciation schedules reflect the assets' residual value. Items of property, plant and equipment where material components can be identified with different useful life are depreciated over the individual component's expected useful life. Buildings (25-50 years), Plant and machinery (5-20 years), Equipment, furniture and similar assets (3-10 years). The depreciation method, expected useful life and any residual value are reviewed annually.

Development in net carrying amount in 2018	Buildings	Equipment, furniture and similar assets	Total
As at 1 January	2.4	16.6	19.0
Additions	0.1	7.8	7.9
Acquisitions through business combinations	-	0.1	0.1
Disposals	-	(0.6)	(0.6)
Depreciation	(0.4)	(5.7)	(6.1)
Translation differences	-	(0.6)	(0.6)
As at 31 December	**2.1**	**17.6**	**19.7**
Of which accumulated cost	2.8	48.9	51.7
Of which accumulated depreciation and impairment loss	(0.7)	(31.4)	(32.1)

Development in net carrying amount in 2017	Buildings	Equipment, furniture and similar assets	Total
As at 1 January	-	14.6	14.6
Additions	2.5	7.2	9.7
Acquisitions through business combinations	-	0.4	0.4
Disposals	-	1.5	1.5
Depreciation	(0.1)	(4.9)	(5.0)
Impairment loss (reversal of loss)	-	0.1	0.1
Translation differences	-	(2.3)	(2.3)
As at 31 December	**2.4**	**16.6**	**19.0**
Of which accumulated cost	2.7	42.7	45.4
Of which accumulated depreciation and impairment loss	(0.3)	(26.0)	(26.4)

Development in net carrying amount in 2016	Buildings	Equipment, furniture and similar assets	Total
As at 1 January	-	10.0	10.0
Additions	-	5.7	5.7
Acquisitions through business combinations	-	0.2	0.2
Depreciation	-	(3.9)	(3.9)
Translation differences	-	2.6	2.6
As at 31 December	**-**	**14.6**	**14.6**
Of which accumulated cost	-	35.6	35.6
Of which accumulated depreciation and impairment loss	-	(21.0)	(21.0)

NOTE 18: OTHER NON-CURRENT AND CURRENT ASSETS

	NON-CURRENT			CURRENT		
	2018	**2017**	**2016**	**2018**	**2017**	**2016**
Trade receivables, net (note 7, 19)	-	-	-	81.6	76.6	71.3
Prepaid expenses and accrued revenue	2.2	2.1	2.1	21.0	36.9	15.3
Gross debit positions in Schibsted cash-pooling arrangement (note 22)	-	-	-	236.8	182.6	103.0
Other receivables	7.2	7.1	13.2	47.7	40.9	26.9
Total	**9.4**	**9.2**	**15.3**	**387.2**	**336.9**	**216.5**

NOTE 19: TRADE RECEIVABLES

	2018	**2017**	**2016**
Trade receivables	89.7	84.4	74.5
Less provision for expected credit loss on trade receivables (note 24)	(8.0)	(7.9)	(3.2)
Trade receivables (net)	**81.6**	**76.6**	**71.3**

The aging of the past due, not impaired trade receivables:

	2018	**2017**	**2016**
Up to 45 days	14.3	13.2	13.2
More than 45 days	14.1	14.9	11.9
Total	**28.5**	**28.1**	**25.1**

For information regarding trade receivables transferred from contract assets during 2018, see Note 7. For information regarding IFRS 9 effects, see note 22.

NOTE 20: FINANCIAL LIABILITIES RELATED TO BUSINESS COMBINATIONS AND INCREASES IN OWNERSHIP INTERESTS

Principle

Contingent consideration in business combinations and the present value of future consideration to be paid related to non-controlling interests' put options over shares in subsidiaries are recognised as financial liabilities. 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 balance sheet 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 Financial instruments by category for principles related to financial instruments.

Estimation uncertainty

The liabilities are measured at fair value which is based on the best estimate of future considerations. The estimates take into account the principles for determination of the consideration in the existing agreements. The estimates take further into account, when relevant, management's expectations regarding future economic development used in determining recoverable amount in impairment tests. The estimate can be changed in future periods as the consideration to be paid is dependent upon future fair value as well as future results. Estimation uncertainty is significantly reduced due to settlement of non-controlling interests' put option in January 2019, see note 29 for further information.

Development in net carrying amount	Non-controlling interests' put options 2018	2017	2016	Contingent considerations 2018	2017	2016
As at 1 January	90.0	92.8	83.2	0.1	0.1	1.8
Additions	-	-	-	-	-	0.1
Settlement	(10.3)	-	-	(0.1)	-	(1.8)
Change in fair value recognised in equity	20.9	(3.8)	8.7	-	-	-
Interest expenses	0.9	0.9	0.9	-	-	-
Translation differences	-	-	-	-	-	(0.1)
As at 31 December	**101.5**	**90.0**	**92.8**	**-**	**0.1**	**0.1**
Of which non-current (note 21)	-	-	21.4	-	-	-
Of which current (note 21)	101.5	90.0	71.4	-	0.1	0.1
The maturity profile of the financial liabilities						
Maturity within 1 year	101.5	90.0	71.4	-	0.1	0.1
Maturity between 1 and 2 years	-	-	21.4	-	-	-

The non-controlling interests' put option related to Finderly GmbH was settled in 2018.
The most significant liabilities related to non-controlling interests' put options in 2017 and 2016 are related to shareholdings in Schibsted Classified Media Spain S.L and Finderly GmbH.
For information on non-controlling interests' put option settled after 31 December 2018, see note 29

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 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 on the basis of the best estimate of anticipated expenses. If the effect is material, anticipated future cash flows will be discounted, using a current pre-tax interest rate that reflects the risks specific to the provision.

Contingent liabilities and contingent assets are a possible obligation or a possible asset that may be incurred depending on the outcome of a future event, and is not recognised in the financial statements. Contingent liabilities are disclosed unless the probability that an economic settlement will be required to settle the obligation is remote. Contingent assets are disclosed where an inflow of economic benefits are probable.

	NON-CURRENT 2018	2017	2016	CURRENT 2018	2017	2016
Financial liabilities related to non-controlling interests' put options (note 20)	-	-	21.4	101.5	90.0	71.4
Trade payables	-	-	-	42.9	54.5	51.0
Prepaid revenues	-	-	-		38.9	29.6
Public duties payable	-	-	-	21.9	20.7	13.0
Accrued salaries and other employment benefits	1.8	1.7	4.3	24.6	18.1	11.9
Accrued expenses	-	-	-	8.2	8.8	7.3
Provision for restructuring costs	-	-	-	2.2	0.1	0.1
Pension liabilities	1.7	1.2	0.8	-	-	-
Other liabilities	0.8	1.6	0.4	34.3	38.9	24.3
Total	**4.3**	**4.5**	**26.9**	**235.6**	**270.0**	**208.5**

Pension liabilities are defined benefit obligations from companies in France. Prepaid revenues and deferred revenues included in other liabilities for 2016 and 2017 are reported seperately for 2018 as contract liabilities in the combined statements of financial position, following implementation of IFRS 15

NOTE 22: FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT AND FUNDING

Adevinta has for the periods presented in the combined financial statements been part of Schibsted´s capital management and funding. For the periods presented in the combined financial statements, risk management activities have been carried out by Schibsted Treasury department on Adevinta's behalf. The information in this section describes risk management practises of Schibsted. Schibsted's approach to risk management includes identifying, evaluating and managing risk in all activities using a top-down approach with the purpose of avoiding sub-optimization and utilising correlations observed from a Schibsted perspective. Schibsted's policy for capital management and funding might not be representative for Adevinta in the future.

Schibsted's strategy and vision imply a high rate of change and development of the Schibsted's operations. Schibsted's capital structure must be sufficiently robust in order to maintain the desired freedom of action and utilise growth opportunities based on strict assessments relating to allocation of capital.

Adevinta's capital consists of net interest-bearing debt and equity:

	2018	2017	2016
Non-current interest-bearing borrowings	1.8	1.3	2.0
Non-current interest-bearing borrowings from Schibsted ASA	317.9	69.5	47.8
Gross credit positions in Schibsted cash-pooling arrangement	128.9	488.4	250.6
Gross debit positions in Schibsted cash-pooling arrangement	(236.8)	(182.6)	(103.0)
Current interest-bearing borrowings	0.0	0.5	0.6
Cash and cash equivalents	(55.1)	(37.4)	(79.4)
Net interest-bearing debt	**156.5**	**339.7**	**118.6**
Equity	1 331.7	1 255.5	954.8
Net gearing (net interest-bearing debt/equity)	0.12	0.27	0.12

FINANCIAL RISKS

Adevinta is exposed to financial risks, such as currency risk, interest rate risk, credit risk and liquidity risk. Group treasury at Schibsted level has for the periods covered been responsible for keeping Adevinta's exposure in financial risks in accordance with the financial strategy over time.

CURRENCY RISK

Adevinta has EUR as its presentation currency, but is through its operations in other currencies also exposed to fluctuations in the 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), Pound sterling (GBP) and US Dollar (USD). Adevinta has for the periods presented been part of Schibsted's risk management policy, and currency risk has been handled centrally.

INTEREST RATE RISK

Adevinta's interest rate risk is mainly related to Adevinta's interest bearing liabilities and assets. This risk has been managed at parent level by Schibsted ASA. The Schibsted Group's policy is that all intra-group loans and deposits should have floating interest rate.

CREDIT RISK

Trade receivables are dispersed on 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 and receivables from majority investor, represents maximum credit exposure. The exposure as at 31 December 2018 is disclosed in note 24 Financial instruments by category. Exposure related to Adevinta's trade receivables is disclosed in note 19 Trade receivables.

LIQUIDITY RISK

Liquidity risk is the risk that Adevinta is not able to meet its payment obligations. At year-end Adevinta's portfolio of loans and loan facilities consist of gross positions in Schibsted cash pool arrangement and non-current interest-bearing borrowings from Schibsted ASA. Adevinta has a strong cash flow from operating activities and the liquidity risk is considered limited.

As of 31 December 2018 Adevinta has a liquidity reserve of EUR 55.1 million and net interest-bearing debt is EUR 156.5 million. The liquidity reserve corresponds to 9.27 % of Adevinta's turnover. As of 31 December 2017 Adevinta had a liquidity reserve of EUR 37.4 million and net interest-bearing debt is EUR 339.7 million. The liquidity reserve corresponds to 7.3 % of Adevinta's turnover. At the end of 2016 Adevinta's liquidity reserve was EUR 79.4 million, and net interest-bearing debt, to Schibsted, was EUR 118.6 million, where the liquidity reserve corresponded to 18.8 % of Adevinta's turnover.

CAPITAL MANAGEMENT AND FUNDING FOLLOWING THE IPO

Following the IPO, Adevinta will manage its financing structure and liquidity requirements independently. Adevinta's liquidity requirements arise primarily from the requirement to fund its operating expenses and working capital requirements, investments in product development on its sites, capital expenditures and payment of interest on its debt. Adevinta's principal sources of liquidity will be cash generated from its operations and debt financing from banks. Available liquidity (cash, cash equivalents and available long-term bank facilities) should at all times be equal to at least 10% of expected annual revenues.

At completion of the demerger Adevinta's aggregate debt to Schibsted will be EUR 116.2 million, of which EUR 16.2 million is equal to the net interest-bearing debt from Schibsted as of 31 December 2018 (after adjusting for the effect of the demerger) and EUR 100 million relates to Schibsted's financing of the consideration paid for the minority stake in SCM Spain in January 2019.

In connection with the listing, Adevinta plans to settle the debt to Schibsted and replace with new external financing. The new loan facility will consist of a multi-currency revolving credit facility.

NOTE 23: INTEREST-BEARING DEBT

	CARRYING AMOUNT			FAIR VALUE		
	2018	2017	2016	2018	2017	2016
Non-current interest-bearing liabilities						
Bank loans	1.8	1.3	2.0	1.8	1.3	2.0
Non-current interest-bearing borrowings from Schibsted ASA	317.9	69.5	47.8	317.9	69.5	47.8
Gross credit positions in Schibsted cash-pooling arrangement	128.9	488.4	250.6	128.9	488.4	250.6
Total non-current interest-bearing liabilities	**448.5**	**559.2**	**300.4**	**448.5**	**559.2**	**300.4**
Current interest bearing liabilities						
Bank loans. overdrafts	-	-	-	-	-	-
Other loans	-	0.5	0.6	-	0.5	0.6
Total current interest-bearing liabilities	-	0.5	0.6	-	0.5	0.6
Total interest-bearing liabilities	**448.5**	**559.7**	**301.0**	**448.5**	**559.7**	**301.0**

NET INTEREST-BEARING LIABILITY TO PARENT COMPANY (CURRENT)

Schibsted has a centralised approach to cash management that operates as an internal banking system (cash pool). Balances owed to, or owing from, Adevinta entities under the Schibsted ASA centralised cash management internal banking system have been presented gross in the Combined statement of financial position and included in "Other non-current liabilities" and "Other current assets".

CREDIT FACILITIES

Schibsted ASA has a long-term revolving credit facility of EUR 300 million. The facility was not drawn as at 31 December 2018. See note 22 for funding of Adevinta following the IPO.

NOTE 24: FINANCIAL INSTRUMENTS BY CATEGORY

Principle

NEW STANDARDS IMPLEMENTED

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement, from 1 January 2018. IFRS 9 has been implemented retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Equity instruments held at date of implementation will be presented with subsequent changes in fair value in other comprehensive income. Related AFS reserve will be reclassified from accumulated OCI to retained earnings.

The classification and measurement requirements of IFRS 9 did not have a significant impact to Adevinta. Adevinta continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of Adevinta's financial assets:

- Trade receivables and Other non-current financial assets classified as Loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

- Equity investments in non-listed companies classified as AFS financial assets as at 31 December 2017 are classified and measured as Equity instruments designated at fair value through OCI beginning 1 January 2018. Adevinta elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

The implementation impact of IFRS 9 is immaterial, and Schibsted's equity as at January 2018 have consequently not been adjusted upon adoption of the standard. In accordance with the IFRS 9's transitional provisions, comparative figures have not been restated.

PRINCIPLE

Adevinta initially recognizes loans, receivables and deposits on the date that they are originated. All other financial assets and financial liabilities (including financial assets designated at fair value through profit or loss or other comprehensive income) are recognized 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, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Adevinta classifies at initial recognition its financial instruments in one of the following categories: Financial assets or financial liabilities at fair value through profit or loss, Financial assets at amortized cost, Equity instruments designated at fair value through OCI and Financial liabilities at amortized cost. The classification 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 at fair value through profit or loss are financial assets held for trading and acquired primarily with a view of selling in the near term. Adevinta does not have any financial assets or financial liabilities at fair value through profit or loss.

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The category is included in the balance sheet items Other non-current assets, Trade and other receivables and Cash and cash equivalents. After initial measurement, financial assets at amortized cost are measured at amortized cost using the effective interest method, reduced by any impairment loss. 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 are for practical reasons not amortized. Effective interest related to financial assets at amortized cost is recognized in profit or loss as Financial income.

Adevinta elected to classify irrevocably all its investments in non-listed equity instruments as equity instruments designated at fair value through OCI (FVOCI) when they meet the definition of equity under IAS 32 Financial instruments: Presentation. When designated at FVOCI, items are not recycled through profit and loss upon derecognition. Exception is made for dividends which are recognised as other income and expense in the statement profit and loss. Carrying amount of investment in equity instruments is included in the balance sheet 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 amortized cost. The category other financial liabilities is included in the balance sheet items Non-current interest-bearing borrowings, Other non-current liabilities, Current interest-bearing borrowings and Other current liabilities. After initial measurement, financial liabilities at amortized cost are measured at amortised cost using the effective interest method. Effective interest is recognized in income as financial expenses. The carrying amounts of Non-current interest-bearing borrowings from Schibsted ASA and Gross credit positions in Schibsted cash-pooling arrangement are assumed to be the same as their fair values, due to floating interest rate and no transaction costs. Short-term financial liabilities are for practical reasons not amortized.

Financial assets are derecognized 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 derecognized when the obligation is discharged, cancelled or expires. Any rights and obligations created or retained in such a transfer are recognized separately as assets or liabilities.

Financial assets and liabilities are offset, and the net amount presented in the balance sheet when Adevinta has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

For the years prior to 1 January 2018 Adevinta have used the incurred loss model when assessing credit quality of financial instruments. From 1 January 2018 Adevinta has assessed at each balance sheet date the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of Expected Credit Loss (ECL) recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. The simplified approach using lifetime ECL forms the basis for the assessment.

For trade and other receivables Adevinta has applied the practical expedient, the carrying amount is reduced through the use of an allowance account reflecting the lifetime expected credit losses for trade and other receivables, and the loss is recognized as other operating expenses in the income statement. Impairment of all other financial assets are recognized as financial expenses.

Fair value of financial instruments is based on quoted prices at the balance sheet 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 date of the balance sheet. The forward rate addition and deduction is recognized 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 valuation method:

Level 1: Valuation based on quoted 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: Valuation based on inputs for the asset or liability that are unobservable market data.

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 recognized in other comprehensive income is recognized in the line item Exchange differences on translating foreign operations. Changes in fair value recognized in profit or loss are presented in the line item Financial expenses and Other income and expenses.

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. Estimation uncertainty is significantly reduced due to settlement of non-controlling interests' put option in January 2019, see note 29 for further information.

31 December 2018	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial liabilities at amortised cost	Total
Other non-current assets	18	7.1	2.3		9.4
Trade and other receivables	18, 19	387.2			387.2
Cash and cash equivalents		55.1			55.1
Total assets		**449.4**	**2.3**	**-**	**451.8**
Non-current interest-bearing borrowings	23			448.5	448.5
Other non-current liabilities	21			0.8	0.8
Other current liabilities	21			208.6	208.6
Total liabilities		**-**	**-**	**657.9**	**657.9**

31 December 2017	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial liabilities at amortised cost	Total
Other non-current assets	18	9.1	-	-	9.2
Trade and other receivables	18, 19	336.9	-	-	336.9
Cash and cash equivalents		37.4	-	-	37.4
Total assets		**383.5**	**-**	**-**	**383.5**
Non-current interest-bearing borrowings	23	-	-	559.2	559.2
Other non-current liabilities	21	-	-	1.6	1.6
Current interest-bearing borrowings	23	-	-	0.5	0.5
Other current liabilities	21	-	-	212.9	212.9
Total liabilities		**-**	**-**	**774.2**	**774.2**

31 December 2016	Note	Financial assets at amortised cost	Equity instruments at fair value through OCI	Financial liabilities at amortised cost	Total
Other non-current assets	18	15.2	0.1	-	15.3
Trade and other receivables	18, 19	216.5	-	-	216.5
Cash and cash equivalents		79.4	-	-	79.4
Total assets		**311.0**	**0.1**	**-**	**311.1**
Non-current interest-bearing borrowings	23	-	-	300.4	300.4
Other non-current liabilities	21	-	-	21.8	21.8
Current interest-bearing borrowings	23	-	-	0.6	0.6
Other current liabilities	21	-	-	166.9	166.9
Total liabilities		**-**	**-**	**489.7**	**489.7**

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

31 December 2018	Level 1	Level 2	Level 3	Total
Equity instruments at fair value through OCI	-	-	2.3	**2.3**
Financial liabilities related to business combinations and increases in ownership interests (note 20)	-	-	101.5	**101.5**

31 December 2017	Level 1	Level 2	Level 3	Total
Equity instruments at fair value through OCI	-	-	-	**-**
Financial liabilities related to business combinations and increases in ownership interests (note 20)	-	-	90.0	**90.0**

31 December 2016	Level 1	Level 2	Level 3	Total
Equity instruments at fair value through OCI	-	-	0.1	**0.1**
Financial liabilities related to business combinations and increases in ownership interests (note 20)	-	-	92.9	**92.9**

Changes in level 3 instruments:

	2018	2017	2016
Net carrying amount 1 January	(90.0)	(92.8)	(84.9)
Additions	2.3	-	(0.1)
Disposals	-	(0.1)	-
Settlements	10.3	-	1.8
Changes in fair value recognised in equity	(20.9)	3.8	(8.7)
Changes in fair value recognised in other comprehensive income	-	-	0.1
Changes in fair value recognised in profit or loss	(0.9)	(0.9)	(0.9)
Net carrying amount 31 December	**(99.2)**	**(90.0)**	**(92.8)**

NOTE 25: NON-CONTROLLING INTERESTS

2018	Location	Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI
Distilled SCH group	Dublin, Ireland	50.00%	2.1	14.3	2.9
Finderly GmbH	Vienna, Austria	-	(2.8)	-	-
SCM Spain S.L	Barcelona, Spain	10.00%	2.7	-	0.5
Other			(1.6)	(0.3)	-
Total			**0.4**	**13.9**	**3.4**

2017	Location	Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI
Distilled SCH group	Dublin, Ireland	50.00%	1.4	15.1	2.5
Finderly GmbH	Vienna, Austria	9.05%	(3.4)	-	-
SCM Spain S.L	Barcelona, Spain	10.00%	1.7	-	0.3
Other			(1.2)	0.2	-
Total			**(1.5)**	**15.3**	**2.8**

2016	Location	Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI
Distilled SCH group	Dublin, Ireland	50.00%	0.8	16.5	-
Finderly GmbH	Vienna, Austria	9.05%	(3.2)	-	-
SCM Spain S.L	Barcelona, Spain	10.00%	1.5	-	0.6
Other			1.2	(0.8)	-
Total			**0.3**	**15.6**	**0.6**

In December 2018 Adevinta increased its ownership interest in Finderly GmbH from 90.95% to 100%.
When put options are granted to holders of non-controlling interests, the related accumulated non-controlling interest is derecognised.
For information on non-controlling interests' put option settled after 31 December 2018, see note 29.

NOTE 26: SUPPLEMENTAL INFORMATION TO THE COMBINED STATEMENT OF CASH FLOWS

The following amounts of interest paid, and interest and dividend received are classified as cash flow from operating activities:

	2018	2017	2016
Interest paid	(13.1)	(11.4)	(10.2)
Interest received	1.1	0.4	0.6
Dividends received (note 5)	1.5	0.0	0.0

Aggregate cash flows arising from obtaining control of subsidiaries and businesses:

	2018	2017	2016
Cash in acquired companies	(5.7)	(8.9)	4.2
Acquisition cost other current assets	(1.0)	(4.7)	(46.8)
Acquisition cost non-current assets	(9.3)	(200.0)	(2.0)
Aggregate acquisition cost assets	**(16.0)**	**(213.7)**	**(44.6)**
Equity and liabilities assumed	7.2	17.4	2.9
Contingent consideration paid	-	-	1.8
Contingent consideration deferred	-	-	-
Gross purchase price	**(8.8)**	**(196.3)**	**(39.9)**
Fair value of previously held equity interest (note 4)	-	53.1	-
Cash in acquired companies	5.7	8.9	(4.2)
Acquisition of subsidiaries. net of cash acquired	**(3.1)**	**(134.2)**	**(44.0)**

Aggregate cash flows arising from losing control of subsidiaries and businesses:

	2018	2017	2016
Cash in sold companies	0.1	-	-
Carrying amount other current assets	-	16.7	-
Carrying amount non-current assets	0.3	-	-
Aggregate carrying amount assets	**0.3**	**16.7**	**-**
Equity and liabilities transferred	(0.2)	2.2	-
Gain (loss)	0.5	(0.6)	-
Gross sales price	**0.6**	**18.3**	**-**
Fair value of retained equity interest	(0.5)	-	-
Cash in sold companies	(0.1)	-	-
Sales price deferred	-	-	-
Proceeds from sale of subsidiaries, net of cash sold	**0.1**	**18.3**	**-**

Changes in liabilities arising from financing activities:

	Interest-bearing borrowings	Put obligations
Debt as at 1 January 2018	**(559.7)**	**(90.0)**
Cash flows from financing activities	111.3	10.3
Foreign exchange adjustments	(0.6)	(0.3)
Changes in fair value	-	(20.6)
Other	0.5	(0.9)
Debt as at 31 December 2018	**(448,5)**	**(101,5)**

	Interest-bearing borrowings	Put obligations
Debt as at 1 January 2017	**(301.0)**	**(92.8)**
Cash flows from financing activities	(259.7)	-
Foreign exchange adjustments	0.3	-
Changes in fair value	-	3.8
Other	0.7	(1.0)
Debt as at 31 December 2017	**(559.7)**	**(90.0)**

NOTE 27: TRANSACTIONS WITH RELATED PARTIES

The largest shareholder of Adevinta ASA will be Schibsted ASA which is expected to have an ownership of 60 percent at the time of the listing, after selling down up to 5 percent in the market and distributing shares to Schibsted's shareholders. Related party relationships are defined to be the ultimate parent Schibsted ASA, entities outside Adevinta that are under control (either directly or indirectly), joint control or significant influence by Schibsted ASA or Adevintas ownership interests in joint ventures and associates. Related parties are by nature in a position to enter into transactions that would potentially not be undertaken between unrelated parties.

Adevinta has ownership interests in joint ventures and associates. Transactions with joint ventures and associates are not material for the period covering the combined financial statement.

All transactions by Adevinta with related parties have been conducted in accordance with current internal pricing agreements within the Schibsted group.

Transactions with related parties for Adevinta in the period covered by the combined financial statements are largely related to central activities in Schibsted such as IT, human resources services, communication, tax, legal services and internal banking system. Apart from related party transactions with Schibsted ASA, for the years covering the combined financial statement licenses has been provided to Schibsted ASA subsidiaries presented as Operating revenues.

Rolv Erik Ryssdal took on the position as CEO for Adevinta on 1 December 2018. Adevinta paid EUR 36,900 in compensation to the CEO in 2018. The terms and conditions of compensation arrangements for all other key management employees and directors for Adevinta were not in place as of 31 December 2018. Adevinta has historically been included in the share-based payment scheme of Schibsted ASA. For information on share based payment please see note 10 "Share Based Payment" of Adevinta Combined Financial Statement.

For information on dividend payments and contributions to and from related parties see combined statements of changes in equity.

Transactions with related parties affect the combined financial statement as summarized below:
Summary of transactions and balances with parent related parties

	2018	2017	2016
Income statement	-	-	-
Operating revenues	4.0	1.9	2.1
Personnel expenses	-	-	0.1
Other operating expenses	(9.7)	(7.5)	(11.5)
Gross operating profit (loss)	**(5.7)**	**(5.6)**	**(9.3)**
Other income and expenses	-	-	-
Operating profit (loss)	**(5.7)**	**(5.6)**	**(9.3)**
Financial income	0.1	0.2	0.9
Financial expenses	(12.1)	(10.4)	(9.4)
Profit (loss) before taxes	**(17.7)**	**(15.8)**	**(17.8)**
Balance sheet			
Trade receivables and other current assets	258.1	194.8	105.9
Current assets	**258.1**	**194.8**	**105.9**
Non-current interest-bearing borrowings	446.7	557.8	298.4
Other current liabilities	15.5	21.2	12.1
Non-current liabilities	**462.2**	**579.0**	**310.5**

NOTE 28: LEASE AGREEMENTS

Principle

Leases are classified as either finance leases or as 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 Adevinta's material leases are considered to be operational. Lease payments related to operating leases are recognised as an expense over the lease term.

As of 31 December Adevinta had the following future minimum payments under non-cancellable operational leases where Adevinta is the lessee:

	2018	2017	2016
Within one year	14.4	12.7	10.1
Between one and five years	51.7	46.6	29.5
More than five years	29.4	17.9	8.5
Total	**95.5**	**77.2**	**48.0**

Adevinta has lease obligations related to operating assets, mainly office buildings. Rental expenses were EUR 13.4 million in 2018, EUR 9.8 million in 2017 and EUR 8.8 million in 2016. The most significant leases relate to the leases of Schibsted France's premises in Rue du Faubourg Saint Martin in Paris (the agreement expires 2026), Subito's premises in Via Benigno Crespi in Milan, (the agreement expires in 2025), Schibsted Classified Media Spain's premises in Calle de Hernani, Madrid and Ciudad de Granada, Barcelona (the agreements expire in 2020 and 2028) and Schibsted Products and Technology's premises in Oxford street (the agreement expires in 2027). The most significant of Adevinta's leases contain rights to extensions.

NOTE 29: EVENTS AFTER THE BALANCE SHEET DATE

ADEVINTA SPIN-OFF

Schibsted announced on 18 September 2018 the Board's resolution to initiate a process to reorganize the company into two growth-oriented companies. The international online classifieds operations will be established as an independent, listed company. The company will seek listing on Oslo Stock Exchange, Norway. First day of trading is planned 10 April 2019.

The spin-off of the business is carried out by way of transactions and demergers of such business from Schibsted ASA as described note 2.

CHANGE IN MINORITY INTERESTS

23 January 2019 Schibsted announced the aqusition of 10 percent of SCM Spain, increasing he ownership to 100 percent. Consideration for the shares was EUR 100 million.

NOTE 30: OWNERSHIP

Company	Country of incorporation	% holding
Finderly GmbH	Austria	100.0
Willhaben Internet Service GmbH&Co KG	Austria	50.0
Willhaben Internet Service GmbH	Austria	50.0
Car4You GmbH	Austria	50.0
AutoPro24 datenmanagement GmbH	Austria	50.0
OOO Schibsted Classified Media LLC	Belarus	100.0
Infojobs Brasil Atividas de Internet Ltda	Brazil	76.2
Editora Balcão Ltda	Brazil	100.0
BOM Negocio Atvidades de Internet Ltda	Brazil	50.0
Yapo,cl SpA	Chile	100.0
Editoria Urbana Ltda	Colombia	100.0
Schibsted Classified Media Dominican Republic Srl	Dominican Republic	100.0
Schibsted France SAS	France	100.0
SCM Local SASU	France	100.0
LBC Fance SASU	France	100.0
City One ASA	France	100.0
Schibsted Product & Tech France SASU	France	100.0
Schibsted Developpement SASU	France	100.0
MB Diffusion SAS	France	100.0
Kudoz SAS	France	72.2
Younited SA	France	11.1
Vide Dressing SAS	France	100.00
SCM Hellas MEPE	Greece	100.0
Schibested Classified Media Hungary Kft	Hungary	100.0
PT Tokobagus	Indonesia	11.3
PT 701 Search	Indonesia	11.3
MB Diffusion Advertising Ltd	Ireland	100.0
Schibsted Classified Media Ireland Ltd	Ireland	100.0
Distilled SCH Ltd	Ireland	50.0
Distilled SCH Shared 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 Srl	Italy	100.0
Schibsted Italy Business Srl	Italy	100.0
InfoJobs Italia Srl	Italy	100.0
ASM Clasificados de Mexico SA de CV	Mexico	100.0
Avito SCM SARL	Morocco	100.0
Schibsted Classified Media N,V,	Netherlands	100.0
Hedbo Mag Brazil Holdings BV	Netherlands	100.0
Kapaza BV	Netherlands	100.0
Le Rouge Holding BV	Netherlands	100.0
SnT Neherlands BV	Netherlands	100.0
Silver Brazil JVCO BV	Netherlands	50.0
702 Search BV	Netherlands	33.3
703 Search BV	Netherlands	31.5
Silver Indionesia JCVO BV	Netherlands	11.3
Schibsted Multimedia AS	Norway	100.0
Schibsted Classifieds Media AS	Norway	100.0
SnT Classified ANS	Norway	100.0
Schibsted Marketsplaces Invest AS	Norway	100.0
Schibsted Marketplaces Products and Technology AS	Norway	100.0
CustoJusto Unipessoal Ltd	Portugal	30.0
Schibsted Spain SL	Spain	100.0
SnT Spain Classificiados Online S,L,	Spain	100.0
Habitaclia S,L,U,	Spain	90.0
Inmofusion S,L,U,	Spain	90.0
Schibsted Iberica SL	Spain	100.0
SMG News & Publications SL	Spain	99.9
SCM Spain SL	Spain	90.0
Schibsted Products & Technology Spain S.L.	Spain	100.0
InfoBras Spain SL	Spain	76.2
SCM Growth Partner AB	Sweden	100.0
SnT Ventures AB	Sweden	100.0
SCM Ventures AB	Sweden	100.0
Schibsted Marketplaces Products and Technology AB	Sweden	100.0
Schibsted Classified Media Tunisia	Tunisia	100.0
Schibsted Products and Techology Ltd	United Kingdom	100.0

DEFINITIONS AND RECONCILIATIONS

The combined financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, management uses certain alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the business' performance and financial position alongside IFRS measures.

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 and reconciled below. As APMs are not uniformly defined, the APMs set out below might not be comparable with similarly labelled measures by other companies.

Alternative Performance Measures

Measure	Description	Reason for including
EBITDA (before other income and expenses, impairment, JVs and Associates)	EBITDA (before other income and expenses, impairment, JVs and Associates) equals gross operating profit (loss). Gross operating profit is operating profit excluding depreciation and amortisation, Share of profit (loss) of joint ventures and associates, Impairment loss and Other income and expenses. For information of other income and expenses, see note 12	Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related transactions and events not considered by management to be part of operating activities. Management believes the measure enables an evaluation of operating performance.
EBITDA (before other income and expenses, impairment, JVs and Associates) ex. Investment phase	EBITDA (before other income and expenses, impairment, JVs and Associates) ex. Investment phase is the gross operating profit from developed operations. The excluded operations are characterized by growth phase with large investments in market positions, immature monetization rate and sustainable profitability has not been reached. See below for further information.	Convey information of segment profitability in developed phase operations.
Net interest-bearing debt	Net interest-bearing debt is defined as interest bearing liabilities less cash and cash equivalents and cash pool holdings.	Management believes that net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the statement of financial position. The use of net interest-bearing debt does not necessarily mean that the cash and cash equivalent and cash pool holdings are available to settle all liabilities in this measure.

Reconciliation of performance measures	2018	2017	2016
Gross operating profit (loss)	151.0	95.8	61.8
= EBITDA (before other income and expenses. impairment. JVs and Associates)	151.0	95.8	61.8

Reconciliation of gross operating profit ex. Investment phase	2018	2017	2016
Gross operating profit (loss)	151.0	95.8	61.8
- EBITDA (before other income and expenses. impairment. JVs and Associates) Investment phase	(43.1)	(59.2)	(70.8)
= EBITDA (before other income and expenses. impairment. JVs and Associates) ex. Investment phase	194.1	155.0	132.6

Operations included in developed and investment phase

Developed phase

Subsidiaries

France:.................Leboncoin, MB Diffusion, Kudoz and Avendrealouer
Spain: ....Coches, FotoCasa, Vibbo, Milanuncios, InfoJobs, Habitaclia
Italy: ....Subito and Infojobs
Ireland: ....Daft, Done Deal and Adverts
Hungary: ....Hasznaltauto and Jofogas
Colombia: ....Fincaraiz
Brazil: ....Infojobs

Joint ventures and associates

Malaysia: ....Mudah (until Q2 2017)
Austria: ....Willhaben
Brazil: ....OLX (increased ownership from 25% to 50% from Q3 2017)

Investment phase

Subsidiaries

Chile: ....Yapo (as subsidiary from Q3 2017)
Mexico: ....Segundamano
Belgium: ....Kapaza (until Q2 2017)
Belarus: ....Kufar
Tunisia: ....Tayara
Morocco: ....Avito
Dominican Republic: .....Corotos
Shpock in markets: ....Austria, Germany, United Kingdom and Italy

Joint ventures and associates

Chile: ....Yapo (as 50% JV until Q2 2017)
Vietnam: ....Cho Tot (until Q2 2017)
Indonesia: ....OLX
Thailand: ....Kaidee (until Q2 2018)
Bangladesh: ..Ekhanei (until Q2 2017)
Portugal: ....Custo Justo (associate from Q3 2018)

Reconciliation of net interest-bearing debt	**2018**	**2017**	**2016**
Non-current interest-bearing borrowings	448.5	559.2	300.4
+ Current interest bearing borrowings	-	0.5	0.6
- Cash and cash equivalents	(55.1)	(37.4)	(79.4)
- Cash pool holdings	(236.8)	(182.6)	(103.0)
= Net interest-bearing debt	156.5	339.7	118.6

Condensed Consolidated Financial Statements

Condensed consolidated income statement

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

Condensed consolidated statement of comprehensive income

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

Condensed consolidated statement of financial position

€ million	30 June 2020	31 December 2019
Intangible assets	1,390.1	1,394.8
Property, plant and equipment and right-of-use assets	117.5	85.9
Investments in joint ventures and associates	289.2	381.1
Other non-current assets	24.0	16.4
Non-current assets	**1,820.8**	**1,878.1**
Trade receivables and other current assets	153.0	169.9
Cash and cash equivalents	308.3	71.8
Current assets	**461.3**	**241.7**
Total assets	**2,282.1**	**2,119.8**
Equity attributable to owners of the parent	1,381.3	1,524.4
Non-controlling interests	15.9	14.4
Equity	**1,397.2**	**1,538.8**
Non-current interest-bearing borrowings	198.2	201.7
Other non-current liabilities	187.8	147.9
Non-current liabilities	**386.0**	**349.5**
Current interest-bearing borrowings	223.9	0.3
Other current liabilities	275.0	231.2
Current liabilities	**498.9**	**231.5**
Total equity and liabilities	**2,282.1**	**2,119.8**

Condensed consolidated statement of cash flow

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Profit (loss) before taxes	5.6	31.4	(19.3)	68.2
Depreciation, amortisation and impairment losses	14.9	10.4	28.6	22.0
Share of loss (profit) of joint ventures and associates, net of dividends received	(2.0)	3.8	(2.4)	(0.5)
Dividends received from joint ventures and associates	0.0	0.0	0.0	0.0
Taxes paid	(13.2)	(14.3)	(13.8)	(26.7)
Sales losses (gains) non-current assets and other non-cash losses (gains)	(0.7)	0.0	(0.7)	0.0
Net loss on derivative instruments at fair value through profit or loss	12.6	-	54.6	0.0
Other non-cash items and changes in working capital and provisions	(3.9)	(11.5)	9.0	7.8
Net cash flow from operating activities	**13.3**	**19.8**	**56.0**	**70.8**
Development and purchase of intangible assets and property, plant and equipment	(11.3)	(13.2)	(22.6)	(22.8)
Acquisition of subsidiaries, net of cash acquired	0.0	(10.3)	(7.5)	(10.3)
Proceeds from sale of intangible assets and property, plant and equipment	0.0	(0.2)	0.0	0.0
Proceeds from sale of subsidiaries, net of cash sold	0.2	0.0	0.2	0.0
Net sale of (investment in) other shares	(2.8)	(0.8)	(3.5)	(7.0)
Net change in other investments	(0.6)	0.1	(0.5)	(0.2)
Net cash flow from investing activities	**(14.5)**	**(24.5)**	**(33.9)**	**(40.4)**
Net cash flow before financing activities	**(1.2)**	**(4.7)**	**22.1**	**30.5**
Net change in interest-bearing loans and borrowings	223.8	148.6	223.1	148.6
Change in ownership interests in subsidiaries	0.0	0.0	0.0	(100.1)
Capital increase	0.0	7.8	0.0	7.8
IFRS 16 lease payments	(2.7)	(3.2)	(6.3)	(6.2)
Dividends paid to non-controlling interests	0.0	0.0	0.0	0,0
Net financing from (to) Schibsted ASA	0.0	(136.7)	0.0	(70.9)
Net sale (purchase) of treasury shares	(2.0)	-	(2.0)	-
Net cash flow from financing activities	**219.1**	**16.5**	**214.8**	**(20.8)**
Effects of exchange rate changes on cash and cash equivalents	0.9	(0.0)	(0.4)	(0.0)
Net increase (decrease) in cash and cash equivalents	**218.8**	**11.8**	**236.5**	**9.7**
Cash and cash equivalents at start of period	89.5	53.0	71.8	55.1
Cash and cash equivalents at end of period	**308.3**	**64.9**	**308.3**	**64.9**

Condensed consolidated statement of changes in equity

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	59.0	3.0	62.0
Transactions with the owners	148.4	(2.6)	145.8
Capital increase	*144.7*	*-*	*144.7*
Share-based payment	*2.0*	*-*	*2.0*
Dividends paid to non-controlling interests	*-*	*(3.6)*	*(3.6)*
Business combinations	*-*	*0.2*	*0.2*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.9)*	*0.8*	*(1.1)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 31 December 2019	**1,524.4**	**14.4**	**1,538.8**
Comprehensive income	(142.8)	1.1	(141.7)
Transactions with the owners	(0.3)	0.4	0.1
Share-based payment	*0.9*	*-*	*0.9*
Change in treasury shares	*(0.8)*	*-*	*(0.8)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(0.4)*	*0.4*	*-*
Equity as at 30 June 2020	**1,381.3**	**15.9**	**1,397.2**

€ million	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 31 December 2018	**1,317.8**	**13.9**	**1,331.7**
Change in accounting principle IFRS 16	(0.7)	0.0	(0.7)
Equity as at 1 January 2019	**1,317.1**	**13.9**	**1,331.0**
Comprehensive income	50.9	1.1	52.1
Transactions with the owners	145.8	0.3	146.1
Capital increase	*144.4*	*-*	*144.4*
Share-based payment	*(0.9)*	*0.0*	*(0.9)*
Changes in ownership of subsidiaries that do not result in a loss of control	*(1.4)*	*0.3*	*(1.0)*
Group contributions and dividends	*3.6*	*-*	*3.6*
Equity as at 30 June 2019	**1,513.8**	**15.4**	**1,529.2**

Notes

Note 1. Corporate information, basis of preparation and changes to accounting policies

The Adevinta Group was established 9 April 2019 following demergers of Schibsted Multimedia AS and Schibsted ASA and the consequential transfer of Schibsted's online classifieds operations outside the Nordics to Adevinta ASA. The company was listed on the Oslo Stock Exchange on 10 April 2019. Schibsted has retained a majority interest of 59.28% in Adevinta ASA.

Adevinta Group reports consolidated financial statements according to IFRS 10. The condensed consolidated interim financial statements comprise the Group and the Group's interests in joint ventures and associates. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies adopted are consistent with those followed in preparing the Group's annual financial statements for 2019.

The consolidated interim financial statements are unaudited. All amounts are in € million unless otherwise stated. Tables may not summarise due to rounding.

Operating segments

Management has assessed operating segments according to IFRS 8 Segments. Based on the internal reporting structure, Adevinta has identified France, Spain, Brazil and Global Markets as operating segments, which is in line with how the business will continue to be developed and managed by the chief operating decision maker.

As announced 21 April 2020, Adevinta ASA has implemented minor changes in the financial reporting structure as of Q1 2020. The changes are made to fully align Global Markets segment reporting with Management reporting. Additionally, the change creates full consistency across segments when it comes to how joint ventures are presented. The main changes consist of including 100% of the Austrian 50% owned joint venture (willhaben) in the revenue and EBITDA of the Global Markets segment (100% of the revenue and EBITDA of willhaben is removed in Eliminations), fully consistent with how OLX Brazil is presented. Also, certain expenses related to Business Area management of the Global Markets segment have been moved from the HQ/Other segment to Global Markets. The Group consolidated figures are unchanged.

In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil and willhaben are accounted for using the equity method of accounting. The segment figures for Brazil and for willhaben in Global Markets are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated Income Statement and Consolidated Statement of Financial Position.

Note 2. Operating Segment Disclosures

Management has assessed operating segments according to IFRS 8 Segments. Based on the internal reporting structure, Adevinta has identified France, Spain, Brazil and Global Markets as operating segments.

France comprises primarily leboncoin (including Kudoz, which was integrated in May 2019), MB Diffusion, Avendrealouer, Videdressing, Locasun, PayCar, L'Argus and Pilgo.

Spain comprises primarily InfoJobs, Coches.net, Motos.net, Fotocasa, habitaclia, Milanuncios and Vibbo.

Brazil comprises OLX Brazil joint venture (including Anapro) and Infojobs Brazil. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, OLX Brazil is accounted for using the equity method of accounting. The segment figures for Brazil are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated Income Statement and Consolidated Statement of Financial Position.

Global Markets comprises primarily Subito and Infojobs in Italy; Daft, Done Deal and Adverts in Ireland; Hasznaltauto and Jofogas in Hungary; Fincaraiz in Colombia; Yapo in Chile; Segundamano in Mexico; Kufar in Belarus; Tayara in Tunisia; Avito in Morocco; Corotos in Dominican Republic; Shpock in Austria, Germany and United Kingdom; and willhaben in Austria. In the Consolidated Income Statement and Consolidated Statement of Financial Position of Adevinta, willhaben is accounted for using the equity method of accounting. The segment figures for willhaben in Global Markets are presented on a 100% basis to reflect how the business and performance is monitored by management. Subsequent adjustments are included in Eliminations to get to the equity method of accounting in the Consolidated Income Statement and Consolidated Statement of Financial Position.

Other/Headquarters comprises Adevinta's shareholder and central functions including central product and technology development.

Eliminations comprise reconciling items related to OLX Brazil, willhaben and intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

In the operating segment information presented, gross operating profit (loss) is used as a measure of operating segment profit (loss). For internal control and monitoring, operating profit (loss) is also used as a measure of operating segment profit (loss).

The operating segments correspond to the management structure and the internal reporting to the Group's chief operating decision maker, defined as the CEO.

Operating revenues and profit (loss) by operating segments

Second quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	85.7	33.0	13.4	31.9	2.3	(21.3)	145.0
Operating revenues from other segments	0.3	-	-	0.2	0.1	(0.6)	-
Operating revenues	**86.0**	**33.0**	**13.4**	**32.1**	**2.4**	**(21.9)**	**145.0**
Gross operating profit (loss) excl. Investment phase	40.8	10.8	4.6	5.5	(11.5)	(7.6)	42.6
Gross operating profit (loss)	40.8	10.8	4.6	1.6	(11.5)	(7.6)	38.7
Operating profit (loss)	**33.7**	**8.0**	**3.6**	**4.8**	**(24.5)**	**(3.2)**	**22.4**

First half 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	183.1	79.4	32.7	68.9	3.6	(48.2)	319.5
Operating revenues from other segments	0.4	-	-	0.4	0.9	(1.7)	-
Operating revenues	**183.5**	**79.4**	**32.7**	**69.3**	**4.5**	**(49.9)**	**319.5**
Gross operating profit (loss) excl. Investment phase	87.8	24.5	7.0	10.8	(31.5)	(12.6)	86.0
Gross operating profit (loss)	87.8	24.5	7.0	3.6	(31.5)	(12.6)	78.8
Operating profit (loss)	**74.6**	**18.9**	**4.0**	**3.9**	**(48.7)**	**(4.6)**	**48.1**

Second quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	88.3	46.0	20.3	41.6	2.4	(28.4)	170.3
Operating revenues from other segments	0.1	-	-	0.2	0.6	(0.8)	0.0
Operating revenues	**88.5**	**46.0**	**20.3**	**41.8**	**3.0**	**(29.2)**	**170.3**
Gross operating profit (loss) excl. Investment phase	48.2	15.5	(7.0)	6.7	(14.2)	4.7	54.0
Gross operating profit (loss)	48.2	15.5	(7.0)	5.1	(14.2)	4.7	52.3
Operating profit (loss)	**44.7**	**11.8**	**(7.8)**	**1.4**	**(20.5)**	**2.7**	**32.3**

First half 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	170.0	89.9	40.8	80.8	5.6	(56.5)	330.6
Operating revenues from other segments	0.2	-	-	0.4	1.6	(2.2)	0.0
Operating revenues	**170.2**	**89.9**	**40.8**	**81.2**	**7.2**	**(58.7)**	**330.6**
Gross operating profit (loss) excl. Investment phase	93.3	28.1	(2.2)	13.2	(26.2)	(2.7)	103.5
Gross operating profit (loss)	93.3	28.1	(2.2)	8.0	(26.2)	(2.7)	98.3
Operating profit (loss)	**86.5**	**21.9**	**(3.8)**	**2.5**	**(37.3)**	**(0.6)**	**69.3**

Operating revenues by category:

	Second quarter		First half	
€ million	2020	2019	2020	2019
Advertising revenues	23.3	34.7	51.9	65.1
Classifieds revenues	118.6	132.2	262.1	257.2
Other operating revenues	3.1	3.5	5.5	8.3
Operating revenues	**145.0**	**170.3**	**319.5**	**330.6**

Disaggregation of revenues by category:

Second quarter 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	12.6	4.2	0.1	6.4	-	23.3
Classified revenues	72.3	28.8	0.9	16.5	0.1	118.6
Other revenues	0.8	-	-	0.0	0.6	1.4
Revenues from contracts with customers	**85.7**	**33.0**	**1.0**	**22.9**	**0.7**	**143.3**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	1.6	1.7
Operating revenues from external customers	**85.7**	**33.0**	**1.0**	**23.0**	**2.3**	**145.0**

First half 2020 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	28.4	9.3	0.3	13.9	-	51.9
Classified revenues	153.1	70.1	2.2	36.6	0.1	262.1
Other revenues	1.6	-	-	0.2	1.6	3.4
Revenues from contracts with customers	**183.1**	**79.4**	**2.5**	**50.7**	**1.7**	**317.4**
Revenues from lease contracts, government grants and others	0.0	-	-	0.2	1.9	2.1
Operating revenues from external customers	**183.1**	**79.4**	**2.5**	**50.9**	**3.6**	**319.5**

Second quarter 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	18.6	6.2	0.2	9.7	-	34.7
Classified revenues	69.1	39.7	1.5	21.8	-	132.1
Other revenues	0.6	0.1	-	0.2	2.1	3.0
Revenues from contracts with customers	**88.3**	**46.0**	**1.7**	**31.7**	**2.1**	**169.8**
Revenues from lease contracts, government grants and others	0.0	-	-	0.1	0.4	0.5
Operating revenues from external customers	**88.3**	**46.0**	**1.7**	**31.8**	**2.5**	**170.3**

First half 2019 € million	France	Spain	Brazil	Global Markets	Other / Headquarters	Total
Advertising revenues	34.5	11.1	0.5	19.0	-	65.1
Classified revenues	134.1	78.1	2.9	42.1	-	257.2
Other revenues	1.4	0.7	-	0.3	5.0	7.4
Revenues from contracts with customers	**170.0**	**89.9**	**3.4**	**61.4**	**5.0**	**329.7**
Revenues from lease contracts, government grants and others	0.0	-	-	0.2	0.7	0.9
Operating revenues from external customers	**170.0**	**89.9**	**3.4**	**61.6**	**5.7**	**330.6**

Note 3. Other Income and Expenses

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Restructuring costs	(0.3)	(2.7)	(0.9)	(3.4)
Gain (loss) on sale of subsidiaries, joint ventures and associates	0.7	-	0.7	0.0
Gain (loss) on sale of intangible assets, property, plant and equipment and investment property	0.0	(0.0)	0.0	(0.0)
Gain (loss) on amendment of pension plans	-	-	-	0.0
Acquisition-related costs	(1.9)	(0.3)	(2.3)	(0.3)
IPO-related costs	(1.8)	(2.9)	(1.8)	(4.0)
Other	(0.1)	0.1	(0.2)	0.1
Total other income and expenses	**(3.4)**	**(5.8)**	**(4.5)**	**(7.5)**

IPO-related costs of €(1.8) million mainly related to the establishment of Adevinta's own corporate functions following the spin-off from Schibsted in 2019.

Note 4. Net Financial Items

	Second quarter		First half	
€ million	**2020**	**2019**	**2020**	**2019**
Net interest income (expenses)	(1.2)	(1.0)	(2.2)	(3.9)
Net foreign exchange gain (loss)	(14.7)	0.6	(63.1)	3.4
Net other financial income (expenses)	(0.9)	(0.5)	(2.1)	(0.6)
Net financial items	**(16.8)**	**(0.9)**	**(67.4)**	**(1.0)**

As a result of the agreement entered into by OLX Brazil to acquire Grupo Zap in Brazil for about R$2.9 billion which will be funded equally by each joint venture partner, Adevinta has entered into a series of derivative instruments to hedge the foreign currency exposure of the firm commitment of the Grupo Zap acquisition by hedging the acquisition amount in €. As hedge accounting is not applied to this currency hedge, the change in fair value of these derivatives has resulted in an unrealised foreign exchange loss of €(54.6) million in the first half-year 2020.

Note 5. Contingent Liabilities

Digital Services Tax in France

The French digital services tax legislation (DST) was enacted during 2019. The main features of the DST bill are a single rate of 3% to be levied on gross revenue derived from two types of activities if deemed to be made or supplied in France:

• The supply, by electronic means, of a digital interface that allows users to contact and interact with other users, in particular in view of delivering of goods or services directly between those users.

• Services provided to advertisers or their agents enabling them to purchase advertising space located on a digital interface accessible by electronic means in order to display targeted advertisements to users located in France, based on data provided by such users.

Taxpayers of DST are defined as companies (wherever their location) for which the annual revenue received in consideration for taxable services cumulatively exceeds both of the following thresholds in the previous tax year:

• €750 million of worldwide revenue; and,

• €25 million of revenue generated in France.

As enacted, the DST retrospectively applies to digital services revenue for 2019 and 2020. If applicable, the DST will negatively impact Adevinta's EBITDA. The DST amount payable is deductible for corporate income tax purposes.

Due to the complexity of the law the assessment of whether DST is applicable to Adevinta Group is surrounded by a high degree of uncertainty. However, management currently assesses that it is less likely than not that French DST is applicable to Adevinta and hence no provision has been recognised for DST as per 30 June 2020.

The main uncertainties relate to whether the services which Schibsted Group (including Adevinta Group) provide to its users in France and other countries are to be considered within the scope of DST. The current interpretation points to the non-inclusion of some of the said services which means the applicable worldwide revenues within the scope of DST should be below €750 million.

Should the interactions with the French Tax Authorities and other actions conclude differently, the DST amounts applicable to Adevinta are not expected to exceed €9.0 million for 2019 and €4.3 million for the first half-year of 2020. Management will continue to work with the French tax authorities to obtain further clarification on this matter.

Note 6. Other Matters

COVID-19

The COVID-19 outbreak is currently affecting the world economy negatively. Adevinta is monitoring the development, including updating risk assessment and measures. In the near term, financial performance will be affected negatively, but it is still too early to predict the full impact that COVID-19 will have on the business.

Adevinta had at the end of June 2020 low net interest-bearing debt and €708.3 million total liquidity available. Adevinta still considers liquidity and refinancing risk to be low.

Adevinta's businesses have experienced reduced revenue due to the COVID-19 pandemic, which is an impairment indicator, and hence management has updated the estimated recoverable amount and compared this to the carrying amount for the relevant CGUs. The recoverable amount of a CGU is the higher of an asset's fair value less costs of disposal and value in use. Value in use is assessed by discounting estimated future cash flows. Reference is made to the carrying amounts, principles and estimation uncertainty and sensitivity for impairment testing disclosed in note 15 in Adevinta's annual report for 2019.

The risk of changes in expected cash flows that affect the financial statements will naturally be higher in markets in an early phase and be more limited in established markets. Furthermore, the risk of changes is significantly higher in periods with uncertain macroeconomic prognosis as it is the case during COVID-19.

Adevinta has goodwill and other non-current assets related to CGUs in certain markets that presently recognise negative or low profitability due to large investments in market positions and immature monetisation rates.

Such units are dependent on future growth in profitability to recover goodwill. This mainly applies to Mexico, Morocco and Chile where there is an increased uncertainty about the future performance due to COVID-19 and the recoverable amounts are close to the carrying amounts. The recoverable amounts can be significantly affected by assumptions applied for discount rates, sustained growth and future cash flows which are uncertain at this stage.

Management has based its current estimates of future cash flows on the expectation that the businesses will recover from COVID-19 in early 2021 and the discount rates are based on an expected stabilization of volatility, risk premiums and interest rates at levels prior to the COVID-19 outbreak. However, management believes it is still too early to predict the full impact that COVID-19 will have on the business and financial markets as the situation is still developing although appropriate measures are being applied to ensure business continuity. Should management's current expectations not be met then that could result in impairment losses.

Based on the current estimates, no impairment loss is recognised for the first half-year of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to longer term, it may have an impact on assumptions applied for calculating the recoverable amount for fixed and intangible assets, including goodwill. Adevinta will continue to assess the impact to the business should the pandemic extend beyond our current estimates and will update the appropriate assumptions for calculating the recoverable amounts as more clarity on the impact of COVID-19 is obtained.

Government measures

For contributions received accounted for as government grants related to income under IAS 20, the accounting policy of Adevinta is to recognise such grants when there is reasonable assurance that the conditions attaching to the grant will be complied with and that the grants will be received.

The grants are recognised in income unless directly related to specific items of expense.

Adevinta has made use of certain measures implemented by governments in different territories to mitigate the effect of COVID-19. Such measures primarily relate to employees being temporarily laid off in Spain and France and delays in payment terms of taxes and other levies.

These measures contributed positively to operating profit and cash flow from operating activities which included the deferral of social contributions and VAT payments with €2.6 million and €7.7 million respectively.

Statement by the Board of Directors and CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half-year of 2020 has been prepared in accordance with IAS 34 Interim Financial Statements, as endorsed by the EU, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group taken as a whole.

To the best of our knowledge we confirm that the interim management report includes a fair review of important events during the accounting period, and their impact on the financial statements for the first half-year, together with a description of the principal risks and uncertainties that the company is facing during the next accounting period and any major transactions with related parties.

Oslo, 15 July 2020

Adevinta ASA's Board of Directors

Orla Noonan Board Chair

Kristin Skogen Lund

Terje Seljeseth

Sophie Javary

Peter Brooks-Johnson

Fernando Abril-Martorell Hernández

Rolv Erik Ryssdal CEO

eBay Classifieds Group

Combined Carve-out Financial Statements

As of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017
For the years ended 31 December 2019, 2018, and 2017

	Page(s)
Independent Auditor's Report	1
Combined Carve-out Financial Statements:	
Combined Carve-out Statements of Profit or Loss	2
Combined Carve-out Statements of Comprehensive Income or Loss	3
Combined Carve-out Balance Sheets	4
Combined Carve-out Statements of Changes in Invested Equity	5
Combined Carve-out Statements of Cash Flows	6
Notes to Combined Carve-out Financial Statements	7

Report of Independent Auditors

To the Members of the Audit Committee of eBay Inc. Board of Directors

We have audited the accompanying combined carve-out financial statements of eBay Classifieds Group, which comprise the combined carve-out balance sheets as of December 31, 2019, 2018, 2017, and January 1, 2017, and the related combined carve-out statements of profit or loss, comprehensive income or loss, changes in invested equity and cash flows for each of the three years in the period ended December 31, 2019.

Management's Responsibility for the Combined Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of the combined carve-out financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the combined carve-out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined carve-out financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined carve-out financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the combined carve-out financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined carve-out financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined carve-out financial statements referred to above present fairly, in all material respects, the financial position of eBay Classifieds Group as of December 31, 2019, 2018, 2017 and January 1, 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

PricewaterhouseCoopers LLP

San Jose, California
June 5, 2020

PricewaterhouseCoopers LLP, 488 Almaden Boulevard, Suite 1800, San Jose, CA 95110
T: (408) 817 5700; F: (408) 817 5050, www.pwc.com/us

eBay Classifieds Group
Combined Carve-out Statements of Profit or Loss
(in Millions)

	Notes	Years Ended 31 December 2019	31 December 2018	31 December 2017
Net revenues	3	€ 952	€ 863	€ 789
Cost of net revenues	3, 6, 7, 14	95	90	88
Gross profit		857	773	701
Operating expenses:				
Sales and marketing	6, 7, 14	302	281	300
Product development	14	138	117	102
General and administrative	6, 7, 14	94	87	72
Provision for bad debts	3, 13	13	6	6
Amortization of acquired intangible assets	6	9	15	16
Total operating expenses		556	506	496
Profit from operations		301	267	205
Interest and other, net		-	(1)	-
Profit before income taxes		301	266	205
Income tax benefit (provision)	17	(229)	(177)	604
Net profit		€ 72	€ 89	€ 809

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Combined Carve-out Statements of Comprehensive Income or Loss
(in Millions)

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Net profit	€ 72	€ 89	€ 809
Other comprehensive income or loss, net of reclassification adjustments:			
Items that will not be reclassified to profit or loss:			
Gains (losses) on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax	(17)	3	(2)
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	5	(2)	(3)
Comprehensive income	€ 60	€ 90	€ 804

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Combined Carve-out Balance Sheets
(in Millions)

	Notes		As of 31 December 2019		31 December 2018		31 December 2017		1 January 2017
ASSETS									
Goodwill	6	€	659	€	598	€	599	€	601
Intangible assets, net	6		20		3		18		16
Right-of-use assets	7		17		17		19		23
Property and equipment, net	14		23		22		20		21
Long-term investments	12		39		61		57		56
Deferred tax assets	17		349		524		642		4
Non-current assets			1,107		1,225		1,355		721
Other current assets	15		31		13		11		12
Accounts receivable, net	3, 13		119		114		98		86
Cash and cash equivalents	3		20		42		46		31
Current assets			170		169		155		129
Total assets		€	**1,277**	€	**1,394**	€	**1,510**	€	**850**
INVESTED EQUITY AND LIABILITIES									
Net parent investment	10	€	1,109	€	1,228	€	1,354	€	716
Accumulated other comprehensive income	3		(16)		(4)		(5)		-
Total invested equity			1,093		1,224		1,349		716
Lease liabilities	7		12		10		14		17
Deferred tax liabilities	17		9		8		7		8
Other liabilities			2		3		2		2
Non-current liabilities			23		21		23		27
Income taxes payable	17		53		45		23		17
Accounts payable	3		19		16		14		16
Deferred revenue	3		5		6		5		3
Accrued expenses and other current liabilities	15		84		82		96		71
Current liabilities			161		149		138		107
Total invested equity and liabilities		€	**1,277**	€	**1,394**	€	**1,510**	€	**850**

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Combined Carve-out Statements of Changes in Invested Equity
(in Millions)

		Net Parent Investment		Accumulated Other Comprehensive Income		Total
Balance, 1 January 2017	**€**	**716**	**€**	**-**	**€**	**716**
Net profit for the period		809		-		809
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		-		(2)		(2)
Foreign currency translation adjustments		-		(3)		(3)
Net transfers to Parent		(171)		-		(171)
Balance, 31 December 2017		**1,354**		**(5)**		**1,349**
Net profit for the period		89		-		89
Gains on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		-		3		3
Foreign currency translation adjustments		-		(2)		(2)
Net transfers to Parent		(215)		-		(215)
Balance, 31 December 2018		**1,228**		**(4)**		**1,224**
Net profit for the period		72		-		72
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		-		(17)		(17)
Foreign currency translation adjustments		-		5		5
Net transfers to Parent		(191)		-		(191)
Balance, 31 December 2019	**€**	**1,109**	**€**	**(16)**	**€**	**1,093**

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Combined Carve-out Statements of Cash Flows
(in Millions)

	Years Ended		
	31 December 2019	**31 December 2018**	**31 December 2017**
Cash flows from operating activities:			
Net profit	€ 72	€ 89	€ 809
Adjustments to reconcile net profit to net cash provided by operating activities:			
Provision for bad debts	13	6	6
Depreciation and amortization	24	28	31
Stock-based compensation	41	39	38
Amortization of right-of-use assets	8	8	7
Deferred income taxes	175	118	(638)
Changes in assets and liabilities, net of acquisition effects:			
Accounts receivable	(12)	(24)	(19)
Other current assets	(17)	(3)	1
Accounts payable	6	(1)	(1)
Accrued expenses and other liabilities	2	(14)	26
Deferred revenue	(1)	1	2
Income taxes payable and other tax liabilities	8	22	6
Net cash provided by operating activities	319	269	268
Cash flows from investing activities:			
Purchases of property and equipment	(18)	(12)	(12)
Purchases of investments	-	-	(4)
Purchases of intangible assets	-	-	(18)
Acquisitions, net of cash acquired	(82)	-	-
Net cash used in investing activities	(100)	(12)	(34)
Cash flows from financing activities:			
Payments on the principal portion of lease liabilities	(8)	(8)	(7)
Net transfers to Parent	(233)	(253)	(210)
Net cash used in financing activities	(241)	(261)	(217)
Effect of exchange rate changes on cash and cash equivalents	-	-	(2)
Net increase (decrease) in cash and cash equivalents	(22)	(4)	15
Cash and cash equivalents at beginning of period	42	46	31
Cash and cash equivalents at end of period	€ 20	€ 42	€ 46
Supplemental cash flow disclosures:			
Cash paid for:			
Income taxes	€ 55	€ 34	€ 26

The accompanying notes are an integral part of these combined carve-out financial statements.

eBay Classifieds Group
Notes to Combined Carve-out Financial Statements

1. Organization and Nature of Business

The eBay Classifieds Group (“eBay Classifieds,” “Classifieds,” “eCG” or the “Company”), a combined group of legal entities, is an online marketing services company, made up of platforms that include a collection of brands such as mobile.de, Kijiji, Gumtree, Marktplaats, eBay Kleinanzeigen and others.

eBay Classifieds is designed to help people list their products and services, find what they are looking for in their local communities, and trade at a local level. eBay Classifieds’ brands offer both horizontal and vertical experiences, such as automobiles, real estate and jobs. The Company offers a personalized classifieds experience and focuses on expanding its value proposition by leveraging data and analytics to improve customer relevance and grow the classifieds opportunity on mobile devices.

The Company primarily derives revenue from the sale of advertisements, classifieds fees and marketing service fees. The eBay Classifieds platforms offer classifieds listings in a variety of international markets.

eBay Inc. (“eBay or “Parent”), the ultimate parent of eCG, has a centralized treasury function that maintains cash management and financing activities for its subsidiaries. Accordingly, a substantial portion of the Company's cash balances are transferred to Parent’s cash management accounts regularly, are managed by the Parent and therefore are not included in the combined carve-out financial statements. Only cash balances legally owned by the Company are reflected in the combined carve-out balance sheets. Transfers of cash between the Company and Parent are included within “Net transfers to Parent” on the combined carve-out statements of cash flows and the combined carve-out statements of invested equity. To date, the Company has generated cash flows from operations, which have been periodically transferred to the Parent. To the extent that there are future losses or cash needed at the Company, then the Parent would provide that funding through its net investment in the Company or other funding arrangements.

2. Basis of Preparation

These combined carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and the IFRS Interpretations Committee (“IFRIC”)’s interpretations applicable to companies reporting under IFRS for periods beginning on 1 January 2017. They are prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of eBay using the historical results of operations and historical cost basis of the assets and liabilities of the eBay Classifieds business. Throughout the years ended 31 December 2019, 2018, and 2017, eBay Classifieds operated as a part of Parent. Consequently, stand-alone financial statements have not been historically prepared for eCG. These carve-out financial statements have been prepared on a combined and carve-out basis as they represent a portion of eBay's business which does not solely consist of separate legal entities. The accompanying combined carve-out financial statements are prepared on a stand-alone basis as if the operations of eBay Classifieds had been conducted independently from Parent and present only the historical financial information of the economic activities that comprise the eBay Classifieds business. The combined carve-out financial statements have been prepared by Parent and were authorized for issue on 5 June 2020. The Parent has the power to amend and reissue the financial statements.

The combined carve-out financial statements reflect assumptions, estimates and allocations made by Parent to depict the Company on a stand-alone basis. As a result, the combined carve-out financial statements included herein may not necessarily be indicative of the Company’s financial position, results of operations, or cash flows had eBay Classifieds operated as a stand-alone entity during the periods presented. The accompanying combined carve-out financial statements only include assets and liabilities that are specifically attributable to eBay Classifieds.

The combined carve-out statements of profit or loss include all revenues and costs directly attributable to the Company as well as an allocation of expenses from Parent for certain support functions provided on a centralized basis related to customer support, system operations, payment processing, sales and marketing, development, and other general and administrative services. Parent allocates costs to the Company using methodologies that management believes are appropriate and reasonable. These expenses have been allocated from Parent based on direct usage or benefit when specifically identifiable, with the remainder allocated primarily on a pro rata basis of revenue, headcount, or other systematic measures. The Company considers these allocations to be a reasonable reflection of the utilization of services or the benefit received. The impact of these allocated costs on the Company’s combined carve-out statements of profit or loss is summarized in “Note 8 – Allocation of corporate expenses”.

The Company's future results of operations will include costs and expenses for it to operate as an independent company, and these costs and expenses may materially differ from its historical combined carve-out results of operations, financial position and cash flows. Accordingly, the combined carve-out financial statements presented for the years ended 31 December 2019, 2018, and 2017 are not necessarily indicative of the Company's future results of operations, financial position, and cash flows. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Principles of combination

The combined carve-out financial statements of the Company include assets and liabilities that have been determined to be specifically identifiable to the eBay Classifieds business. The combined carve-out financial statements reflect all of the costs of doing business, including certain expenses incurred by the Parent on the Company's behalf. All significant intra-company transactions within the Company have been eliminated within the combined carve-out financial statements. Transactions between the Company and Parent, which consist principally of advertising and marketing services, are reflected in these combined carve-out financial statements.

See "Note 9 — Related party transactions" for the Company's related party activities.

Invested equity

Net parent investment represents Parent's interest in the recorded net assets of the Company, the cumulative net investment by Parent in the Company through the periods presented and includes the Company's cumulative operating results. All transactions between the Company and Parent are considered to be effectively settled through net parent investment at the time the transactions are recorded.

Income taxes

The parent entity of the Classifieds business is incorporated in the Netherlands; accordingly, the Company's income tax provision on a carve-out basis excludes the impact of any U.S. international tax provisions (including the effects of U.S. tax reform) that arise when a U.S. parent owns non-U.S. subsidiaries.

First time adoption of International Financial Reporting Standards

IFRS 1 - First-Time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied in the adoption of IFRS for the purpose of preparing the combined carve-out financial statements. IFRS 1 requires IFRS effective at the end of the first financial statement to be applied retrospectively. As such, the Company will apply the applicable standards to the combined carve-out financial statements for annual periods beginning on or after 1 January 2017.

The following mandatory exemptions of IFRS 1 have been applied in preparing the combined carve-out financial statements:

- <u>Estimates</u> – Estimates made by the Company in preparing its first IFRS financial statements at the date of transition and in the comparative reporting periods are consistent with estimates made under previous GAAP. Therefore, estimates are not updated for information received at a later date.
- <u>Derecognition of financial instruments</u> – The Company will apply the derecognition requirements related to financial assets and liabilities prospectively to transactions occurring on or after the date of transition to IFRS but need not apply them retrospectively to transactions that had already been derecognized.
- <u>Impairment of financial assets</u> – The Company will apply the impairment requirements of IFRS 9 retrospectively.

The following optional exemptions of IFRS 1 have been applied in preparing the combined carve-out financial statements:

- <u>Business combinations</u> – The Company will not apply IFRS retrospectively to business combinations that occurred before the date of transition. However, all business combinations occurring on or after the date of transition are required to be accounted for in accordance with IFRS.
- <u>Share-based payment transactions</u> – IFRS 2 Share Based Payment will not be applied fully retrospectively to all share based payment transactions that have already vested at the date of transition.
- <u>Deemed cost</u> – The Company will use the fair value measurements following from business combinations for intangible assets as a deemed cost basis for the measurement of these assets at the date of transition.
- <u>Leases</u> – The Company will assess the classification of its leases based on the lease terms that are existing at the date of transition and exclude initial direct costs from the measurement of the right-of-use assets.
- <u>Cumulative translation differences</u> – The Company will reset cumulative translation differences related to foreign operations at the date of transition.
- <u>Designation of previously recognized financial instruments</u> – The Company will elect the financial instruments designation at the time of initial recognition under IFRS based on the facts and circumstances that existed at the transition date.

- Revenue – The Company will not restate contracts with customers that were completed before the earliest period presented.

Prior to the first-time adoption of IFRS, the financial information of the Company was incorporated into Parent's consolidated financial statements and was prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The entities included in the combined financial statements are entities that used to be part of the consolidated financial statements of Parent, which were prepared based on US GAAP. For local statutory purposes, these entities prepared financial statements based on national GAAP.

Both US GAAP and national GAAP meet the definition of previous GAAP under IFRS 1, i.e. the basis of accounting that a first-time adopter used immediately before adopting IFRS. However, the entity can only present one set of IFRS financial statements and therefore, the Company must choose a previous GAAP. There are a number of factors that should be taken into account when making this determination:

- There are no national legislation and regulatory requirements that restrict the Company's options and require either national GAAP or US GAAP to be designated as previous GAAP.
- As the Company operates globally, the comparability with other entities in the same jurisdiction is less relevant.
- The financial statements of Parent were prepared based on US GAAP historically. The financial statements prepared on national GAAPs are considered to be only relevant for statutory purposes.
- The national GAAPs are all slightly different in the various jurisdictions and cannot be defined as one standard.

Based on the factors above, the Company considers US GAAP to be the previous GAAP. The table below presents the IFRS 1 first-time adoption reconciliations:

Reconciliation of invested equity

	As of							
		31 December 2019		31 December 2018		31 December 2017		1 January 2017
Invested equity under US GAAP – in millions of USD	$	1,199	$	1,368	$	1,579	$	737
Exchange rate		0.9010		0.8770		0.8408		0.9562
Invested equity under US GAAP – in millions of EUR	€	1,080	€	1,200	€	1,328	€	705
Adjustment recorded to reflect management's assessment of long term investment fair values under IFRS 9, with changes in fair value recognized through OCI. (Note 3n, 4, and 12)		13		34		30		33
Difference on allowance for doubtful receivables due to the adoption of the expected credit loss model under IFRS 9 (Note 3b and 13)		(3)		(4)		(3)		(2)
Difference on leases due to the adoption of IFRS 16 (Note 7)		-		(1)		-		-
Difference on tax effects due to IAS 12 (Note 3f and 17)		3		(5)		(6)		(6)
Other		-		-		-		(14)
Invested equity under IFRS – in millions of EUR	€	1,093	€	1,224	€	1,349	€	716

Reconciliation of net profit

	Years Ended 31 December 2019	31 December 2018	31 December 2017
Net income under US GAAP – in millions of USD	$ 77	$ 115	$ 870
Average exchange rate for the year	0.8949	0.8491	0.8827
Net income under US GAAP – in millions of EUR	€ 69	€ 98	€ 768
Difference in stock-based compensation expenses due to IFRS 2 (Note 16)	-	(2)	(5)
Difference in provision for bad debts due to expected credit loss model required under IFRS 9 (FN 13)	-	(1)	(1)
Difference in tax provision (benefit) due to IAS 12 (Note 3f and 17)	3	(6)	47
Net profit under IFRS – in millions of EUR	€ 72	€ 89	€ 809

3. Summary of Significant Accounting Policies

(a) Use of estimates

The preparation of the combined carve-out financial statements in conformity with IFRS requires management to exercise judgement and to make estimates and assumptions that affect the amounts reported in the Company's combined carve-out financial statements and accompanying notes. The Company bases these estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

The table below presents the areas that involve a higher degree of judgement or areas where assumptions and estimates are significant to the Company's combined carve-out financial statements.

	Note
Revenue recognition	3(b)
Goodwill and the recoverability of intangible assets	3(i)
Fair value measurement of assets and liabilities	12
Provision for bad debts	13
Income taxes	17

(b) Revenue recognition

The Company recognizes revenue when it transfers control of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. Revenue is recognized net of any taxes collected, which are subsequently remitted to governmental authorities. As a first-time IFRS adopter, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") for annual periods beginning on 1 January 2017. IFRS 15 introduces a single model for recognizing revenue that applies to all contracts with customers, except for contracts that are within the scope of standards on leases, insurance and financial instruments.

The Company's net revenues consist entirely of marketing services and other net revenues, which are derived principally from the sellers' listing fees and feature fees. The Company identified two distinct performance obligations: (1) listing an item on the platform for which revenue is recognized over the listing period, and (2) featured listings mainly to promote the item which can be provided over time or at a point in time and recognized in accordance with service delivery. Discounts offered through the purchase of packages of multiple services are allocated based on the stand-alone selling price of each respective feature. Both fees are typically billed on a monthly basis.

The Company also derives advertising revenue from the sale of online advertisements which are based on "impressions" (i.e., the number of times that an advertisement appears in pages viewed by users of the Classifieds platforms) or "clicks" (which are generated each time users on the Classifieds platforms click through the advertisements to an advertiser's designated website) delivered to advertisers. The Company uses the output method and applies the practical expedient to recognize advertising revenue in the amount to which the Company has a right to invoice. For contracts with targeted advertising commitments with rebates, significant revenue estimates include estimated payout that is accounted for as variable consideration to the extent it is probable that a significant reversal of revenue will not occur.

Cost of net revenues

The Company's cost of net revenues comprises of costs incurred for services provided to customers. The most significant element is labor related to customer support and systems operations. In addition, cost of net revenues includes certain expenses that are attributable to the Company's revenues, including the amortization of certain intangibles, the depreciation of certain property, plant, and equipment, and the depreciation of certain right-of-use assets.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents both amounts invoiced, as well as revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The allowance for doubtful receivables is estimated based upon the simplified expected credit losses approach, which uses a lifetime expected loss allowance for all trade receivables. The allowance for doubtful receivables was €19 million, €12 million, €9 million, and €7 million as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017, respectively.

Deferred revenue consists of fees received related to unsatisfied performance obligations at the end of the period. Due to the generally short-term duration of contracts, the majority of the performance obligations are satisfied in the following reporting period. The amount of revenue recognized for the years ended 31 December 2019, 2018, and 2017 that was included in the deferred revenue balance at the beginning of each period was €6 million, €5 million and €3 million, respectively.

Disaggregation of revenue

The Company's net revenues consist entirely of marketing services and other revenues. The following table presents the Company's revenues disaggregated based on geography (in millions) for the years ended 31 December 2019, 2018, and 2017:

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Net revenues:			
Germany	€ 406	€ 334	€ 286
Netherlands	132	129	120
Canada	146	148	151
United Kingdom	92	73	77
Australia	52	59	61
Denmark	48	46	42
Other	76	74	52
Total net revenues	€ 952	€ 863	€ 789

(c) Leases

As a first-time IFRS adopter, the Company adopted IFRS 16 – New Leases Standard ("IFRS 16") for annual periods beginning on 1 January 2017. Under this policy, the Company determines if an arrangement is a lease or contains a lease at inception. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the Company's leases, the Company generally uses an incremental borrowing rate consistent with the Parent's, which is based on information available at the commencement date to determine the present value of future lease payments. Right-of-use ("ROU") assets are generally recognized based on the amount of the initial measurement of the lease liability, adjusted for accrued lease payments (i.e. deferred rent) and the remaining balance of lease incentives received. Subsequent to lease commencement, lease liabilities are re-measured upon a modification in the lease term or changes in an index or rate used to determine the lease payments. The corresponding adjustments are recorded to the related ROU assets.

The Company will recognize a depreciation charge for right-of-use assets and interest expense related to lease liabilities. Leases are included in right-of-use assets, accrued expenses and other current liabilities, and lease liabilities on the combined carve-out balance sheets.

The Company has elected to apply the following optional exemptions and practical expedients of IFRS 1:

- Measurement of the lease liability and right-of-use asset at the date of transition to IFRS using the lessee's incremental borrowing rate at the date of transition to IFRS; and
- Excluding initial direct costs from the measurement of the ROU assets and lease liabilities at the date of transition to IFRS.

(d) Advertising expense

The Company expenses the costs of producing advertisements at the time production occurs and expenses the cost of communicating advertisements in the period during which the advertising space or airtime is used. The Company recognizes advertising as an element of sales and marketing expense. Internet advertising expenses are recognized based on the terms of the individual agreements, which are generally over the greater of the ratio of the number of impressions delivered over the total number of contracted impressions, on a pay-per-click basis, or on a straight-line basis over the term of the contract. Advertising expense totaled €159 million, €149 million and €152 million for the years ended 31 December 2019, 2018, and 2017, respectively. Of these amounts, an immaterial amount is allocated from the Parent.

(e) Stock-based compensation

The Company determines compensation expense associated with restricted stock units ("RSUs") based on the fair value of the Parent's common stock on the grant date. The Company determines compensation expense associated with stock options based on the estimated grant date fair value method using the Black-Scholes valuation model. The Company generally recognizes compensation expense using a straight-line amortization method over the respective vesting period for each vesting tranche for awards that are ultimately expected to vest. Accordingly, stock-based compensation expense for the years ended 31 December 2019, 2018, and 2017 has been reduced for estimated forfeitures. The Company recognizes a benefit or provision from stock-based compensation in earnings as a component of income tax expense to the extent that an incremental tax benefit or deficiency is realized by following the ordering provision of the tax law. A corresponding credit to equity is raised for equity-settled plans.

The Company records a deferred tax asset related to stock-based compensation based on the future tax deduction determined by the stock price as of the reporting date. If the amount of future tax deduction exceeds the cumulative amount of stock-based compensation expenses, the excess deferred tax is recognized directly in invested equity.

(f) Income taxes

Income taxes as presented herein attribute current and deferred income taxes of eBay to the Company's stand-alone financial statements in a manner that is systematic and consistent with IAS 12. Under IAS 12, the total income tax expense (income) recognized in a period is the sum of current tax plus the change in deferred tax assets and liabilities during the period, excluding tax recognized outside of profit or loss – i.e. either in other comprehensive income ("OCI") or directly in equity, or arising from a business combination. For investment property measured using the fair value model, management has elected to run the re-measurement related changes through OCI instead of through profit or loss. Therefore, the related tax effects are also recorded in OCI.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period. A current tax liability or asset is recognized for income tax payable or paid but recoverable in respect of all periods to date.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Further, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company's income tax provision was prepared following the separate return method, as modified by the benefits-for-loss approach. Accordingly, the operating losses and other tax attributes are characterized as utilized when those attributes have been utilized by other members of the eBay consolidated group. In addition, the separate return method applies to the stand-alone financial statements of each member of the combined group as if the group member were a separate taxpayer and a stand-alone enterprise. As a result, actual tax transactions included in the consolidated financial statements of eBay may not be included in the separate combined carve-out financial statements of the Company. Similarly, the tax treatment of certain items reflected in the separate combined carve-out financial statements of the Company may not be reflected in the consolidated financial statements and tax returns of eBay; therefore, items such as net operating losses and credit carry forwards may exist in the stand-alone financial statements that may or may not exist in eBay's consolidated financial statements.

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the estimates in relation to the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The provisions are based on management's best judgement of the application of tax legislation and best estimates of future settlement amounts based on a separate return filing methodology.

(g) Cash, cash equivalents

Cash and cash equivalents are stated at face value and are comprised of cash on hand, bank deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within accrued expenses and other current liabilities in the combined carve-out balance sheets.

(h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation for equipment and leasehold improvements commences once the assets are ready for their intended use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally, one to three years for computer equipment and software, the shorter of five years or the term of the lease for leasehold improvements, and three years for furniture and fixtures).

(i) Goodwill and intangible assets

Goodwill is tested for impairment at a minimum on an annual basis at a cash-generating unit ("CGU") level. As the Company monitors goodwill at a Company-wide level, goodwill is tested for impairment at an aggregated entity-wide CGU level. Goodwill is considered impaired if the carrying value of the entity-wide CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The fair value of the entity-wide CGU is estimated using income and market approaches. In estimating the recoverable amount, management is required to make an estimate of the expected future cash flows from the entity-wide CGU in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Such estimates are subject to a certain degree of judgment and uncertainty.

An impairment test of goodwill was conducted as of 31 August 2019, 2018, and 2017, and 1 January 2017, the Company's date of transition to IFRS. As a result of these assessments, the Company determined that no adjustment to the carrying value of goodwill was required. These calculations use pre-tax cash flow projections for two years based on financial budgets approved by management, including annual revenue growth rates ranging from 2% to 15% and discount rates ranging from 9% to 11.5%. Management determined the expected growth rate and operating results based on past performance and its expectations in relation to market developments. The discount rate used reflects specific risks relating to the entity-wide CGU. Based on this assessment, there was no impairment of goodwill as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017. Material changes in the assumptions used in the calculation of recoverable amount may result in impairment losses. As of 31 December 2019, the Company determined that no events or circumstances from 31 August 2019 through 31 December 2019 indicated that a further assessment was necessary.

Intangible assets consist of trademarks and tradenames, customer lists and user base, and developed technologies. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one to five years. No significant residual value is estimated for intangible assets.

(j) Impairment of non-financial assets

The Company evaluates non-financial assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a non-financial asset or asset group may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets, i.e. CGU. The CGU is considered impaired if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use. The Company did not record any impairment charges for the years ended 31 December 2019, 2018, and 2017. In addition, there was no impairment of non-financial assets as of 1 January 2017.

(k) Business combination

The Company applies the acquisition method, which measures identifiable assets acquired and liabilities assumed in a business combination at their fair values at the acquisition date. The consideration transferred for the acquisition is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Company (if any). Acquisition-related costs are generally expensed as incurred.

See "Note 5 – Business combination" for a full description of the Company's acquisition of U.K.-based classifieds site, Motors.co.uk, in February 2019.

(l) Foreign currency

The Company's business operations are primarily denominated in functional currencies which include Euros ("EUR", "€"), Great Britain Pounds ("GBP"), Australian Dollars ("AUD"), Canadian Dollars ("CAD"), and United States Dollars ("USD"). The Company's presentation currency is EUR.

Assets and liabilities are translated into EUR using exchange rates prevailing at the balance sheet date, while revenues and expenses are translated at average exchange rates during the year. Gains and losses resulting from the translation of the combined carve-out balance sheets and the combined carve-out statements of profit or loss are recorded as a component of other comprehensive income or loss.

Gains and losses from foreign currency transactions are recognized as interest and other, net.

(m) Derivative instruments

The Company uses derivative financial instruments not designated as hedges, such as forwards, to hedge foreign currency balance sheet exposures associated with changes in currency exchange rates against the Company's functional currencies. The Company does not use derivative financial instruments for trading purposes.

See "Note 12 — Fair value measurement of assets and liabilities" for a full description of the Company's derivative instrument activities and related accounting policies.

(n) Accounts receivable, allowance for doubtful receivables and provision for bad debts

Accounts receivable is carried at the receivable amount less an allowance for expected credit losses. Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The Company estimates its allowance for doubtful receivables based on an expected credit losses approach. In determining the expected credit losses, the Company applies the simplified approach to measuring expected credit losses, which references lifetime expected credit losses for all trade receivables. The expected credit loss rates are measured based on historical collection trends adjusted for asset specific attributes, current conditions and reasonable and supportable forecasts of the economic conditions that will exist through the contractual life of the financial asset. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances, and the allowance is adjusted accordingly. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful.

Provision for bad debts consists primarily of losses resulting from bad debts associated with the Company's accounts receivable. Provisions for these items represent the estimate of expected losses based on historical experience and other factors including the impact of regulatory changes and economic conditions.

(o) Fair value measurements

Upon initial recognition, the Company classifies its financial assets and liabilities as subsequently measured at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI"), or at amortized cost. The classification depends on the purpose for which the financial assets are bought and held.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured by reference to the principal market for the asset or liability assuming that market participants act in their economic best interests. The Company's financial assets and liabilities are valued using market prices on both active markets (Level 1), less active markets (Level 2) and little or no market activity (Level 3). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from readily available pricing sources for comparable instruments, identical instruments in less active markets, or models using market observable inputs. Level 3 instrument valuations typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Financial assets at FVOCI

The Company has elected to irrevocably designate its equity investments as measured at fair value through other comprehensive income when they meet the definition of equity and are not held for trading. These investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss in other comprehensive income is not reclassified to profit or loss on disposal.

Financial assets and liabilities at FVTPL

The Company's derivative assets and derivative liabilities are measured at fair value through profit or loss on a recurring basis as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017. The derivative instruments are accounted for at trade date and are valued using pricing models that take into account the contract terms as well as currency rates.

Financial assets and liabilities at amortized cost

The Company's financial assets and liabilities not measured at fair value include cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities. Financial assets measured at amortized cost are financial assets which are held for the objective of collecting contractual cash flows and for which the contractual cash flows are fixed and determinable consisting solely of payment of principal and interest outstanding. As of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities approximated their estimated fair values because of the short-term nature of these financial instruments.

4. Recently adopted accounting standards

Accounting pronouncements issued and adopted

Amendments to IFRS 3 – Business Combinations ("IFRS 3")

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 with early adoption permitted. As a first-time IFRS adopter, the Company adopted the standard for annual periods beginning on 1 January 2017. The adoption of the standard did not have a material impact on the Company's combined carve-out financial statements.

IFRS 16 – New Leases Standard ("IFRS 16")

In January 2016, the IASB issued new guidance related to accounting for leases. The guidance requires the recognition of ROU assets and lease liabilities by lessees for all leases. As a first-time IFRS adopter, the Company adopted IFRS 16 for annual periods beginning on 1 January 2017, the date of transition to IFRS. The adoption of the standard resulted in the recognition of €23 million of ROU assets and €23 million of lease liabilities on the Company's combined carve-out balance sheet at adoption on 1 January 2017 related to office space and data centers.

IFRS 9 - Financial instruments (“IFRS 9”)

In July 2014, the IASB issued IFRS 9 that provides an update to accounting guidance related to the accounting for financial instruments. IFRS 9 contains three principal measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. A single approach is used to determine the classification and measurement of financial assets which is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

IFRS 9 also provides a new model for the recognition of impairment losses – the expected credit losses (“ECL”) model, which requires entities to record a loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for receivables). IFRS 9 contains a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. For trade receivables that are short term in nature and do not contain a significant financing component, the simplified approach is required to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

As a first-time IFRS adopter, the Company adopted IFRS 9 for annual periods beginning on 1 January 2017. The adoption of IFRS 9 resulted in the recognition of an additional €33 million of equity investments, an additional €2M of allowance for doubtful receivables, and €31 million in net parent investment on the Company’s combined carve-out financial statements at adoption due to the recognition of the investments at fair value through other comprehensive income or loss, subsequent to adoption.

IFRS 15 - New Revenue Recognition Standard (“IFRS 15”)

In May 2014, the IASB issued new accounting guidance related to revenue recognition. The revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. As a first-time IFRS adopter, the Company adopted the standard for annual periods beginning on 1 January 2017, the date of transition to IFRS. The adoption of the standard did not have a material impact on the Company’s combined carve-out financial statements.

Other standards

As a first-time IFRS adopter, the Company also adopted the following standards and amendments for annual periods beginning on 1 January 2017.

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments

The adoption of these standards and amendments did not have a material impact on the Company’s combined carve-out financial statements.

Accounting pronouncements issued not yet adopted

Conceptual Framework for Financial Reporting

In March 2018, the IASB published the revised Conceptual Framework for Financial Reporting, which includes a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also issued guidance to support the transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS applies to a particular transaction. The amendments are effective for annual periods beginning on or after 1 January 2020. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its combined carve-out financial statements.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendment)

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its combined carve-out financial statements.

5. Business combinations

In February 2019, the Company wholly acquired the U.K.-based classifieds site, Motors.co.uk for €82 million in cash. The Company believes the acquisition will increase the Company's international presence and give buyers access to more listings.

The aggregate purchase consideration was allocated as follows (in millions):

		Motors.co.uk
Goodwill	€	57
Customer lists		18
Trademarks and tradenames		5
Developed technologies		4
Net liabilities assumed		(2)
Total	€	82

The goodwill recognized is primarily attributable to expected synergies and the assembled workforce of Motors.co.uk and is not deductible for income tax purposes.

Since the acquisition, revenue recognized from Motors.co.uk's operations for the year ended 31 December 2019 was €18 million. Due to the Company's integrated shared cost structure, it is impracticable to disclose profit or loss from Motors.co.uk's operations since the acquisition date for the year ended 31 December 2019.

6. Goodwill and intangible assets

Goodwill

The following table presents goodwill activity for the years ended 31 December 2019, 2018, and 2017 (in millions):

		Goodwill
Balance at 1 January 2017	€	601
Effect of movements in exchange rates		(2)
Balance at 31 December 2017		599
Effect of movements in exchange rates		(1)
Balance at 31 December 2018		598
Acquisition of Motors.co.uk		57
Effect of movements in exchange rates		4
Balance at 31 December 2019	€	659

Intangible assets

The movements in intangible assets are as follows (in millions):

Intangible Assets	Trademarks and tradenames	Customer lists and user base	Developed technologies	Total
Cost	€ 135	€ 61	€ 18	€ 214
Accumulated amortization	(121)	(60)	(17)	(198)
Balance at 1 January 2017	14	1	1	16
Acquisitions	18	-	-	18
Amortization charges	(15)	(1)	(1)	(17)
Currency translation differences	1	-	-	1
Activities during 2017	4	(1)	(1)	2
Cost	154	61	18	233
Accumulated amortization	(136)	(61)	(18)	(215)
Balance at 31 December 2017	18	-	-	18
Amortization charges	(15)	-	-	(15)
Activities during 2018	(15)	-	-	(15)
Cost	154	61	18	233
Accumulated amortization	(151)	(61)	(18)	(230)
Balance at 31 December 2018	3	-	-	3
Acquisitions	5	18	4	27
Amortization charges	(3)	(6)	(1)	(10)
Activities during 2019	2	12	3	17
Cost	159	79	22	260
Accumulated amortization	(154)	(67)	(19)	(240)
Balance at 31 December 2019	€ 5	€ 12	€ 3	€ 20

Amortization expense for intangible assets is included in Amortization of acquired intangible assets and Cost of net revenues on the combined carve-out statements of profit or loss. The amortization expense allocated from the Parent was immaterial for the years ended 31 December 2019, 2018, and 2017.

7. Leases

The Company has leases for office space and data centers that the Company utilizes under lease arrangements. The Company's leases have remaining lease terms of up to ten years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year.

Right-of-use Assets

Key movements relating to lease balances are presented below (in millions):

Right of use assets	Office space	Data centers	Total
Balance at 1 January 2017	€ 13	€ 10	€ 23
Depreciation expense	(4)	(3)	(7)
Additions	4	-	4
Currency translation differences and other	(1)	-	(1)
Balance at 31 December 2017	12	7	19
Depreciation expense	(5)	(3)	(8)
Additions	6	-	6
Balance at 31 December 2018	13	4	17
Depreciation expense	(5)	(3)	(8)
Additions	8	-	8
Balance at 31 December 2019	€ 16	€ 1	€ 17

Depreciation expense on the ROU assets is included in Cost of net revenues, Sales and marketing, and General and administrative expenses on the combined carve-out statements of profit or loss. Depreciation expense for right-of-use assets allocated from the Parent was immaterial for the years ended 31 December 2019, 2018, and 2017.

Expenses relating to variable lease payments are included in General and administrative expenses on the combined carve-out statements of profit or loss. Expenses recognized relating to variable lease payments were immaterial for the years ended 31 December 2019, 2018, and 2017.

Lease Liabilities

Maturity of lease liabilities under the Company's non-cancelable leases is as follows (in millions):

	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017	As of 1 January 2017
Less than one year	€ 6	€ 8	€ 6	7
One year	4	5	6	6
Two years	3	2	3	5
Three years	3	2	3	3
Four years	2	1	2	1
More than five years	1	1	1	3
Total lease payments	19	19	21	25
Less interest	(2)	(2)	(1)	(2)
Present value of lease liabilities	€ 17	€ 17	€ 20	23

Interest expense on lease liabilities was €1 million, €1 million, and €1 million for the years ended 31 December 2019, 2018, and 2017, respectively. Of these amounts, an immaterial amount was allocated from the Parent.

8. Allocation of corporate expenses

The combined carve-out statements of profit or loss include corporate expense allocations for services provided by the Parent. The corporate expenses that were allocated include expenses incurred for sales and marketing, information technology, finance, accounting, treasury and legal, real estate and facilities, human resources, stock-based compensation, procurement, advertising, product development, restructuring, and other corporate and infrastructure functions. These expenses have been allocated to eBay Classifieds based on direct usage or benefit when specifically identifiable. The remainder were allocated on a pro rata basis. The allocation methods include revenue, headcount or other systematic measures. During the years ended 31 December 2019, 2018 and 2017, the Company was allocated the following costs incurred by the Parent, which are included in the combined carve-out statements of profit or loss (in millions):

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Cost of net revenues	€ 5	€ 4	€ 5
Sales and marketing	21	20	23
Product development	23	18	19
General and administration	54	47	37
Total allocated costs	€ 103	€ 89	€ 84

The allocations may not be indicative of actual costs for services or what the Company would have incurred on a stand-alone basis.

Shared Agreements with Parent

The Company operates under agreements executed by the Parent with third parties, including but not limited to information technology support, information security, human resource management, facility management, tax, corporate legal services, risk management, administration, and finance.

9. Related party transactions

Parent and ultimate controlling party

These combined carve-out financial statements include transactions with eBay and its subsidiaries. Parent is a related party as it controlled the Company during the periods presented.

The Company and the Parent have entered into certain commercial agreements whereby each party has agreed to provide advertising and marketing services to one another. These agreements include referral fees, advertising, and cooperation arrangements within certain markets. In consideration for services rendered under these agreements, the details of net revenues and related costs incurred are given in the below table. There were no amounts due to or from the Parent related to these agreements as of 31 December 2019, 31 December 2018, 31 December 2017, or 1 January 2017 as a result of transactions being considered effectively settled through net parent investment at the time the transactions are recorded. The amounts reflected in the combined carve-out financial statements may not be indicative of revenues and costs that will be incurred by the Company in the future.

	Years ended		
	31 December 2019	31 December 2018	31 December 2017
Net service revenues recorded	€ 18	€ 9	€ 4
Advertising and marketing costs incurred	4	2	2
Total, net	€ 14	€ 7	€ 2

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, even though the Company did not operate as a standalone entity during the historical periods. The Company's leadership team has been identified as key management, which included the following functions: Chief Executive Officer ("CEO") and Chief Finance Officer ("CFO"). Key management personnel compensation comprised the following:

		Years ended				
		31 December 2019		31 December 2018		31 December 2017
Salary and compensation	€	2	€	2	€	2
Shared-based payments		3		2		1
Total key management personnel compensation	€	5	€	4	€	3

10. Net parent investment

Parent's equity in eBay Classifieds is presented as net parent investment on the combined carve-out balance sheets. The combined carve-out statements of changes in invested equity include net transfers to and from Parent. Parent performs cash management and other treasury-related functions on a centralized basis for the Company. All intercompany transactions not cash-settled are considered to be settled at the time the transaction is recorded through net parent investment.

Net parent investment includes the following:

- Certain intercompany receivables and payables between the Company and Parent that are deemed effectively settled;
- Accrued liabilities related to corporate allocations including executive management, accounting, use of facilities, product development, corporate marketing, legal, employee benefits and other services that are deemed effectively settled;
- Other assets, liabilities, revenues, and expenses recorded by Parent that have been pushed down to the Company as such amounts are directly attributable to the Company's operations; and
- Cash sweeps and pooling with Parent related to the settlement of tax liabilities under the separate return method.

Net transfers to and from Parent are included within net parent investment in the combined carve-out statements of changes in invested equity. Except for non-cash transactions, all intercompany transactions effected through net parent investment in the accompanying combined carve-out balance sheets have been considered as cash receipts or payments for purposes of the combined carve-out statements of cash flows and are reflected in financing activities.

11. Commitments and contingencies

Litigation and other legal matters

Overview

The Company is involved in legal and regulatory proceedings. Many of these proceedings are in early stages and may seek an indeterminate amount of damages. If the Company believes that a loss arising from such matters is probable and can be reasonably estimated, the Company accrues the estimated liability in its financial statements. If only a range of estimated losses can be determined, the Company accrues an amount within the range that, in management's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the Company accrues the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, the Company has disclosed an estimate of the reasonably possible loss or range of losses or the Company has concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) is not material. If the Company cannot estimate the probable or reasonably possible loss or range of losses arising from a proceeding, the Company discloses that fact. In assessing the materiality of a proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require the Company to change its business practices in a manner that could have a material adverse impact on its business.

Amounts accrued for legal and regulatory proceedings for which the Company believes a loss is probable were not material as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017. Except as otherwise noted for the proceedings described in this Note 11, the Company has concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of the recorded accruals are also not material. However, legal and regulatory proceedings are inherently unpredictable and subject to significant uncertainties. If one or more matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the impact on its operating results or financial condition for that reporting period could be material. Legal fees are expensed as incurred.

The Company is engaged in various legal proceedings, claims, audits, and investigations that have arisen in the ordinary course of business. These matters include, but are not limited to, commercial matters and intellectual property infringement claims. The outcome of all the matters against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the ultimate resolution of any such matters, individually or in the aggregate, is not expected to have a material adverse effect on the Company's combined carve-out financial statements.

General matters

Third parties have from time to time claimed, and others may claim in the future, that the Company has infringed their intellectual property rights. The Company is subject to patent disputes and expects that it could be subject to additional patent infringement claims as the Company's services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against the Company and/or against the customers (who may be entitled to contractual indemnification under their contracts with the Company), and the Company is subject to increased exposure to such claims. The Company has in the past been forced to litigate such claims. The Company may also become more vulnerable to third-party claims as laws are interpreted by the courts, and as the Company expands the scope of its business (in terms of the services that it offers and its geographical operations) and becomes subject to laws in jurisdictions where the underlying laws with respect to the potential liability of online intermediaries like the Company are either unclear or less favorable. Intellectual property claims, whether meritorious or not, are time consuming and costly to defend and resolve, could require expensive changes in methods of doing business or could require the Company to enter into costly royalty or licensing agreements on unfavorable terms.

From time to time, the Company is involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by users (individually or as class actions) alleging, among other things, improper disclosure of the prices, rules or policies, that the Company's practices, prices, rules, policies or customer/user agreements violate applicable law or that it has acted unfairly and/or not acted in conformity with such practices, prices, rules, policies or agreements. Further, the number and significance of these disputes and inquiries are increasing as the political and regulatory landscape changes and, as the Company is growing larger. Any claims or regulatory actions against the Company, whether meritorious or not, could be time consuming, result in costly litigation, damage awards (including statutory damages for certain causes of action in certain jurisdictions), injunctive relief or increased costs of doing business through adverse judgment or settlement, require the Company to change the business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources or otherwise harm the business.

Other

The Parent is also involved in a number of other judicial and administrative proceedings arising in the ordinary course of business. Through its association with the Parent, the Company may be impacted by these proceedings. Although adverse decisions (or settlements) may occur in one or more of the cases, it is not possible to estimate the possible loss or losses from each of these cases. The final resolution of these lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

12. Fair value measurement of assets and liabilities

The Company's assets and liabilities measured at fair value on a recurring basis include equity investments and derivatives. The Company reviews the carrying amounts of such assets when events indicate that their carrying value may not be recoverable. Any resulting impairment would require that the assets and liabilities be recorded at their fair value. The Company did not have any transfers of financial instruments between valuation levels during 2019, 2018, or 2017.

The following tables present the Company's financial assets and liabilities measured at fair value as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017 (in millions):

	As of 31 December 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 39	€ -	€ -	€ 39
Derivatives	1	-	1	-
Total financial assets	€ 40	€ -	€ 1	€ 39
Financial liabilities:				
Derivatives	€ 2	€ -	€ 2	€ -

	As of 31 December 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 61	€ -	€ -	€ 61
Derivatives	1	-	1	-
Total financial assets	€ 62	€ -	€ 1	€ 61
Financial liabilities:				
Derivatives	€ 1	€ -	€ 1	€ -

	As of 31 December 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 57	€ -	€ -	€ 57
Financial liabilities:				
Derivatives	€ 1	€ -	€ 1	€ -

	As of 1 January 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 56	€ -	€ -	€ 56
Financial liabilities:				
Derivatives	€ 1	€ -	€ 1	€ -

Equity investments

The following table summarizes the Company's equity interest in its equity investments:

	As of			
	31 December 2019	31 December 2018	31 December 2017	1 January 2017
Quikr	5.8%	5.9%	6.1%	6.1%
HelloMarket	18.8%	18.8%	18.8%	10.4%

The following table summarizes the total fair value of equity investments as of 31 December 2019, 2018 and 2017 (in millions):

	As of		
	31 December 2019	31 December 2018	31 December 2017
Fair value, beginning of period	€ 61	€ 57	€ 56
Purchases	-	-	4
Fair value adjustments	(22)	4	(3)
Fair value, end of period	€ 39	€ 61	€ 57

The fair value of equity investments is categorized as Level 3 as the investments have little to no market activity and are not listed on an exchange.

The Company determined the fair value of Quikr as of 31 December 2018, 31 December 2017, and 1 January 2017 primarily based on the premium on the issuance of Quikr's preference and ordinary shares, whereas the Company determined the fair value of Quikr as of 31 December 2019 based on a market approach utilizing a revenue multiple. The Company determined the fair value of HelloMarket primarily using an adjusted cost approach. Because the investments are not actively traded on an exchange, the Company applied discounts for lack of marketability to determine the appropriate fair value of the respective investments.

The following table contains information about the significant unobservable inputs used in Level 3 valuations and valuation techniques used to measure the fair value of equity investments.

Description	Valuation Technique	Unobservable Input	Value
Quikr	FV based on share premium	Discount for lack of marketability	25%
	Market approach	Revenue multiple	27
		Discount for lack of marketability	45%
HelloMarket	Adjusted cost approach	Discount for lack of marketability	10%

A 10% increase to the discount for lack of marketability applied to Quikr, in isolation of other changes, would result in a decrease ranging from 13% to 18% to the fair value of Quikr, and vice versa, whereas a 10% increase to the discount for lack of marketability applied to HelloMarket, in isolation of other changes, would result in a decrease of 10% to the fair value of HelloMarket, and vice versa. A 10% increase to the revenue multiple applied to Quikr as of 31 December 2019, in isolation of other changes, would result in an increase of approximately 10% to the fair value of Quikr, and vice versa.

Derivative instruments

The Company's primary objective in holding derivatives is to reduce the volatility of earnings associated with changes in currency exchange rates against the Company's functional currencies. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign exchange rate movements. The Company does not use any of the derivative instruments for trading purposes.

Non-designated hedges

The Company's derivatives consist of foreign currency forward contracts that were primarily used to hedge monetary assets or liabilities associated with changes in currency exchange rates against the Company's functional currencies The Company does not apply hedge accounting to any of its derivative instruments. The gains and losses on the Company's derivatives not designated as hedging instruments are recorded in interest and other, net, which are offset by the foreign currency gains and losses on the related assets and liabilities that are also recorded in interest and other, net. The Company classifies cash flows related to the non-designated hedging instruments as operating activities in the combined carve-out statements of cash flows.

Fair value of derivative contracts

The location of the outstanding derivative instruments in the combined carve-out balance sheets is shown below:

	Balance Sheet Location	As of 31 December 2019	31 December 2018	31 December 2017	1 January 2017
Derivative Assets:					
Foreign exchange contracts not designated as hedging instruments	Other Current Assets	€ 1	€ 1	€ -	€ -
Total derivative assets		€ 1	€ 1	€ -	€ -
Derivative Liabilities:					
Foreign exchange contracts not designated as hedging instruments	Accrued Expenses and Other Current Liabilities	€ 2	€ 1	€ 1	€ 1
Total derivative liabilities		2	1	1	1
Total fair value of derivative instruments		€ (1)	€ -	€ (1)	€ (1)

The Company net settles transactions of the same type with a single net amount payable by one party to the other. The Company presents the derivative assets and derivative liabilities on a net settlement basis on its combined carve-out balance sheets.

Effect of derivative contracts on combined carve-out statements of profit or loss

The following table provides a summary of the total gain (loss) recognized in the combined carve-out statements of profit or loss from the Company's foreign exchange derivative contracts for the years ended 31 December 2019, 2018 and 2017 (in millions):

	Years ended 31 December 2019	31 December 2018	31 December 2017
Foreign exchange contracts not designated as hedging instruments recognized in interest and other, net	€ (2)	€ 1	€ (3)
Total gain (loss) recognized from foreign exchange derivative contracts in the combined statements of profit or loss	€ (2)	€ 1	€ (3)

Notional amounts of derivative contracts

Derivative transactions are measured in terms of the notional amount, but this amount is not recorded on the combined carve-out balance sheets and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged but is used only as the basis on which the value of foreign exchange payments under these contracts is determined. The following table provides the notional amounts of the Company's outstanding derivatives as of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017 (in millions):

	As of			
	31 December 2019	31 December 2018	31 December 2017	1 January 2017
Foreign exchange contracts not designated as hedging instruments	€ 147	€ 200	€ 78	€ 79
Total	€ 147	€ 200	€ 78	€ 79

13. Financial risk management

Overview

The Company maintains a capital structure that enables the Company to achieve its strategic objectives and daily operational needs, and to safeguard the Company's ability to continue as a going concern. The Company's activities result in exposure to a variety of financial risks including foreign exchange risk, liquidity risk, and credit risk. The Company has implemented policies to identify, analyze and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with the Parent's Corporate Treasury Policy. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting the Company's business.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenues or expenses are denominated in a different currency from the Company's functional currencies. The Company's operations are primarily denominated in EUR, GBP, AUD, CAD and USD. The Company manages foreign exchange risk through derivative contracts to cover forecasted exposures.

A 10% strengthening/weakening of the exchange rate of EUR against the currencies listed below would have increased / (decreased) profit or loss by the amount shown below:

	Years ended		
	31 December 2019	31 December 2018	31 December 2017
GBP	0%	1%	1%
AUD	1%	1%	0%
CAD	2%	2%	3%
USD	(2%)	(2%)	(3%)

The Company does not have material exposure to foreign currency changes for other currencies for the years ended 31 December 2019, 31 December 2018, and 31 December 2017.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. To ensure that there is sufficient cash to meet the expected operational expenses, actual and future cash flow requirements are regularly monitored, taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Company's liquidity reserves.

Credit risk

The Company is exposed to credit risk to the extent that the counterparties may be unable to meet the terms of their arrangements. The Company's objective is to mitigate such risks by limiting the counterparties to, and by spreading the risk across, major financial institutions. In addition, the risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis.

The Company's cash and cash equivalents, accounts receivable, and derivative instruments are potentially subject to concentration of credit risk. The Company's accounts receivable are derived from revenue earned from customers. As of 31 December 2019, 31 December 2018, 31 December 2017, and 1 January 2017, no customer accounted for greater than 10% of the Company's accounts receivable. In the years ended 31 December 2019, 2018, and 2017, one customer accounted for 18%, 20%, and 20% of the Company's net revenues, respectively.

The Company's exposure from its customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer. Procedures include aligning credit and trading terms and conditions with an assessment of the individual characteristics and risk profile of each customer. This assessment is made based on past experiences and independent ratings from external rating agencies whenever available. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company actively monitors the credit risk related to these customers and takes proactive action to reduce credit limits if required. The following table summarizes the movement in the expected credit loss allowances for trade receivables:

	As of		
	31 December 2019	31 December 2018	31 December 2017
Balance at 1 January	€ 12	€ 9	€ 7
Additions to credit loss allowance	13	6	6
Receivables written off as uncollectible	(6)	(3)	(4)
Balance at 31 December	€ 19	€ 12	€ 9

To measure the expected credit losses, trade receivables have been measured based on shared credit risk characteristics, as evidenced by days past due presented below:

	As of			
	31 December 2019	31 December 2018	31 December 2017	1 January 2017
Not overdue	€ 98	€ 87	€ 84	€ 72
Overdue </= 60 days	14	21	11	10
Overdue > 60 days	26	18	12	11
Gross trade receivables	€ 138	€ 126	€ 107	€ 93

As of 31 December 2019, 2018, and 2017, the total expected credit loss allowance represented approximately 2%, 1%, and 1% of the Company's net revenues, respectively.

14. Property and equipment

The movements in property and equipment are as follows (in millions):

Property and equipment	Computer equipment & software	Furniture & fixtures	Leasehold improvements	Total
Cost	€ 65	€ 3	€ 17	€ 85
Accumulated depreciation	(49)	(2)	(13)	(64)
Balance at 1 January 2017	16	1	4	21
Additions	13	-	-	13
Depreciation	(12)	(1)	(1)	(14)
Activities during 2017	1	(1)	(1)	(1)
Cost	78	3	17	98
Accumulated depreciation	(61)	(3)	(14)	(78)
Balance at 31 December 2017	17	-	3	20
Additions	12	-	3	15
Depreciation	(11)	-	(2)	(13)
Activities during 2018	1	-	1	2
Cost	90	3	20	113
Accumulated depreciation	(72)	(3)	(16)	(91)
Balance at 31 December 2018	18	-	4	22
Additions	14	-	1	15
Depreciation	(12)	-	(2)	(14)
Activities during 2019	2	-	(1)	1
Cost	104	3	21	128
Accumulated depreciation	(84)	(3)	(18)	(105)
Balance at 31 December 2019	€ 20	€ -	€ 3	€ 23

Depreciation expense on property and equipment is included in Cost of net revenues, Sales and marketing, Product development, and General and administrative expenses in the combined carve-out statements of profit or loss.

15. Balance sheet components

Other current assets (in millions):

	As of			
	31 December 2019	**31 December 2018**	**31 December 2017**	**1 January 2017**
Income tax receivable	€ 17	€ -	€ -	€ -
Other receivables	3	6	1	1
Prepaid expenses	5	4	5	7
Value added taxes	6	3	5	4
Other current assets	€ 31	€ 13	€ 11	€ 12

Accrued expenses and other current liabilities (in millions):

	As of							
		31 December 2019		31 December 2018		31 December 2017		1 January 2017
Advertising accruals	€	30	€	35	€	36	€	24
Compensation and related benefits		28		25		27		26
Value added taxes		11		7		10		8
Lease liability – current		5		7		6		6
Accrued professional fees		5		5		6		4
Other		5		3		11		3
Accrued expenses and other current liabilities	€	84	€	82	€	96	€	71

16. Employee benefit plans

The Company's employees participate in Parent's equity incentive plans. In addition, certain employees participate in Parent's employee stock purchase plan. All awards granted under these plans consisted of Parent's common shares. The Company's combined carve-out statements of profit or loss reflect compensation expense for these stock-based plans associated with the portion of Parent's equity incentive plans in which the Company's employees participate as well as an allocation for Parent's corporate and other shared employee expenses. Employees may also participate in Parent's employee savings plans.

Parent's equity incentive plans

Parent has equity incentive plans under which Parent grants equity awards, including stock options, RSUs, performance based RSUs ("PBRSUs"), stock payment awards and performance share units, to the directors, officers and employees.

Stock options granted under these plans generally vest 12.5% six months from the date of grant (or 25% one year from the date of grant for grants to new employees) with the remainder vesting at a rate of 2.08% per month thereafter, and generally expire seven to ten years from the date of grant. RSU awards granted to eligible employees under the equity incentive plans generally vest in annual or quarterly installments over a period of three to five years, are subject to the employees' continuing service to the Company and do not have an expiration date.

PBRSU awards are subject to performance and time-based vesting requirements. The target number of shares subject to the PBRSU award are adjusted based on the business performance measured against the performance goals approved by the Parent's Compensation Committee at the beginning of the performance period. The PBRSU award targets are based on the Parent's consolidated performance. Generally, if the performance criteria is satisfied, one-half of the award vests in March following the end of the performance period and the other half of the award vests in March of the following year.

Parent's employee stock purchase plan

Parent has an Employee Stock Purchase Plan ("ESPP") for all eligible employees in the Company. Under the plan, shares of Parent's common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the six month purchase period. Employees may purchase shares having a value not exceeding 10% of their eligible compensation during an offering period. During 2019, 2018 and 2017, employees of the Company purchased approximately 271 thousand, 301 thousand, and 272 thousand shares of the Parent's common stock at average prices of €22.94, €21.11 and €19.80 per share, respectively.

Parent's stock option activity

No stock options were granted in 2019, 2018 and 2017. During 2019, 2018 and 2017, the aggregate intrinsic value of options exercised under the Parent's equity incentive plans was €1 million, nil and €1 million, respectively, determined as of the date of option exercise. As of 31 December 2019, there were 10 thousand outstanding and in-the-money options to purchase shares of Parent's common stock related to the Company's employees.

Parent's restricted stock unit activity

The following table presents RSU activity (including PBRSUs that have been earned) under the Parent's equity incentive plans that the Company's employees participated in as of and for the years ended 31 December 2019, 2018 and 2017 (in thousands, except per share amounts):

	Units		Weighted Average Grant-Date Fair Value (per share)
Outstanding at 1 January 2017	2,777	€	22.78
Awarded and assumed	1,265		30.19
Vested	(1,204)		22.33
Forfeited	(303)		23.04
Outstanding at 31 December 2017	2,535		23.57
Awarded and assumed	1,331		32.77
Vested	(1,240)		24.12
Forfeited	(422)		27.38
Outstanding at 31 December 2018	2,204		29.29
Awarded and assumed	1,269		33.69
Vested	(1,138)		28.37
Forfeited	(384)		31.49
Outstanding at 31 December 2019	1,951	€	33.15

During 2019, 2018 and 2017, the aggregate intrinsic value of RSUs vested under the Parent's equity incentive plans that the Company's employees participated in was €38 million, €39 million and €37 million, respectively.

Stock-based compensation expense

The following table presents stock-based compensation expense for the years ended 31 December 2019, 2018 and 2017 (in millions):

		Years Ended				
		31 December 2019		31 December 2018		31 December 2017
Cost of net revenues	€	2	€	2	€	2
Sales and marketing		13		13		14
Product development		12		11		11
General and administrative		14		13		11
Total stock-based compensation expense	€	41	€	39	€	38

Included in total stock-based compensation expense for the years ended 31 December 2019, 2018, and 2017 is €8 million, €5 million and €5 million, respectively, of allocations related to Parent's corporate and shared services employees. As of 31 December 2019, there was approximately €50 million of unearned stock-based compensation related to grants to the Company's employees that will be expensed from 2020 through 2023. If there are any modifications or cancellations of the underlying unvested awards, the Company may be required to accelerate, increase or cancel all or a portion of the remaining unearned stock-based compensation expense. Future unearned stock-based compensation will increase to the extent the Company grants additional equity awards, changes the mix of grants between stock options and restricted stock units, or assumes unvested equity awards in connection with acquisitions.

Parent's employee savings plans

Parent has an Employee Savings Plan (the "Plan") which qualifies as a defined contribution pension plan whereby the Company contributes a fixed percentage of the employees' salaries to the Plan. The participating employees are able to direct the contributions into a variety of investment funds offered by the Plan. Total expense for the Company's employees covered under the Plan was €7 million, €5 million, and €5 million for the years ended 31 December 2019, 2018, and 2017, respectively.

17. Income tax

The components of pre-tax profit for the years ended 31 December 2019, 2018, and 2017 are as follows (in millions):

		Years Ended				
		31 December 2019		31 December 2018		31 December 2017
The Netherlands	€	96	€	99	€	97
Outside the Netherlands		205		167		108
	€	301	€	266	€	205

The provision (benefit) for income taxes is comprised of the following (in millions):

		Years Ended				
		31 December 2019		31 December 2018		31 December 2017
Current:						
Current tax on profits for the year	€	56	€	53	€	38
Adjustments for current tax on prior periods		(2)		6		(4)
		54		59		34
Deferred:						
Origin and reversal of deferred tax expense		194		9		(638)
Change in tax rates		(19)		109		-
		175		118		(638)
	€	229	€	177	€	(604)

The following is a reconciliation of the difference between the actual provision for income taxes and the provision computed by applying the Netherlands statutory rate of 25% to profit before income taxes (in millions):

		Year Ended				
		31 December 2019		31 December 2018		31 December 2017
Provision at statutory rate	€	75	€	66	€	51
Foreign income taxed at different rates		3		3		2
Other taxes on foreign operations		(9)		2		(4)
Tax basis step-up resulting from realignment		178		(8)		(659)
Stock-based compensation		3		4		4
U.S. return to provision adjustments		-		1		-
Impact of tax rate change		(19)		109		-
Other		(2)		-		2
	€	229	€	177	€	(604)

Income taxes arising in the reporting period and not recognized in net profit or loss or other comprehensive income or loss, but directly included within invested equity are as follows:

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Current tax: stock-based compensation	€ (1)	€ (1)	€ (1)
Deferred tax: stock-based compensation	-	1	-
	€ (1)	€ -	€ (1)

Income taxes recognized directly in other comprehensive income or loss are as follows:

	Years Ended		
	31 December 2019	31 December 2018	31 December 2017
Deferred tax: equity investments classified as fair value, recognized through other comprehensive income or loss	€ (5)	€ 1	€ (2)
	€ (5)	€ 1	€ (2)

During 2017, the Company recorded a step-up in the tax basis of the intangible assets in the non-U.S. Classifieds platforms as a result of voluntarily domiciling the Classifieds intangible assets into a new jurisdiction and recognized a tax benefit of €659 million. In 2019, there was a negotiated reduction in the tax basis of the intangible assets in the non-U.S. Classifieds platforms resulting in the recognition of tax expense of €178 million.

On 18 December 2018, a tax rate change was substantively enacted in the Netherlands and reduced the tax rate of 2020 from 25% to 22.55% and the tax rate of 2021 from 25% to 20.5%. This resulted in tax expense of €109M being recorded in 2018 to re-measure the deferred tax asset in the Netherlands based on the tax rate that would be in effect when the deferred tax assets reverse. In addition, on 17 December 2019, a further tax rate change was substantively enacted in the Netherlands and changed the tax rate of 2020 from 22.55% to 25% and the tax rate of 2021 from 20.5% to 21.7%. This resulted in a tax benefit of €19M in 2019 to re-measure the deferred tax assets in the Netherlands.

The Company's income tax provision has been prepared following the benefits-for-loss approach, a modification to the separate return method. The impact on the effective tax rate of utilizing the benefits-for-loss approach decreased tax expense by €2 million, €2 million, and €3 million in 2019, 2018, and 2017, respectively.

The parent entity of the Classifieds business is incorporated in the Netherlands; therefore, the income tax provision has been prepared on that basis. As a result, any U.S. international tax provisions (including the effects of U.S. tax reform) applicable to entities with a U.S. parent have not been considered.

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases using enacted or substantively enacted tax rates in effect for the year in which the differences are expected to be reversed. The movements in deferred tax assets and liabilities are as follows (in millions):

		Net balance at 1 January 2017	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in a business combination	Net balance at 31 December 2017
Net operating loss and credits	€	-	-	-	-	-	-
Accruals and allowances		2	(1)	-	-	-	1
Stock-based compensation		4	(1)	-	-	-	3
Amortizable tax basis in intangibles		-	638	-	-	-	638
Lease liability		3	(1)	-	-	-	2
Total deferred tax assets before set off		9	635	-	-	-	644
Set off of tax		(5)	3	-	-	-	(2)
Net deferred tax assets	€	4	638	-	-	-	642
Accruals and allowances		-	-	-	-	-	-
Acquisition-related intangibles		(2)	1	-	-	-	(1)
Unremitted foreign earnings		-	-	-	-	-	-
ROU asset		(3)	1	-	-	-	(2)
Investment at fair value		(8)	-	2	-	-	(6)
Total deferred tax liabilities before set off		(13)	2	2	-	-	(9)
Set off of tax		5	(3)	-	-	-	2
Net deferred tax liabilities	€	(8)	(1)	2	-	-	(7)
Net tax assets (liabilities)	€	(4)	637	2	-	-	635

		Net balance at 1 January 2018	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in a business combination	Net balance at 31 December 2018
Net operating loss and credits	€	-	-	-	-	-	-
Accruals and allowances		1	2	-	-	-	3
Stock-based compensation		3	-	-	(1)	-	2
Amortizable tax basis in intangibles		638	(119)	-	-	-	519
Lease liability		2	-	-	-	-	2
Total deferred tax assets before set off		644	(117)	-	(1)	-	526
Set off of tax		(2)	-	-	-	-	(2)
Net deferred tax assets	€	642	(117)	-	(1)	-	524
Accruals and allowances		-	-	-	-	-	-
Acquisition-related intangibles		(1)	-	-	-	-	(1)
Unremitted foreign earnings		-	-	-	-	-	-
ROU asset		(2)	-	-	-	-	(2)
Investment at fair value		(6)	-	(1)	-	-	(7)
Total deferred tax liabilities before set off		(9)	-	(1)	-	-	(10)
Set off of tax		2	-	-	-	-	2
Net deferred tax liabilities	€	(7)	-	(1)	-	-	(8)
Net tax assets (liabilities)	€	635	(117)	(1)	(1)	-	516

		Net balance at 1 January 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in a business combination	Net balance at 31 December 2019
Net operating loss and credits	€	-	15	-	-	-	15
Accruals and allowances		3	(3)	-	-	-	-
Stock-based compensation		2	-	-	-	-	2
Amortizable tax basis in intangibles		519	(186)	-	-	-	333
Lease liability		2	-	-	-	-	2
Total deferred tax assets before set off		526	(174)	-	-	-	352
Set off of tax		(2)	(1)	-	-	-	(3)
Net deferred tax assets	€	524	(175)	-	-	-	349
Accruals and allowances		-	(3)	-	-	-	(3)
Acquisition-related intangibles		(1)	2	-	-	(5)	(4)
Unremitted foreign earnings		-	(1)	-	-	-	(1)
ROU asset		(2)	-	-	-	-	(2)
Investment at fair value		(7)	-	5	-	-	(2)
Total deferred tax liabilities before set off		(10)	(2)	5	-	(5)	(12)
Set off of tax		2	1	-	-	-	3
Net deferred tax liabilities	€	(8)	(1)	5	-	(5)	(9)
Net tax assets (liabilities)	€	516	(176)	5	-	(5)	340

Of the total deferred tax asset at 31 December 2019, 2018, and 2017, €348 million, €519 million, and €638 million, respectively, are recognized with respect to entities where there have been tax losses in the current or preceding period. Management's projections support the assumption that it is probable that the results of future operations will generate sufficient taxable income to utilize these deferred tax assets. In addition, €28 million of the deferred tax assets as of 31 December 2019 is expected to reverse in the next 12 months.

As of 31 December 2019, 2018, and 2017, the Company’s net operating loss carryforwards for income tax purposes were approximately €72 million, €4 million, and €6 million, respectively, and primarily relate to operations in the Netherlands. The Netherlands net operating loss carryforwards will expire from 2025 through 2027.

No deferred tax asset has been recognized on the following unused tax losses as they relate to jurisdictions where the entity had past losses and there is no conclusive evidence to support the view that sufficient taxable profit will be generated by such entity in the future to offset such losses.

	As of			
	31 December 2019	31 December 2018	31 December 2017	1 January 2017
Unused tax losses for which no deferred tax asset has been recognized	€ 1	€ 1	€ 2	€ -
	€ 1	€ 1	€ 2	€ -

The Company has recognized the tax consequences of all foreign unremitted earnings, and management has no specific plans to indefinitely reinvest the unremitted earnings of the Company's foreign subsidiaries as of the balance sheet date.

The Company is subject to tax in the Netherlands and other foreign jurisdictions. The Company is under examination by certain tax authorities for the 2010 to 2017 tax years. Management has made adequate accruals for liabilities likely to arise from periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent on the outcome of agreements with relevant tax authorities or litigation where appropriate. In assessing these income tax uncertainties, management makes judgement about the unit of account, the evaluation of the circumstances, facts and other relevant information in respect of the tax position taken together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities.

18. Subsequent events

On 19 December 2019, the Company entered into a stock purchase agreement to acquire Cox Automotive Media Solutions from Cox Enterprises Inc. Cox Automotive Media Solutions owns CarsGuide.com.au and Autotrader.com.au, automotive platforms that enable consumers to review, buy and sell cars in Australia. The acquisition together with the Company's existing platform will provide a compelling car-buying offering and a more competitive and attractive platform for Australian consumers. The transaction closed on 31 May 2020 for a purchase price of €41 million. The short period of time between the acquisition date and the date of approval of these combined carve-out financial statements makes it impracticable for the Company to provide all disclosures required by IFRS 3 applicable to a business combination that occurred subsequent to year end.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The Company's platforms were adversely impacted by recent auto dealer closures in many international markets, lower traffic to horizontal classifieds sites around the world due to social distancing requirements and lower advertising revenues. As shelter in place guidelines are lifted, auto dealers are returning to the platform and traffic to the classifieds sites is improving. However, it is difficult to predict the impact on the Company's platforms as these guidelines continue to be eased or lifted and how consumer demand and seller inventory may evolve over time.

eBay Classifieds Group

Condensed Combined Carve-out Financial Statements
As of 30 June 2020 and 31 December 2019
For the six months ended 30 June 2020 and 2019

eBay Classifieds Group
Index to Condensed Combined Carve-out Financial Statements (Unaudited)

	Page(s)
Condensed Combined Carve-out Financial Statements (Unaudited):	
Condensed Combined Carve-out Statements of Profit or Loss (Unaudited)	1
Condensed Combined Carve-out Statements of Comprehensive Income or Loss (Unaudited)	2
Condensed Combined Carve-out Balance Sheets (Unaudited)	3
Condensed Combined Carve-out Statements of Changes in Invested Equity (Unaudited)	4
Condensed Combined Carve-out Statements of Cash Flows (Unaudited)	5
Notes to Condensed Combined Carve-out Financial Statements (Unaudited)	6

eBay Classifieds Group
Condensed Combined Carve-out Statements of Profit or Loss
(in Millions)
(Unaudited)

	Notes		**Six months ended 30 June 2020**		**Six months ended 30 June 2019**
Net revenues	3	€	408	€	468
Cost of net revenues	3, 6, 7, 14		52		46
Gross profit			356		422
Operating expenses:					
Sales and marketing	6, 7, 14		136		161
Product development	14		70		68
General and administrative	6, 7, 14		51		51
Provision for bad debts	3, 13		8		5
Amortization of acquired intangible assets	6		4		6
Total operating expenses			269		291
Profit from operations			87		131
Interest and other, net			1		(1)
Profit before income taxes			88		130
Income tax provision	17		(25)		(197)
Net profit (loss)		€	63	€	(67)

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Comprehensive Income or Loss
(in Millions)
(Unaudited)

		Six months ended		
		30 June 2020		**30 June 2019**
Net profit (loss)	€	63	€	(67)
Other comprehensive income or loss, net of reclassification adjustments:				
Items that will not be reclassified to profit or loss:				
Losses on equity investments classified as fair value, recognized through other comprehensive income or loss, net of tax		(11)		(5)
Items that may be reclassified to profit or loss:				
Foreign currency translation adjustments		(8)		(1)
Comprehensive income or loss	€	44	€	(73)

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Balance Sheets
(in Millions)
(Unaudited)

	Notes		As of 30 June 2020		As of 31 December 2019
ASSETS					
Goodwill	6	€	681	€	659
Intangible assets, net	6		30		20
Right-of-use assets	7		19		17
Property and equipment, net	14		19		23
Long-term investments	12		27		39
Deferred tax assets	17		341		349
Non-current assets			1,117		1,107
Other current assets	15		33		31
Accounts receivable, net	3, 13		129		119
Cash and cash equivalents	3		17		20
Current assets			179		170
Total assets		€	1,296	€	1,277
INVESTED EQUITY AND LIABILITIES					
Net parent investment	10	€	1,154	€	1,109
Accumulated other comprehensive income	3		(35)		(16)
Total invested equity			1,119		1,093
Lease liabilities	7		12		12
Deferred tax liabilities	17		9		9
Other liabilities			3		2
Non-current liabilities			24		23
Income taxes payable	17		52		53
Accounts payable	3		20		19
Deferred revenue	3		4		5
Accrued expenses and other current liabilities	15		77		84
Current liabilities			153		161
Total invested equity and liabilities		€	1,296	€	1,277

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Changes in Invested Equity
(in Millions)
(Unaudited)

	Net Parent Investment	Accumulated Other Comprehensive Income	Total
Balance, 1 January 2019	€ 1,228	€ (4)	€ 1,224
Net loss for the period	(67)	-	(67)
Losses on fair value of equity investments, recognized through other comprehensive income or loss, net of tax	-	(5)	(5)
Foreign currency translation adjustments	-	(1)	(1)
Net transfers to Parent	(45)	-	(45)
Balance, 30 June 2019	1,116	(10)	1,106
Balance, 1 January 2020	€ 1,109	€ (16)	€ 1,093
Net profit for the period	63	-	63
Losses on fair value of equity investments, recognized through other comprehensive income or loss, net of tax	-	(11)	(11)
Foreign currency translation adjustments	-	(8)	(8)
Net transfers to Parent	(18)	-	(18)
Balance, 30 June 2020	1,154	(35)	1,119

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Condensed Combined Carve-out Statements of Cash Flows
(in Millions)
(Unaudited)

		Six months ended		
		30 June 2020		**30 June 2019**
Cash flows from operating activities:				
Net profit (loss)	€	63	€	(67)
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
Provision for bad debts		8		5
Depreciation and amortization		11		13
Stock-based compensation		21		22
Amortization of right-of-use assets		4		4
Deferred income taxes		6		185
Changes in assets and liabilities, net of acquisition effects:				
Accounts receivable		(20)		(13)
Other current assets		(2)		(18)
Accounts payable		(1)		13
Accrued expenses and other liabilities		(6)		8
Deferred revenue		(1)		4
Income taxes payable and other tax liabilities		-		(2)
Net cash provided by operating activities		83		154
Cash flows from investing activities:				
Purchases of property and equipment		(3)		(9)
Acquisitions, net of cash acquired		(39)		(82)
Net cash used in investing activities		(42)		(91)
Cash flows from financing activities:				
Payments on the principal portion of lease liabilities		(4)		(4)
Net transfers to Parent		(38)		(67)
Net cash used in financing activities		(42)		(71)
Effect of exchange rate changes on cash and cash equivalents		(2)		-
Net decrease in cash and cash equivalents		(3)		(8)
Cash and cash equivalents at beginning of period		20		42
Cash and cash equivalents at end of period	€	17	€	34
Supplemental cash flow disclosures:				
Cash paid for:				
Income taxes	€	26	€	29

The accompanying notes are an integral part of these condensed combined carve-out financial statements.

eBay Classifieds Group
Notes to Condensed Combined Carve-out Financial Statements
(Unaudited)

1. Organization and Nature of Business

The eBay Classifieds Group ("eBay Classifieds," "Classifieds," "eCG" or the "Company"), a combined group of legal entities, is an online marketing services company, made up of platforms that include a collection of brands such as mobile.de, Kijiji, Gumtree, Marktplaats, eBay Kleinanzeigen and others.

eBay Classifieds is designed to help people list their products and services, find what they are looking for in their local communities, and trade at a local level. eBay Classifieds' brands offer both horizontal and vertical experiences, such as automobiles, real estate and jobs. The Company offers a personalized classifieds experience and focuses on expanding its value proposition by leveraging data and analytics to improve customer relevance and grow the classifieds opportunity on mobile devices.

The Company primarily derives revenue from the sale of advertisements, classifieds fees and marketing service fees. The eBay Classifieds platforms offer classifieds listings in a variety of international markets.

eBay Inc. ("eBay or "Parent"), the ultimate parent of eCG, has a centralized treasury function that maintains cash management and financing activities for its subsidiaries. Accordingly, a substantial portion of the Company's cash balances are transferred to Parent's cash management accounts regularly, are managed by Parent and therefore are not included in the condensed combined carve-out financial statements. Only cash balances legally owned by the Company are reflected in the condensed combined carve-out balance sheets. Transfers of cash between the Company and Parent are included within "Net transfers to Parent" on the condensed combined carve-out statements of cash flows and the condensed combined carve-out statements of invested equity. To date, the Company has generated cash flows from operations, which have been periodically transferred to Parent. To the extent that there are future losses or cash needed at the Company, then Parent would provide that funding through its net investment in the Company or other funding arrangements.

2. Basis of Preparation

These condensed combined carve-out financial statements for the six-months ended 30 June 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34"). As permitted by IAS 34, the condensed combined carve-out financial statements do not include all of the information required for full annual combined carve-out financial statements and the notes to these condensed combined carve-out financial statements are presented in a condensed format. Accordingly, the condensed combined carve-out financial statements should be read in conjunction with the annual combined carve-out financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the IFRS Interpretations Committee ("IFRIC")'s interpretations. The same accounting policies, methods of computation and presentation have been followed in their preparation as were applied in the most recent annual combined carve-out financial statements. The condensed combined carve-out financial statements are prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of eBay using the historical results of operations and historical cost basis of the assets and liabilities of the eBay Classifieds business. Throughout the six months periods ended 30 June 2020 and 2019, eBay Classifieds operated as a part of Parent. These carve-out financial statements have been prepared on a combined and carve-out basis as they represent a portion of eBay's business which does not solely consist of separate legal entities. The accompanying condensed combined carve-out financial statements are prepared on a stand-alone basis as if the operations of eBay Classifieds had been conducted independently from Parent and present only the historical financial information of the economic activities that comprise the eBay Classifieds business. The condensed combined carve-out financial statements have been prepared by Parent and were authorized for issuance on 25 September 2020. Parent has the power to amend and reissue the financial statements.

The condensed combined carve-out financial statements reflect assumptions, estimates and allocations made by Parent to depict the Company on a stand-alone basis. As a result, the condensed combined carve-out financial statements included herein may not necessarily be indicative of the Company's financial position, results of operations, or cash flows had eBay Classifieds operated as a stand-alone entity during the periods presented. The accompanying condensed combined carve-out financial statements only include assets and liabilities that are specifically attributable to eBay Classifieds.

The condensed combined carve-out statements of profit or loss include all revenues and costs directly attributable to the Company as well as an allocation of expenses from Parent for certain support functions provided on a centralized basis related to customer support, system operations, payment processing, sales and marketing, development, and other general and administrative services. Parent allocates costs to the Company using methodologies that management believes are appropriate and reasonable. These expenses have been allocated from Parent based on direct usage or benefit when specifically identifiable, with the remainder allocated primarily on a pro rata basis of revenue, headcount, or other systematic measures. The Company considers these allocations to be a reasonable reflection of the utilization of services or the benefit received. The impact of these allocated costs on the Company's condensed combined carve-out statements of profit or loss is summarized in "Note 8 – Allocation of corporate expenses".

The Company's future results of operations will include costs and expenses for it to operate as an independent company, and these costs and expenses may materially differ from its historical condensed combined carve-out results of operations, financial position and cash flows. Accordingly, the condensed combined carve-out financial statements presented as of 30 June 2020 and 31 December 2019 and for the six months ended 30 June 2020 and 2019 are not necessarily indicative of the Company's future results of operations, financial position, and cash flows. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Principles of combination

The condensed combined carve-out financial statements of the Company include assets and liabilities that have been determined to be specifically identifiable to the eBay Classifieds business. The condensed combined carve-out financial statements reflect all of the costs of doing business, including certain expenses incurred by Parent on the Company's behalf. All significant intra-company transactions within the Company have been eliminated within the condensed combined carve-out financial statements. Transactions between the Company and Parent, which consist principally of advertising and marketing services, are reflected in these condensed combined carve-out financial statements.

See "Note 9 — Related party transactions" for the Company's related party activities.

Invested equity

Net parent investment represents Parent's interest in the recorded net assets of the Company, the cumulative net investment by Parent in the Company through the periods presented and includes the Company's cumulative operating results. All transactions between the Company and Parent are considered to be effectively settled through net parent investment at the time the transactions are recorded.

Income taxes

The parent entity of the Classifieds business is incorporated in the Netherlands; accordingly, the Company's income tax provision on a carve-out basis excludes the impact of any U.S. international tax provisions (including the effects of U.S. tax reform) that arise when a U.S. parent owns non-U.S. subsidiaries.

3. Summary of Significant Accounting Policies

(a) Use of estimates

The preparation of the condensed combined carve-out financial statements in conformity with IFRS requires management to exercise judgement and to make estimates and assumptions that affect the amounts reported in the Company's condensed combined carve-out financial statements and accompanying notes. The Company bases these estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

The table below presents the areas that involve a higher degree of judgement or areas where assumptions and estimates are significant to the Company's condensed combined carve-out financial statements.

	Note
Revenue recognition	3(b)
Goodwill and the recoverability of intangible assets	3(i)
Fair value measurement of assets and liabilities	12
Provision for bad debts	13
Income taxes	17

(b) Revenue recognition

The Company recognizes revenue when it transfers control of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. Revenue is recognized net of any taxes collected, which are subsequently remitted to governmental authorities. IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") introduces a single model for recognizing revenue that applies to all contracts with customers, except for contracts that are within the scope of standards on leases, insurance and financial instruments.

The Company's net revenues consist entirely of marketing services and other net revenues, which are derived principally from the sellers' listing fees and feature fees. The Company identified two distinct performance obligations: (1) listing an item on the platform for which revenue is recognized over the listing period, and (2) featured listings mainly to promote the item which can be provided over time or at a point in time and recognized in accordance with service delivery. Discounts offered through the purchase of packages of multiple services are allocated based on the stand-alone selling price of each respective feature. Both fees are typically billed on a monthly basis.

The Company also derives advertising revenue from the sale of online advertisements which are based on "impressions" (i.e., the number of times that an advertisement appears in pages viewed by users of the Classifieds platforms) or "clicks" (which are generated each time users on the Classifieds platforms click through the advertisements to an advertiser's designated website) delivered to advertisers. The Company uses the output method and applies the practical expedient to recognize advertising revenue in the amount to which the Company has a right to invoice. For contracts with targeted advertising commitments with rebates, significant revenue estimates include estimated payout that is accounted for as variable consideration to the extent it is probable that a significant reversal of revenue will not occur.

In light of the current economic environment driven by COVID-19, the Company offered additional incentives to customers, such as fee waivers and discounts, to ease the financial impact of the pandemic to the Company's customers.

Cost of net revenues

The Company's cost of net revenues comprises of costs incurred for services provided to customers. The most significant element is labor related to customer support and systems operations. In addition, cost of net revenues includes certain expenses that are attributable to the Company's revenues, including the amortization of certain intangibles, the depreciation of certain property, plant, and equipment, and the depreciation of certain right-of-use assets.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents both amounts invoiced, as well as revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The allowance for doubtful receivables is estimated based upon the simplified expected credit losses approach, which uses a lifetime expected loss allowance for all trade receivables. The allowance for doubtful receivables was € 20 million and €19 million as of 30 June 2020 and 31 December 2019, respectively.

Deferred revenue consists of fees received related to unsatisfied performance obligations at the end of the period. Due to the generally short-term duration of contracts, the majority of the performance obligations are satisfied in the following reporting period. The amount of revenue recognized in the six months ended 30 June 2020 and 2019 that was included in the deferred revenue balance at the beginning of each of the six month periods was €4 million and €5 million, respectively.

Disaggregation of revenue

The Company's net revenues consist entirely of marketing services and other revenues. The following table presents the Company's revenues disaggregated based on geography (in millions) for the six months ended 30 June 2020 and 2019:

	Six Months ended			
		30 June 2020		**30 June 2019**
Net revenues:				
Germany	€	208	€	210
Netherlands		62		66
Canada		47		70
United Kingdom		28		43
Denmark		25		24
Australia		20		28
Other		18		27
Total net revenues	€	408	€	468

(c) Leases

Under IFRS 16 – New Leases Standard ("IFRS 16"), the Company determines if an arrangement is a lease or contains a lease at inception. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the Company's leases, the Company generally uses an incremental borrowing rate consistent with Parent's, which is based on information available at the commencement date to determine the present value of future lease payments. Right-of-use ("ROU") assets are generally recognized based on the amount of the initial measurement of the lease liability, adjusted for accrued lease payments (i.e. deferred rent) and the remaining balance of lease incentives received. Subsequent to lease commencement, lease liabilities are re-measured upon a modification in the lease term or changes in an index or rate used to determine the lease payments. The corresponding adjustments are recorded to the related ROU assets.

The Company will recognize a depreciation charge for right-of-use assets and interest expense related to lease liabilities. Leases are included in right-of-use assets, accrued expenses and other current liabilities, and lease liabilities on the condensed combined carve-out balance sheets.

(d) Advertising expense

The Company expenses the costs of producing advertisements at the time production occurs and expenses the cost of communicating advertisements in the period during which the advertising space or airtime is used. The Company recognizes advertising as an element of sales and marketing expense. Internet advertising expenses are recognized based on the terms of the individual agreements, which are generally over the greater of the ratio of the number of impressions delivered over the total number of contracted impressions, on a pay-per-click basis, or on a straight-line basis over the term of the contract. Advertising expense totaled €59 million and €89 million for the six months ended 30 June 2020 and 2019, respectively. Of these amounts, an immaterial amount is allocated from Parent.

(e) Stock-based compensation

The Company determines compensation expense associated with restricted stock units ("RSUs") based on the fair value of Parent's common stock on the grant date. The Company determines compensation expense associated with stock options based on the estimated grant date fair value method using the Black-Scholes valuation model. The Company generally recognizes compensation expense using a straight-line amortization method over the respective vesting period for each vesting tranche for awards that are ultimately expected to vest. Accordingly, stock-based compensation expense for the six months ended 30 June 2020 and 2019 has been reduced for estimated forfeitures. The Company recognizes a benefit or provision from stock-based compensation in earnings as a component of income tax expense to the extent that an incremental tax benefit or deficiency is realized by following the ordering provision of the tax law. A corresponding credit to equity is raised for equity-settled plans.

The Company records a deferred tax asset related to stock-based compensation based on the future tax deduction determined by the stock price as of the reporting date. If the amount of future tax deduction exceeds the cumulative amount of stock-based compensation expenses, the excess deferred tax is recognized directly in invested equity.

(f) Income taxes

Income taxes as presented herein attribute current and deferred income taxes of eBay to the Company's stand-alone financial statements in a manner that is systematic and consistent with IAS 12. Under IAS 12, the total income tax expense (income) recognized in a period is the sum of current tax plus the change in deferred tax assets and liabilities during the period, excluding tax recognized outside of profit or loss – i.e. either in other comprehensive income ("OCI") or directly in equity, or arising from a business combination. For investment property measured using the fair value model, management has elected to run the re-measurement related changes through OCI instead of through profit or loss. Therefore, the related tax effects are also recorded in OCI.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period. A current tax liability or asset is recognized for income tax payable or paid but recoverable in respect of all periods to date.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Further, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company's income tax provision was prepared following the separate return method, as modified by the benefits-for-loss approach. Accordingly, the operating losses and other tax attributes are characterized as utilized when those attributes have been utilized by other members of the eBay consolidated group. In addition, the separate return method applies to the stand-alone financial statements of each member of the combined group as if the group member were a separate taxpayer and a stand-alone enterprise. As a result, actual tax transactions included in the consolidated financial statements of eBay may not be included in the separate condensed combined carve-out financial statements of the Company. Similarly, the tax treatment of certain items reflected in the separate condensed combined carve-out financial statements of the Company may not be reflected in the consolidated financial statements and tax returns of eBay; therefore, items such as net operating losses and credit carry forwards may exist in the stand-alone financial statements that may or may not exist in eBay's consolidated financial statements.

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the estimates in relation to the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The provisions are based on management's best judgement of the application of tax legislation and best estimates of future settlement amounts based on a separate return filing methodology.

(g) Cash, cash equivalents

Cash and cash equivalents are stated at face value and are comprised of cash on hand, bank deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within accrued expenses and other current liabilities in the condensed combined carve-out balance sheets.

(h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation for equipment and leasehold improvements commences once the assets are ready for their intended use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally, one to three years for computer equipment and software, the shorter of five years or the term of the lease for leasehold improvements, and three years for furniture and fixtures).

(i) Goodwill and intangible assets

Goodwill is tested for impairment at a minimum on an annual basis at a cash-generating unit ("CGU") level. As the Company monitors goodwill at a Company-wide level, goodwill is tested for impairment at an aggregated entity-wide CGU level. Goodwill is considered impaired if the carrying value of the entity-wide CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The fair value of the entity-wide CGU is estimated using income and market approaches. In estimating the recoverable amount, management is required to make an estimate of the expected future cash flows from the entity-wide CGU in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Such estimates are subject to a certain degree of judgment and uncertainty.

An impairment test of goodwill was last conducted as of 31 August 2019. As a result of these assessments, the Company determined that no adjustment to the carrying value of goodwill was required. These calculations use pre-tax cash flow projections for two years based on financial budgets approved by management, including annual revenue growth rates ranging from 3% to 15% and a discount rate of 10.5%. Management determined the expected growth rate and operating results based on past performance and its expectations in relation to market developments. The discount rate used reflects specific risks relating to the entity-wide CGU. Based on this assessment, there was no impairment of goodwill as of 31 August 2019. Material changes in the assumptions used in the calculation of recoverable amount may result in impairment losses. As of 30 June 2020, the Company determined that no events or circumstances through 30 June 2020 indicated that a further assessment was necessary.

Intangible assets consist of trademarks and tradenames, customer lists and user base, and developed technologies. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one to five years. No significant residual value is estimated for intangible assets.

(j) Impairment of non-financial assets

The Company evaluates non-financial assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a non-financial asset or asset group may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets, i.e. CGU. The CGU is considered impaired if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use. The Company determined that no events or circumstances through 30 June 2020 indicated that an impairment assessment was necessary, and did not record any impairment charges for the six months ended 30 June 2020 and 2019.

(k) Business combinations

The Company applies the acquisition method, which measures identifiable assets acquired and liabilities assumed in a business combination at their fair values at the acquisition date. The consideration transferred for the acquisition is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Company (if any). Acquisition-related costs are generally expensed as incurred.

See "Note 5 – Business combinations" for full descriptions of the Company's acquisition of Australia-based automotive platform Cox Automotive Media Solutions in May 2020 and the Company's acquisition of U.K.-based classifieds site, Motors.co.uk, in February 2019.

(l) Foreign currency

The Company's business operations are primarily denominated in functional currencies which include Euros ("EUR", "€"), Great Britain Pounds ("GBP"), Australian Dollars ("AUD"), Canadian Dollars ("CAD"), and United States Dollars ("USD"). The Company's presentation currency is EUR.

Assets and liabilities are translated into EUR using exchange rates prevailing at the balance sheet date, while revenues and expenses are translated at average exchange rates during the six months. Gains and losses resulting from the translation of the condensed combined carve-out balance sheets and the condensed combined carve-out statements of profit or loss are recorded as a component of other comprehensive income or loss.

Gains and losses from foreign currency transactions are recognized as interest and other, net.

(m) Derivative instruments

The Company uses derivative financial instruments not designated as hedges, such as forwards, to hedge foreign currency balance sheet exposures associated with changes in currency exchange rates against the Company's functional currencies. The Company does not use derivative financial instruments for trading purposes.

See "Note 12 — Fair value measurement of assets and liabilities" for a full description of the Company's derivative instrument activities and related accounting policies.

(n) Accounts receivable, allowance for doubtful receivables and provision for bad debts

Accounts receivable are carried at the receivable amount less an allowance for expected credit losses. Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. The Company estimates its allowance for doubtful receivables based on an expected credit losses approach. In determining the expected credit losses, the Company applies the simplified approach to measuring expected credit losses, which references lifetime expected credit losses for all trade receivables. The expected credit loss rates are measured based on historical collection trends adjusted for asset specific attributes, current conditions and reasonable and supportable forecasts of the economic conditions that will exist through the contractual life of the financial asset. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances, and the allowance is adjusted accordingly. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful.

Provision for bad debts consists primarily of losses resulting from bad debts associated with the Company's accounts receivable. Provisions for these items represent the estimate of expected losses based on historical experience and other factors including the impact of regulatory changes and economic conditions.

(o) Fair value measurements

Upon initial recognition, the Company classifies its financial assets and liabilities as subsequently measured at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVOCI”), or at amortized cost. The classification depends on the purpose for which the financial assets are bought and held.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured by reference to the principal market for the asset or liability assuming that market participants act in their economic best interests. The Company’s financial assets and liabilities are valued using market prices on both active markets (Level 1), less active markets (Level 2) and little or no market activity (Level 3). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from readily available pricing sources for comparable instruments, identical instruments in less active markets, or models using market observable inputs. Level 3 instrument valuations typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

Financial assets at FVOCI

The Company has elected to irrevocably designate its equity investments as measured at fair value through other comprehensive income when they meet the definition of equity and are not held for trading. These investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss in other comprehensive income is not reclassified to profit or loss on disposal.

Financial assets and liabilities at FVTPL

The Company's derivative assets and derivative liabilities are measured at fair value through profit or loss on a recurring basis as of 30 June 2020 and 31 December 2019. The derivative instruments are accounted for at trade date and are valued using pricing models that take into account the contract terms as well as currency rates.

Financial assets and liabilities at amortized cost

The Company’s financial assets and liabilities not measured at fair value include cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities. Financial assets measured at amortized cost are financial assets which are held for the objective of collecting contractual cash flows and for which the contractual cash flows are fixed and determinable consisting solely of payment of principal and interest outstanding. As of 30 June 2020 and 31 December 2019, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities approximated their estimated fair values because of the short-term nature of these financial instruments.

4. Recently adopted accounting standards

Accounting pronouncements issued and adopted

Conceptual Framework for Financial Reporting

In March 2018, the IASB published the revised Conceptual Framework for Financial Reporting, which includes a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also issued guidance to support the transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS applies to a particular transaction. The amendments are effective for annual periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendment)

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of ‘material’ and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company’s condensed combined carve-out financial statements.

Definition of a Business, Amendments to IFRS 3 – Business Combinations ("IFRS 3")

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company's condensed combined carve-out financial statements.

Interest Rate Benchmark Reform ("IBOR") Phase 1 Amendments

In September 2019, the IASB issued "Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)" as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The adoption of the standard did not have a material impact on the Company's condensed combined carve-out financial statements.

COVID-19 Related Rent Concessions (Amendment to IFRS 16)

In May 2020, the IASB published "COVID-19 Related Rent Concessions (Amendment to IFRS 16)" amending the standard to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020. The adoption of the standard did not have a material impact on the Company's condensed combined carve-out financial statements.

Accounting pronouncements issued not yet adopted

IBOR Reform Phase 2 Amendments

In August 2020, the IASB issued "Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)" with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021. The Company is currently evaluating the new guidance and does not expect it to have a material impact on its condensed combined carve-out financial statements.

5. Business combinations

Cox Automotive Media Solutions

In May 2020, the Company wholly acquired the Australia-based automotive platform, Cox Automotive Media Solutions, for approximately €41 million in cash. The Company believes the acquisition will increase the Company's international presence and give buyers access to more listings.

The aggregate purchase consideration was preliminarily allocated as follows (in millions):

		Cox Automotive Media Solutions
Goodwill	€	27
Customer lists		8
Trademarks, tradenames, and patents		5
Cash		2
Developed technologies		1
Net liabilities assumed		(2)
Total	€	41

The Company anticipates completing certain working capital adjustments impacting the net liabilities assumed within the year ended 31 December 2020. The Company does not expect the preliminary allocation to change significantly. The goodwill recognized is primarily attributable to expected synergies and the assembled workforce of Cox Automotive Media Solutions and is not deductible for income tax purposes.

Revenue and profit from Cox Automotive Media Solutions' operations for the six months ended 30 June 2020 were immaterial. Pro forma results of operations for this acquisition have not been presented as the effect of the acquisition is not material to the Company's financial results.

Motors.co.uk

In February 2019, the Company wholly acquired the U.K.-based classifieds site, Motors.co.uk for €82 million in cash.

The Company believes the acquisition will increase the Company's international presence and give buyers access to more listings.

The aggregate purchase consideration was allocated as follows (in millions):

		Motors.co.uk
Goodwill	€	57
Customer lists		18
Trademarks and tradenames		5
Developed technologies		4
Net liabilities assumed		(2)
Total	€	82

The goodwill recognized is primarily attributable to expected synergies and the assembled workforce of Motors.co.uk and is not deductible for income tax purposes.

Since the acquisition, revenue recognized from Motors.co.uk's operations for the six months ended 30 June 2019 was €8 million. Due to the Company's integrated shared cost structure, it is impracticable to disclose profit or loss from Motors.co.uk's operations since the acquisition date for the six months ended 30 June 2019.

6. Goodwill and intangible assets

Goodwill

The following table presents goodwill activity for the six months ended 30 June 2020 (in millions):

		Goodwill
Balance at 1 January 2020	€	659
Acquisition of Cox Automotive Media Solutions		27
Effect of movements in exchange rates		(5)
Balance at 30 June 2020	€	681

Intangible assets

The movements in intangible assets are as follows (in millions):

Intangible Assets		Trademarks, tradenames, and patents		Customer lists and user base		Developed technologies		Total
Cost		159		79		22		260
Accumulated amortization		(154)		(67)		(19)		(240)
Balance at 1 January 2020	€	5	€	12	€	3	€	20
Acquisition/additions		5		8		1		14
Amortization charges		(1)		(2)		(1)		(4)
Activities during six months ended 30 June 2020		4		6		-		10
Cost		164		87		23		274
Accumulated amortization		(155)		(69)		(20)		(244)
Balance at 30 June 2020	€	9	€	18	€	3	€	30

Amortization expense for intangible assets is included in Amortization of acquired intangible assets and Cost of net revenues on the condensed combined carve-out statements of profit or loss. The amortization expense allocated from Parent was immaterial for the six months ended 30 June 2020 and 2019.

7. Leases

The Company has leases for office space and data centers that the Company utilizes under lease arrangements. The Company's leases have remaining lease terms of up to ten years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year.

Right-of-use Assets

Key movements relating to lease balances are presented below (in millions):

Right of use assets	Office space	Data centers	Total
Balance at 1 January 2020	€ 16	€ 1	€ 17
Depreciation expense	(3)	(1)	(4)
Additions	4	2	6
Balance at 30 June 2020	€ 17	€ 2	€ 19

Depreciation expense on the ROU assets is included in Cost of net revenues, Sales and marketing, and General and administrative expenses on the condensed combined carve-out statements of profit or loss. Depreciation expense for right-of-use assets allocated from Parent was immaterial for the six months ended 30 June 2020 and 2019.

Expenses relating to variable lease payments are included in General and administrative expenses on the condensed combined carve-out statements of profit or loss. Expenses recognized relating to variable lease payments were immaterial for the six months ended 30 June 2020 and 2019.

Lease Liabilities

Maturity of lease liabilities under the Company's non-cancelable leases is as follows (in millions):

	As of	
	30 June 2020	31 December 2019
Remaining 2020	€ 4	€ 6
2021	6	4
2022	4	3
2023	4	3
2024	2	2
Thereafter	1	1
Total lease payments	21	19
Less interest	(2)	(2)
Present value of lease liabilities	€ 19	€ 17

Interest expense on lease liabilities was immaterial for both the six months ended 30 June 2020 and 2019.

8. Allocation of corporate expenses

The condensed combined carve-out statements of profit or loss include corporate expense allocations for services provided by Parent. The corporate expenses that were allocated include expenses incurred for sales and marketing, information technology, finance, accounting, treasury and legal, real estate and facilities, human resources, stock-based compensation, procurement, advertising, product development, restructuring, and other corporate and infrastructure functions. These expenses have been allocated to eBay Classifieds based on direct usage or benefit when specifically identifiable. The remainder were allocated on a pro rata basis. The allocation methods include revenue, headcount or other systematic measures. During the six months ended 30 June 2020 and 2019, the Company allocated the following costs incurred by Parent, which are included in the condensed combined carve-out statements of profit or loss (in millions):

		Six months ended		
		30 June 2020		30 June 2019
Cost of net revenues	€	3	€	3
Sales and marketing		11		11
Product development		12		12
General and administration		33		30
Total allocated costs	€	59	€	56

The allocations may not be indicative of actual costs for services or what the Company would have incurred on a stand-alone basis.

Shared Agreements with Parent

The Company operates under agreements executed by Parent with third parties, including but not limited to information technology support, information security, human resource management, facility management, tax, corporate legal services, risk management, administration, and finance.

9. Related party transactions

Parent and ultimate controlling party

These condensed combined carve-out financial statements include transactions with eBay and its subsidiaries. Parent is a related party as it controlled the Company during the periods presented.

The Company and Parent have entered into certain commercial agreements whereby each party has agreed to provide advertising and marketing services to one another. These agreements include referral fees, advertising, and cooperation arrangements within certain markets. In consideration for services rendered under these agreements, the details of net revenues and related costs incurred are given in the below table. There were no amounts due to or from Parent related to these agreements as of 30 June 2020 or 31 December 2019 as a result of transactions being considered effectively settled through net parent investment at the time the transactions are recorded. The amounts reflected in the condensed combined carve-out financial statements may not be indicative of revenues and costs that will be incurred by the Company in the future.

		Six months ended		
		30 June 2020		30 June 2019
Net service revenues recorded	€	7	€	8
Advertising and marketing costs incurred		(1)		(1)
Total, net	€	6	€	7

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, even though the Company did not operate as a standalone entity during the historical periods. The Company's leadership team has been identified as key management, which included the following functions: Chief Executive Officer ("CEO") and Chief Finance Officer ("CFO"). Key management personnel compensation comprised the following:

	Six months ended			
		30 June 2020		30 June 2019
Salary and compensation	€	1	€	1
Stock-based payments		2		1
Total key management personnel compensation	€	3	€	2

10. Net parent investment

Parent's equity in eBay Classifieds is presented as net parent investment on the condensed combined carve-out balance sheets. The condensed combined carve-out statements of changes in invested equity include net transfers to and from Parent. Parent performs cash management and other treasury-related functions on a centralized basis for the Company. All intercompany transactions not cash-settled are considered to be settled at the time the transaction is recorded through net parent investment.

Net parent investment includes the following:

- Certain intercompany receivables and payables between the Company and Parent that are deemed effectively settled;
- Accrued liabilities related to corporate allocations including executive management, accounting, use of facilities, product development, corporate marketing, legal, employee benefits and other services that are deemed effectively settled;
- Other assets, liabilities, revenues, and expenses recorded by Parent that have been pushed down to the Company as such amounts are directly attributable to the Company's operations; and
- Cash sweeps and pooling with Parent related to the settlement of tax liabilities under the separate return method.

Net transfers to and from Parent are included within net parent investment in the condensed combined carve-out statements of changes in invested equity. Except for non-cash transactions, all intercompany transactions effected through net parent investment in the accompanying condensed combined carve-out balance sheets have been considered as cash receipts or payments for purposes of the condensed combined carve-out statements of cash flows and are reflected in financing activities.

11. Commitments and contingencies

Litigation and other legal matters

Overview

The Company is involved in legal and regulatory proceedings. Many of these proceedings are in early stages and may seek an indeterminate amount of damages. If the Company believes that a loss arising from such matters is probable and can be reasonably estimated, the Company accrues the estimated liability in its financial statements. If only a range of estimated losses can be determined, the Company accrues an amount within the range that, in management's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the Company accrues the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, the Company has disclosed an estimate of the reasonably possible loss or range of losses or the Company has concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) is not material. If the Company cannot estimate the probable or reasonably possible loss or range of losses arising from a proceeding, the Company discloses that fact. In assessing the materiality of a proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require the Company to change its business practices in a manner that could have a material adverse impact on its business.

Amounts accrued for legal and regulatory proceedings for which the Company believes a loss is probable, were not material as of 30 June 2020 and 31 December 2019. Except as otherwise noted for the proceedings described in this Note 11, the Company has concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of the recorded accruals are also not material. However, legal and regulatory proceedings are inherently unpredictable and subject to significant uncertainties. If one or more matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the impact on its operating results or financial condition for that reporting period could be material. Legal fees are expensed as incurred.

The Company is engaged in various legal proceedings, claims, audits, and investigations that have arisen in the ordinary course of business. These matters include, but are not limited to, commercial matters and intellectual property infringement claims. The outcome of all the matters against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the ultimate resolution of any such matters, individually or in the aggregate, is not expected to have a material adverse effect on the Company's condensed combined carve-out financial statements.

General matters

Third parties have from time to time claimed, and others may claim in the future, that the Company has infringed their intellectual property rights. The Company is subject to patent disputes and expects that it could be subject to additional patent infringement claims as the Company's services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against the Company and/or against the customers (who may be entitled to contractual indemnification under their contracts with the Company), and the Company is subject to increased exposure to such claims. The Company has in the past been forced to litigate such claims. The Company may also become more vulnerable to third-party claims as laws are interpreted by the courts, and as the Company expands the scope of its business (in terms of the services that it offers and its geographical operations) and becomes subject to laws in jurisdictions where the underlying laws with respect to the potential liability of online intermediaries like the Company are either unclear or less favorable. Intellectual property claims, whether meritorious or not, are time consuming and costly to defend and resolve, could require expensive changes in methods of doing business or could require the Company to enter into costly royalty or licensing agreements on unfavorable terms.

From time to time, the Company is involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by users (individually or as class actions) alleging, among other things, improper disclosure of the prices, rules or policies, that the Company's practices, prices, rules, policies or customer/user agreements violate applicable law or that it has acted unfairly and/or not acted in conformity with such practices, prices, rules, policies or agreements. Further, the number and significance of these disputes and inquiries are increasing as the political and regulatory landscape changes and, as the Company is growing larger. Any claims or regulatory actions against the Company, whether meritorious or not, could be time consuming, result in costly litigation, damage awards (including statutory damages for certain causes of action in certain jurisdictions), injunctive relief or increased costs of doing business through adverse judgment or settlement, require the Company to change the business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources or otherwise harm the business.

Other

Parent is also involved in a number of other judicial and administrative proceedings arising in the ordinary course of business. Through its association with Parent, the Company may be impacted by these proceedings. Although adverse decisions (or settlements) may occur in one or more of the cases, it is not possible to estimate the possible loss or losses from each of these cases. The final resolution of these lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

12. Fair value measurement of assets and liabilities

The Company's assets and liabilities measured at fair value on a recurring basis include equity investments and derivatives. The Company reviews the carrying amounts of such assets when events indicate that their carrying value may not be recoverable. Any resulting impairment would require that the assets and liabilities be recorded at their fair value. The Company did not have any transfers of financial instruments between valuation levels during six months ended 30 June 2020 and 2019.

The following tables present the Company's financial assets and liabilities measured at fair value as of 30 June 2020 and 31 December 2019 (in millions):

	As of 30 June 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 27	€ -	€ -	€ 27
Derivatives	1	-	1	-
Total financial assets	€ 28	€ -	€ 1	€ 27
Financial liabilities:				
Derivatives	€ 1	€ -	€ 1	€ -

	As of 31 December 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Equity investments	€ 39	€ -	€ -	€ 39
Derivatives	1	-	1	-
Total financial assets	€ 40	€ -	€ 1	€ 39
Financial liabilities:				
Derivatives	€ 2	€ -	€ 2	€ -

Equity investments

The following table summarizes the Company's equity interest in its equity investments:

	As of	
	30 June 2020	31 December 2019
Quikr	5.8%	5.8%
HelloMarket	18.8%	18.8%

The following table summarizes the total fair value of equity investments as of 30 June 2020 and 31 December 2019 (in millions):

	As of	
	30 June 2020	31 December 2019
Fair value, beginning of period	€ 39	€ 61
Fair value adjustments	(12)	(22)
Fair value, end of period	€ 27	€ 39

The fair value of equity investments is categorized as Level 3 as the investments have little to no market activity and are not listed on an exchange.

The Company determined the fair value of Quikr as of 30 June 2020 and 31 December 2019 based on a market approach utilizing a revenue multiple. The Company determined the fair value of HelloMarket primarily using an adjusted cost approach. Because the investments are not actively traded on an exchange, the Company applied discounts for lack of marketability to determine the appropriate fair value of the respective investments.

The following table contains information about the significant unobservable inputs used in Level 3 valuations and valuation techniques used to measure the fair value of equity investments.

			As of	
Description	**Valuation Technique**	**Unobservable Input**	**30 June 2020**	**31 December 2019**
Quikr	Market approach	Revenue multiple	1.25	1.57
		Discount for lack of marketability	50%	45%
HelloMarket	Adjusted cost approach	Discount for lack of marketability	10%	10%

A 10% incremental increase/(decrease) to the revenue multiple applied to Quikr as of 30 June 2020, in isolation of other changes, would result in an increase/(decrease) of approximately 10% to the fair value of Quikr. A 10% incremental increase/(decrease) to the discount for lack of marketability applied to Quikr, in isolation of other changes, would result in a (decrease)/increase of 20% to the fair value of Quikr, whereas an incremental 10% increase/(decrease) to the discount for lack of marketability applied to HelloMarket, in isolation of other changes, would result in a (decrease)/increase of 11% to the fair value of HelloMarket.

Derivative instruments

The Company's primary objective in holding derivatives is to reduce the volatility of earnings associated with changes in currency exchange rates against the Company's functional currencies. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign exchange rate movements. The Company does not use any of the derivative instruments for trading purposes.

Non-designated hedges

The Company's derivatives consist of foreign currency forward contracts that were primarily used to hedge monetary assets or liabilities associated with changes in currency exchange rates against the Company's functional currencies The Company does not apply hedge accounting to any of its derivative instruments. The gains and losses on the Company's derivatives not designated as hedging instruments are recorded in interest and other, net, which are offset by the foreign currency gains and losses on the related assets and liabilities that are also recorded in interest and other, net. The Company classifies cash flows related to the non-designated hedging instruments as operating activities in the condensed combined carve-out statements of cash flows.

Fair value of derivative contracts

The location of the outstanding derivative instruments in the condensed combined carve-out balance sheets is shown below:

	Balance Sheet Location		As of 30 June 2020		As of 31 December 2019
Derivative Assets:					
Foreign exchange contracts not designated as hedging instruments	Other Current Assets	€	1	€	1
Total derivative assets		€	1	€	1
Derivative Liabilities:					
Foreign exchange contracts not designated as hedging instruments	Accrued Expenses and Other Current Liabilities	€	1	€	2
Total derivative liabilities			1		2
Total fair value of derivative instruments		€	-	€	(1)

The Company net settles transactions of the same type with a single net amount payable by one party to the other. The Company presents the derivative assets and derivative liabilities on a net settlement basis on its condensed combined carve-out balance sheets.

Effect of derivative contracts on condensed combined carve-out statements of profit or loss

The following table provides a summary of the total gain (loss) recognized in the condensed combined carve-out statements of profit or loss from the Company's foreign exchange derivative contracts for the six months ended 30 June 2020 and 2019 (in millions):

		Six months ended 30 June 2020		Six months ended 30 June 2019
Foreign exchange contracts not designated as hedging instruments recognized in interest and other, net	€	1	€	(1)
Total gain (loss) recognized from foreign exchange derivative contracts in the condensed combined statements of profit or loss	€	1	€	(1)

Notional amounts of derivative contracts

Derivative transactions are measured in terms of the notional amount, but this amount is not recorded on the condensed combined carve-out balance sheets and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged but is used only as the basis on which the value of foreign exchange payments under these contracts is determined. The following table provides the notional amounts of the Company's outstanding derivatives as of 30 June 2020 and 31 December 2019 (in millions):

		As of 30 June 2020		As of 31 December 2019
Foreign exchange contracts not designated as hedging instruments	€	399	€	147
Total	€	399	€	147

13. Financial risk management

Overview

The Company maintains a capital structure that enables the Company to achieve its strategic objectives and daily operational needs, and to safeguard the Company's ability to continue as a going concern. The Company's activities result in exposure to a variety of financial risks including foreign exchange risk, liquidity risk, and credit risk. The Company has implemented policies to identify, analyze and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with Parent's Corporate Treasury Policy. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting the Company's business.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenues or expenses are denominated in a different currency from the Company's functional currencies. The Company's operations are primarily denominated in EUR, USD, CAD, DKK, AUD, and GBP. The Company manages foreign exchange risk through derivative contracts to cover forecasted exposures.

A 10% strengthening/weakening of the exchange rate of EUR against the currencies listed below would have increased / (decreased) profit or loss by the amount shown below:

	Six months ended	
	30 June 2020	**30 June 2019**
USD	(7%)	(2%)
CAD	4%	2%
DKK	1%	0%
AUD	1%	1%
GBP	(1%)	0%

The Company does not have material exposure to foreign currency changes for other currencies for the six months ended 30 June 2020 and 2019.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. To ensure that there is sufficient cash to meet the expected operational expenses, actual and future cash flow requirements are regularly monitored, taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Company's liquidity reserves.

Credit risk

The Company is exposed to credit risk to the extent that the counterparties may be unable to meet the terms of their arrangements. The Company's objective is to mitigate such risks by limiting the counterparties to, and by spreading the risk across, major financial institutions. In addition, the risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis.

The Company's cash and cash equivalents, accounts receivable, and derivative instruments are potentially subject to concentration of credit risk. The Company's accounts receivable are derived from revenue earned from customers. As of 30 June 2020 and 31 December 2019, no customer accounted for greater than 10% of the Company's accounts receivable. In the six months ended 30 June 2020 and 2019, one customer accounted for 17.5% and 18.8% of the Company's net revenues, respectively.

The Company's exposure from its customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer. Procedures include aligning credit and trading terms and conditions with an assessment of the individual characteristics and risk profile of each customer. This assessment is made based on past experiences and independent ratings from external rating agencies whenever available. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company actively monitors the credit risk related to these customers and takes proactive action to reduce credit limits if required. The following table summarizes the movement in the expected credit loss allowances for trade receivables:

		As of 30 June 2020
Balance at 1 January 2020	€	19
Additions to credit loss allowance		(8)
Receivables written off as uncollectible		8
Effect of movements in exchange rates		1
Balance at 30 June 2020	€	20

To measure the expected credit losses, trade receivables have been measured based on shared credit risk characteristics, as evidenced by days past due presented below:

	As of			
		30 June 2020		31 December 2019
Not overdue	€	118	€	98
Overdue </= 60 days		7		14
Overdue > 60 days		24		26
Gross trade receivables	€	149	€	138

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the resulting economic disruption is currently expected to be temporary, there is uncertainty around its duration. The Company's exposure to credit risk has increased as economic activity continues to deteriorate and unemployment or underemployment rises. Due to the pandemic, the Company reassessed the expected credit losses, and as a result, increased its provision rates for credit losses. This influenced receivables and contract assets, as well the timing and amount of revenue to be recognized in the future. To ease the financial impact of the pandemic to the Company's customers, the Company offered extended payment terms to customers by a range of 30-90 days. In addition, the Company offered additional incentives to customers, such as fee waivers and discounts. In aggregate, the amount of the coronavirus incentives offered was approximately €40M for the six months ended 30 June 2020.

14. Property and equipment

The movements in property and equipment are as follows (in millions):

Property and equipment		Computer equipment & software		Furniture & fixtures		Leasehold improvements		Total
Cost		104		3		21		128
Accumulated depreciation		(84)		(3)		(18)		(105)
Balance at 1 January 2020	€	20	€	-	€	3	€	23
Additions		3		-		-		3
Depreciation		(6)		-		(1)		(7)
Activities during the six months ended 30 June 2020		(3)		-		(1)		(4)
Cost		106		3		20		129
Accumulated depreciation		(89)		(3)		(18)		(110)
Balance at 30 June 2020	€	17	€	-	€	2	€	19

Depreciation expense on property and equipment is included in Cost of net revenues, Sales and marketing, Product development, and General and administrative expenses in the condensed combined carve-out statements of profit or loss. Disposals during the six months ended 30 June 2020 were €1 million in computer equipment and software and €1 million in leasehold improvements. There was no gain or loss recognized related to the dispositions.

15. Balance sheet components

Other current assets (in millions):

		As of		
		30 June 2020		31 December 2019
Income tax receivable	€	17	€	17
Other receivables		2		3
Prepaid expenses		8		5
Value added taxes		6		6
Other current assets	€	33	€	31

Accrued expenses and other current liabilities (in millions):

		As of		
		30 June 2020		31 December 2019
Advertising accruals	€	28	€	30
Compensation and related benefits		26		28
Value added taxes		10		11
Lease liability – current		7		5
Accrued professional fees		4		5
Other		2		5
Accrued expenses and other current liabilities	€	77	€	84

16. Employee benefit plans

The Company's employees participate in Parent's equity incentive plans. In addition, certain employees participate in Parent's employee stock purchase plan. All awards granted under these plans consisted of Parent's common shares. The Company's condensed combined carve-out statements of profit or loss reflect compensation expense for these stock-based plans associated with the portion of Parent's equity incentive plans in which the Company's employees participate as well as an allocation for Parent's corporate and other shared employee expenses. Employees may also participate in Parent's employee savings plans.

Parent's equity incentive plans

Parent has equity incentive plans under which Parent grants equity awards, including stock options, RSUs, performance based RSUs ("PBRSUs"), stock payment awards and performance share units, to the directors, officers and employees.

Stock options granted under these plans generally vest 12.5% six months from the date of grant (or 25% one year from the date of grant for grants to new employees) with the remainder vesting at a rate of 2.08% per month thereafter, and generally expire seven to ten years from the date of grant. RSU awards granted to eligible employees under the equity incentive plans generally vest in annual or quarterly installments over a period of three to five years, are subject to the employees' continuing service to the Company and do not have an expiration date.

PBRSU awards are subject to performance and time-based vesting requirements. The target number of shares subject to the PBRSU award are adjusted based on the business performance measured against the performance goals approved by Parent's Compensation Committee at the beginning of the performance period. The PBRSU award targets are based on Parent's consolidated performance. Generally, if the performance criteria is satisfied, one-half of the award vests in March following the end of the performance period and the other half of the award vests in March of the following year.

Parent's employee stock purchase plan

Parent has an Employee Stock Purchase Plan ("ESPP") for all eligible employees in the Company. Under the plan, shares of Parent's common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the six months purchase period. Employees may purchase shares having a value not exceeding 10% of their eligible compensation during an offering period. During the six months ended 30 June 2020 and 2019, employees of the Company purchased approximately 159 thousand and 151 thousand shares of Parent's common stock at average prices of €23.95 and €22.23 per share, respectively.

Parent's stock option activity

No stock options were granted in the six months ended 30 June 2020 and 2019. During these periods, the aggregate intrinsic value of options exercised under Parent's equity incentive plans was insignificant and €1 million, respectively, determined as of the date of option exercise. As of 30 June 2020, there were 10 thousand outstanding and in-the-money options to purchase shares of Parent's common stock related to the Company's employees.

Parent's restricted stock unit activity

The following table presents RSU activity (including PBRSUs that have been earned) under Parent's equity incentive plans that the Company's employees participated in as of and for the six months ended 30 June 2020 (in thousands, except per share amounts):

		Units		Weighted Average Grant-Date Fair Value (per share)
Outstanding at 1 January 2020	€	1,951	€	33.15
Awarded and assumed		1,194		26.46
Vested		(506)		31.07
Forfeited		(151)		32.78
Outstanding at 30 June 2020	€	2,488	€	30.40

During six months ended 30 June 2020 and 2019, the aggregate intrinsic value of RSUs vested under Parent's equity incentive plans that the Company's employees participated in was €19 million and €21 million, respectively.

Stock-based compensation expense

The following table presents stock-based compensation expense for the six months ended 30 June 2020 and 2019 (in millions):

	Six months ended			
		30 June 2020		30 June 2019
Cost of net revenues	€	1	€	1
Sales and marketing		7		7
Product development		6		6
General and administrative		7		8
Total stock-based compensation expense	€	21	€	22

Included in total stock-based compensation expense for the six months ended 30 June 2020 and 2019 is €4 million and €4 million, respectively, of allocations related to Parent's corporate and shared services employees. As of 30 June 2020, there was approximately €51 million of unearned stock-based compensation related to grants to the Company's employees that will be expensed from 2021 through 2024. If there are any modifications or cancellations of the underlying unvested awards, the Company may be required to accelerate, increase or cancel all or a portion of the remaining unearned stock-based compensation expense. Future unearned stock-based compensation will increase to the extent the Company grants additional equity awards, changes the mix of grants between stock options and restricted stock units, or assumes unvested equity awards in connection with acquisitions.

Parent's employee savings plans

Parent has an Employee Savings Plan (the "Plan") which qualifies as a defined contribution pension plan whereby the Company contributes a fixed percentage of the employees' salaries to the Plan. The participating employees are able to direct the contributions into a variety of investment funds offered by the Plan. Total expense for the Company's employees covered under the Plan was €4 million and €4 million for the six months ended 30 June 2020 and 2019, respectively.

17. Income tax

The following tables present provision for income taxes (in millions, except percentages):

	Six months ended	
	30 June 2020	30 June 2019
Weighted average annual tax rate	27.5%	26.3%
Effective tax rate after one-off items	28.1%	151.5%

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effects of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The estimated weighted average annual tax rate for the six months ended June 30, 2020 is higher compared to the six months ended June 30, 2019 primarily due to the change in jurisdictional mix of earnings.

The effective tax rate after one-off items for the six months ended June 30, 2020 is lower compared to the same period in 2019 primarily due to a negotiated reduction in the tax basis of the intangible assets in the non-US Classifieds platforms resulting in the recognition of tax expense of €178 million during the six months ended June 30, 2019. The negotiated settlement also resulted in the recognition of a benefit of €23 million during the six months ended June 30, 2019 for an adjustment to the prior year intangible asset tax amortization.

The Company's income tax provision has been prepared following the benefits-for-loss approach, a modification to the separate return method. The impact on the effective tax rate of utilizing the benefits-for-loss approach decreased tax expense by €1 million and €1 million in the six months ended 30 June 2020 and 2019, respectively.

The parent entity of the Classifieds business is incorporated in the Netherlands; therefore, the income tax provision has been prepared on that basis. As a result, any U.S. international tax provisions (including the effects of U.S. tax reform) applicable to entities with a U.S. parent have not been considered.

The Company is subject to tax in the Netherlands and other foreign jurisdictions. The Company is under examination by certain tax authorities for the 2010 to 2017 tax years. Management has made adequate accruals for liabilities likely to arise from periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent on the outcome of agreements with relevant tax authorities or litigation where appropriate. In assessing these income tax uncertainties, management makes judgements about the unit of account, the evaluation of the circumstances, facts and other relevant information in respect of the tax position taken together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities.

18. Subsequent events

On 20 July 2020, eCG's Parent entered into a definitive agreement ("Purchase Agreement") to transfer the Company to Adevinta ASA ("Adevinta" or "Purchaser") for $2.5 billion in cash, subject to certain adjustments, and 540 million shares in Adevinta. These shares represent approximately 44% of Adevinta's total outstanding shares and approximately 33% of Adevinta's outstanding voting shares as of 30 June 2020. Together, the total consideration payable under the definitive agreement is valued at approximately $9.2 billion, based on the closing trading price of Adevinta shares on the Oslo Stock Exchange on 17 July 2020. The transaction is expected to close by the first quarter of 2021. Completion of the sale is subject to certain conditions, including regulatory approvals and the approval of the transaction by Adevinta's shareholders as set forth in the definitive agreement and other risks and uncertainties.

The Company has evaluated subsequent events through the period from the balance sheet date through the date that the condensed combined financial statements were authorized for issuance, 25 September 2020, and determined that there have been no additional events that have occurred that would require adjustments to disclosures in the condensed combined financial statements.

(This page has been left blank intentionally.)

ISSUER

Adevinta ASA
Grensen 5, 0159
Oslo, Norway

JOINT GLOBAL COORDINATORS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

JOINT BOOKRUNNERS

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

DNB Bank ASA
Dronning Eufemias Gate 30
N-0021 Oslo
Norway

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP

CO-MANAGERS

BofA Securities Europe SA
51 rue La Boétie
75008 Paris
France

ING Bank N.V., London Branch
8-10 Moorgate
London EC2R 6DA
United Kingdom

LEGAL ADVISERS TO THE ISSUER

As to U.S. and English law
Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street, Canary Wharf
London E145DS

As to Canadian law
Stikeman Elliott LLP

1155 René-Lévesque Blvd. West
41st Floor
Montréal, Quebec H3B 3V2
Canada

As to Dutch law
Stibbe N.V.

Beethovenplein 10 - 1077
WM Amsterdam—The
Netherlands
P.O. Box 75640 - 1070 AP
Amsterdam—The
Netherlands

As to French law
**Skadden, Arps, Slate,
Meagher & Flom LLP**
68, rue du Faubourg
Saint-Honoré
75008 Paris

As to German law
**Skadden, Arps, Slate,
Meagher & Flom LLP**
Taunusturm, Taunustor 1
60310 Frankfurt am Main

As to Norwegian law
Advokatfirmaet BAHR AS
Tjuvholmen allé 16
0252 Oslo
Norway

As to Spanish law
Cuatrecasas Gonçalves Pereira, S.L.P.
Calle Almagro, 9, 28010 Madrid

LEGAL ADVISERS TO THE INITIAL PURCHASERS

Latham & Watkins (London) LLP

99 Bishopsgate
London EC2M 3XF

As to Canadian law
Blake, Cassels & Graydon LLP

199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario, M5L 1A9
Canada

As to Dutch law
Loyens & Loeff N.V.

Parnassusweg 300
1081 LC Amsterdam
Netherlands

As to French law
**Latham &
Watkins AARPI**
45 Rue Saint-Dominique
75007 Paris
France

As to German law
Latham & Watkins LLP

Die Welle
Reuterweg 20
60323 Frankfurt am Main
Germany

As to Norwegian law
Wikborg Rein Advokatfirma AS
Dronning Mauds gate 11
0250 Oslo
Norge

As to Spanish law
Latham & Watkins LLP
Plaza de la Independencia 6
28001 Madrid
Spain

AUDITORS

Ernst & Young AS (for the Issuer)
Dronning Eufemias gate 6, 0191
Oslo Atrium, P.O. Box 1156, Oslo 0107, Norway

PricewaterhouseCoopers LLP (for eCG)
488 S Almaden Blvd #1800
San Jose, CA 95110, United States

TRUSTEE

Citibank, N.A., London Branch
Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom

LEGAL ADVISERS TO THE TRUSTEE

McDermott Will & Emery UK LLP

110 Bishopsgate, London EC2N 4AY, United Kingdom

Adevinta

Toppan Merrill, London
20ZED15301