

eBay (UK) Limited

Registered number: 03726028

eBay (UK) Limited

Annual report and financial statements  
for the year ended 31 December 2019

eBay EU Sign CW2730388



**eBay (UK) Limited**

**Annual report and financial statements  
For the year ended 31 December 2019**

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eBay (UK) Limited

**Company information**  
**For the year ended 31 December 2019**

**Directors:** Alec Latimer, Rob Hattrell and Murray Lambell

**Company secretary:** EY Corporate Secretaries Limited

**Registered office:** 1 More London Place  
London  
United Kingdom  
SE1 2AF

**Registered number:** 03726028 (England and Wales)

**Independent auditors:** PricewaterhouseCoopers LLP  
Chartered Accountant and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## eBay (UK) Limited

### STRATEGIC REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report on eBay (UK) Limited ("the Company") for the year ended 31 December 2019.

#### Principal activities

During the year ended 31 December 2019, eBay (UK) Limited ("The Company") was a wholly owned subsidiary of eBay International AG, Incorporated in Switzerland. The ultimate parent of the Company is eBay Inc., a company incorporated in the United States of America ("US").

The primary business of the Company is the operation of the eBay internet marketplace in the UK. In this capacity the Company promotes the use of the platform in the UK by both sellers and buyers and collects fees from registered UK sellers as well as fees from third parties for advertising appearing on the platform. eBay Marketplaces GmbH owns and maintains the marketplace platform and makes the service available to the Company for distribution in the UK market.

#### Review of the business, future outlook and key performance indicators

The Company's profit for the financial year amounted to £23,102,419 (2018: 31,135,000).

The Company's key financial and other performance indicators during the year were as follows:

	2019	2018
	£'000	£'000
Revenue	1,034,776	1,074,322
Operating profit	31,214	40,684
Profit for the financial year	23,102	31,135
Total shareholders' funds	105,802	86,154

Average number of employees for the year 2019 is 222 (2018:285).

Revenue decreased in total by £39,546,554 during the year as result of the closure of the Company's branches in Germany and Belgium which provided 3<sup>rd</sup> party advertising sales.

Given the current uncertain economic environment caused by COVID-19, the directors have carried out a detailed and comprehensive review of the business and its future prospects taking into account all information that could reasonably be expected to be available for the following 12 months and beyond. The Company has been largely insulated from the effects of the virus to date, and resilient technology and business continuity measures in place have ensured continued operation. The Company expects therefore to continue its strategy as planned.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The Company collects fees from eBay sellers in the UK and therefore the Company's operational and financial results are subject to various risks and uncertainties that could adversely affect the business, financial condition, results of operations and cash flow. The risk factors for the Company are similar to the risk factors for eBay as a group disclosed in the Risk Factors in the eBay Inc. annual report (<http://investor.ebay.com>). Those risk factors included substantial and increasingly intense competition worldwide, economic conditions that could harm our business, fluctuation in foreign currency exchange rate, uncertainty in regards to Brexit, and others.

#### Business continuity risk

The outbreak of COVID-19 has resulted in the Company deploying business continuity plans to maintain stability across the business. The Company has moved to a formal working from home posture for non-critical employees and business critical employees are operating a shift rotation until further notice; ensuring continued delivery of service with no issues noted in the period up to signing these financial statements.

#### Brexit

The UK formally left the European Union on 31 January 2020 and is currently in a transition period until 31 December 2020. During that transition period, current EU trading rules continue to apply. However, future trading arrangements between the UK and EU beyond the transition period are still the subject of ongoing negotiations. The Company is monitoring the progress of these negotiations and how these might impact its operations and business model, and is engaged in contingency planning based on various scenarios. Like other businesses, the company would strongly prefer that a new agreement is reached between the UK and EU. However, the company will make sure that we (and our seller community) are as prepared as possible for any eventuality.

eBay (UK) Limited

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

### Statement by the directors of eBay (UK) Limited ("the Company") in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of the Company (the "Board") consider, both individually and together, that they have acted in the way they determine, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the financial year

In particular, the Board were required to make certain key principled decisions over the course of the year in order to further the Company's aims and demonstrate its purpose.

eBay (UK) Limited strives to empower people and create economic opportunity by facilitating the interaction between buyers and sellers on an online marketplace. While the Board sets short and medium-term goals, they frame those within a longer-term strategy that the Board will consider when making decisions, the key focus of which is to create as much value for as many of the Company's stakeholders as possible. These stakeholders include eBay users who buy and/or sell on the platform, eBay employees and the ultimate parent company, eBay Inc. and its shareholders

In what is a turbulent landscape for retailers within the United Kingdom, the Board have analysed the current economic climate and determined the commercial direction of the Company accordingly. eBay users are a crucial stakeholder, and changes have been implemented to combat the continuing uncertainty sellers and shoppers are facing due to political and economic factors. These changes have been made with the user base in mind and have been rewarded with an increase in active buyers on site and the Company's biggest Black Friday period in history.

Since its formation in the UK in 1999, the Company has used the power of technology to create an inclusive and accessible marketplace. This mission has been a driving force for the Board for the last two decades and is still what inspires them every day. As an example, the Board are proud of the Company's work in re-invigorating small businesses by the launch of the Retail Revival Initiative. Through this programme, eBay partnered with the city of Wolverhampton to bring their local brick-and-mortar businesses online - alongside their existing high street stores - providing access to new customers around the world. These businesses received in-depth training, dedicated coaching and promotional support designed to enable their expansion into the digital marketplace. In 2019, retailers on the programme saw their businesses grow, with an average growth rate of 33%, reaching £7 million in sales. This upturn shows the positive impact that eBay has had on the Wolverhampton community and exemplifies the Company's purpose of empowering people and creating economic opportunity through the site.

In order to simplify the shopping experience for eBay users, the Board made the decision to plan for the implementation of a new payments experience in the United Kingdom, where the Company will integrate a managed payments flow on the platform. The Board have watched the initial launch phase in other regions closely and have ensured that any regulatory risks of transposing the system to the United Kingdom will be mitigated, resulting in an experience that will be beneficial for both the Company and our significant stakeholders

This year, the Company continued to make the shopping journey simple, personalised and discovery-based for buyers. eBay provided enhanced tools and insights for sellers and simplified the experience across multiple points in the shopping journey, including at checkout and for new buyers. As the business continued to drive our most powerful selling platform, they made the Seller Hub - a central place for all sellers to manage their information and accounts - more robust with analytics and merchandising tools, which help sellers with insights on what to sell, when to sell it and at what price. These changes are all part of a long-term plan to help sellers increase sales by enabling buyers to find items more easily and to improve the marketplace overall. The Board have also made the decision to launch eBay Business Capital, partnering with a third party to offer a flexible financing scheme aimed at giving small and medium enterprises the opportunity to keep their business growing, thereby supporting small business owners, who are one of the core pillars of the site.

As one of eBay's key stakeholders, the Board have also made decisions with the interests of the eBay employees in mind. Diversity and inclusion are two of the most important features of the eBay workplace and the development of the Internal Black, Asian and Minority Ethnic (BAME) network has furthered the aim of fostering an office environment that values all employees equally. This includes new programmes focused on recruitment and celebrating our people. The Board have also maintained various wellness initiatives such as in-house massages, sports and an employee assistance programme where trained counsellors can advise employees on improving their mental health, physical health and more. This effort has been recognised at the UK Diversity Legal Awards where the Company won for best mental health and wellbeing initiatives

eBay (UK) Limited

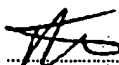
**STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**Statement by the directors of eBay (UK) Limited ("the Company") in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)**

Finally, the Board is also immensely proud of the success of the global eBay for Charity programme. As a fundamental part of the Company's culture, eBay tries to empower as many people as possible. Through the employee matching scheme, where any charitable donation made by an employee is matched by the Company, as well as initiatives run on site, such as the recent collaborations in the UK with the Prince's Trust and the Albert Kennedy Trust, the eBay for Charity programme raised £27 million in the UK in 2019, bringing the total figure to £183 million raised through the programme in the UK since its inception. eBay hosts one of the world's largest and most active giving communities and knows that buyers and sellers are passionate about shopping and selling with purpose so providing a unique way to support causes that matter to them is important. The Board also emphasised giving back to the local community this year by arranging a day where all employees visited and helped renovate a school near the eBay office. The Company also supports numerous local initiatives, routinely attending and hosting events for charities such as Age UK and giving pro bono legal advice in dedicated workshops.

**ON BEHALF OF THE BOARD**



Date: 30.09.20

**Alec Latimer – Director**

## eBay (UK) Limited

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report with the audited financial statements for the year ended 31 December 2019.

#### Future developments

The Company intends to continue operating in the area of internet marketplaces, performing marketing and related activities for the eBay UK marketplace and group, as well as to invoice and collect the fees from the seller in the UK.

#### Financial instruments

The Company finances its activities using equity from eBay Inc or its subsidiaries and through its past profits. Overdrafts are used to satisfy short-term cash flow requirements.

The Company also enters into derivative transactions, including principally forward currency contracts and options. The purpose is to manage the currency risks arising from the Company's operations.

#### Use of derivatives

The Company uses forward foreign currency contracts and options to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material collection and payments in a foreign currency.

#### Political donations

There were no political donations for the year ended 31 December 2019.

#### Dividends

Payment of the interim dividend in the amount of GBP 95,000,000 was approved and paid to the Company's shareholder eBay Marketplaces GmbH on 16 September 2020 (2018: 0).

#### Going concern

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006.

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 its duration. As a result of COVID-19 restrictions globally, there have been changes in consumer behaviour that have resulted in more online retail experiences. We expect these changes in behaviour to continue to evolve as the pandemic progresses. Our Marketplace platforms experienced improved traffic, buyer acquisition and conversion due to the ongoing impact of measures taken globally to contain the spread of COVID-19. The Marketplace platforms also experienced improved acquisition of small business sellers. The impact may continue to create volatility in our results and a wider range of outcomes as consumer behaviours continue to evolve.

The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition and liquidity will depend on numerous evolving factors that we may not be able to accurately predict, 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 national and global economic activity, unemployment levels and financial markets, including the possibility of a national or global recession; the potential for shipping difficulties, including slowed deliveries from sellers to their customers, and the ability of consumers to pay for products. The COVID-19 pandemic could decrease consumer spending and have an adverse impact on our sellers through reduced consumer demand for their products, which could in turn negatively impact the demand for use of our platforms. Additionally, the COVID-19 pandemic has caused us to require employees to work remotely for an indefinite period of time, which could negatively impact our business and harm productivity and collaboration. If there is a prolonged impact of COVID-19, it could adversely affect our business, results of operations, financial condition and liquidity, perhaps materially.

The Company's management has considered the potential effects of COVID-19 on its activities and business and concluded that they do not have a material impact on the Company's ability to continue as a going concern.

#### Financial risk management

The Company operations expose it to a number of financial risks that include but are not limited to credit risk, foreign currency risk and interest rate risk. The Company does not engage in activities which expose it to risks in connection with complex financial instruments, and the directors do not use sophisticated performance indicators to manage the business. The Group's Enterprise Risk Management framework is designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems and processes.

eBay (UK) Limited

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**Foreign branches**

The Company operated a branch each in Germany, France, Italy, Belgium and Australia. The branch in Belgium was deregistered on 25 February 2019 and the branch in Germany was deregistered on 14 October 2019.

The business activities for the branch in Australia have moved to eBay Australia and New Zealand as of 1 January 2019.

The remaining branches in France and Italy continued with their operations during the financial year.

**Subsequent events**

Please see note 19 to the financial statements for details.

**Employee Involvement**

During the period, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Employees are encouraged to invest in the Company through participation in an employee stock purchase plan so that they may share in the success and growth of the Company.

**Employees with disabilities**

The Company gives full consideration to applications for employment from persons with disabilities where the requirements of the job can be adequately fulfilled by a person with disabilities. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to employees with disabilities wherever appropriate.

**Suppliers, customers and others**

In the Strategic report, within the Section 172 (1) Statement on pages 5 and 6, the directors have summarised how they have engaged with suppliers, customers and others in a business relationship.

**Directors**

The directors who held office throughout the financial year and up to the date of signing of the financial statements, unless otherwise noted, are as follows:

Alec Patrick Latimer (Appointed 14 April 2014)  
Robert John Mattrell (Appointed 10 March 2017)  
Murray Lambell (Appointed 1 July 2018)  
Maurizio D'Arrigo (Resigned 28 August 2020)



eBay (UK) Limited

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

**ON BEHALF OF THE BOARD**

  
.....  
Alec Latimer - Director

Date: 30.09.20

## ***Independent auditors' report to the members of eBay (UK) Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, eBay (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2019; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' 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 auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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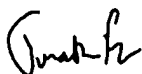
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jonathan Ford (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 September 2020

eBay (UK) Limited

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Revenue	4	1,034,776	1,074,322
Cost of sales		<u>(1,003,562)</u>	<u>(1,033,638)</u>
Operating profit	5	31,214	40,684
Finance income	8	919	526
Finance costs	8	<u>(996)</u>	<u>(550)</u>
Profit before taxation		31,137	40,660
Income tax expense	9	(8,035)	(9,525)
Profit for the financial year		<u>23,102</u>	<u>31,135</u>
<b>Other comprehensive (expense) / income for the year: Items that will be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		(1,477)	230
Deferred tax charged to equity	9	<u>-</u>	<u>(776)</u>
Total comprehensive income for the year		<u>21,625</u>	<u>30,589</u>

The above results were derived from continuing operations. The notes on pages 15 to 30 form an integral part of these financial statements.

eBay (UK) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Fixed Assets</b>			
Tangible assets	10	1,625	2,715
Right of use asset	15	8,984	-
Deferred income tax asset	9	1,561	2,013
		<u>12,170</u>	<u>4,728</u>
<b>Current assets</b>			
Trade and other receivables: amounts falling due within one year	11	85,701	107,582
Trade and other receivables: amounts falling due after more than one year	11	28	28
Cash and cash equivalents		<u>151,638</u>	<u>114,176</u>
		237,367	221,786
Creditors: amounts falling due within one year	12	<u>(134,867)</u>	<u>(139,942)</u>
Net current assets		<u>102,500</u>	<u>81,844</u>
Total assets less current liabilities		<u>114,670</u>	<u>86,572</u>
Creditors: amounts falling due after more than one year	13	(8,727)	(283)
Provisions for liabilities	14	<u>(141)</u>	<u>(135)</u>
Net assets		<u>105,802</u>	<u>86,154</u>
<b>Equity</b>			
Called up share capital	16	2,451	2,451
Share premium account		6,853	6,853
Retained earnings		95,834	74,709
Foreign currency translation reserve		664	2,141
Total shareholders' funds		<u>105,802</u>	<u>86,154</u>

The notes on pages 15 to 30 form an integral part of these financial statements. The financial statements on pages 12 to 30 were approved by the board of directors on 30.09.20 and were signed on its behalf by:

 Date: 30.09.20

Alec Latimer – Director

eBay (UK) Limited (Registered number: 0372602)

eBay (UK) Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Ordinary Shares	Share premium account	Capital contributions	Retained Earnings	Foreign currency translation reserve	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	2,451	6,853	-	47,373	1,911	58,588
Equity contributed by parent under equity incentive plans	-	-	7,958	-	-	7,958
Payments to parent for intrinsic value of share incentives exercised	-	-	(10,981)	-	-	(10,981)
Share based compensation excess recharge	-	-	3,023	(3,023)	-	-
Deferred tax credit to equity	-	-	-	(776)	-	(776)
Profit for the Financial Year	-	-	-	31,135	-	31,135
Currency Translation	-	-	-	-	230	230
At 31 December 2018	2,451	6,853	-	74,709	2,141	86,154
Equity contributed by parent under equity incentive plans	-	-	5,845	-	-	5,845
Payments to parent for intrinsic value of share incentives exercised	-	-	(7,822)	-	-	(7,822)
Share based compensation excess recharge	-	-	1,977	(1,977)	-	-
Deferred tax credit to equity	-	-	-	-	-	-
Profit for the financial year	-	-	-	23,102	-	23,102
Currency translation	-	-	-	-	(1,477)	(1,477)
At 31 December 2019	2,451	6,853	-	95,834	664	105,802

The notes on pages 15 to 30 form an integral part of these financial statements.

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019

#### 1. General information

eBay (UK) Limited ("The Company") was a wholly owned subsidiary of eBay International AG, incorporated in Switzerland with the ultimate parent being eBay Inc., a global internet company incorporated in the United States of America ("US"), which offers an internet based trading community.

The primary business of the Company is the operation of the eBay internet marketplace in the UK. In this capacity the Company promotes the use of the platform in the UK by both sellers and buyers and collects fees from registered UK sellers as well as fees from third parties for advertising appearing on the platform.

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 1 More London Place, London, United Kingdom, SE1 2AF.

#### 2. Summary of significant accounting policies

The significant accounting policies adopted by the Company are as follows:

##### Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council.

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 its duration. As a result of COVID-19 restrictions globally, there have been changes in consumer behaviour that have resulted in more online retail experiences. We expect these changes in behaviour to continue to evolve as the pandemic progresses. Our Marketplace platforms experienced improved traffic, buyer acquisition and conversion due to the ongoing impact of measures taken globally to contain the spread of COVID-19. The Marketplace platforms also experienced improved acquisition of small business sellers. The impact may continue to create volatility in our results and a wider range of outcomes as consumer behaviours continue to evolve.

The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition and liquidity will depend on numerous evolving factors that we may not be able to accurately predict, 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 national and global economic activity, unemployment levels and financial markets, including the possibility of a national or global recession; the potential for shipping difficulties, including slowed deliveries from sellers to their customers, and the ability of consumers to pay for products. The COVID-19 pandemic could decrease consumer spending and have an adverse impact on our sellers through reduced consumer demand for their products, which could in turn negatively impact the demand for use of our platforms. Additionally, the COVID-19 pandemic has caused us to require employees to work remotely for an indefinite period of time, which could negatively impact our business and harm productivity and collaboration. If there is a prolonged impact of COVID-19, it could adversely affect our business, results of operations, financial condition and liquidity, perhaps materially.

The Company's management has considered the potential effects of COVID-19 on its activities and business and concluded that they do not have a material impact on the Company's ability to continue as a going concern.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 2. Summary of significant accounting policies (continued)

#### Basis of preparation (continued)

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- IAS 7 'Statement of cash flows'. A cash flow statement has not been presented'
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position
  - 134-136 (capital management disclosures)
- With respect to IFRS 15 disclosure exemptions from the second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129; and
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

#### New standards, amendments and IFRIC Interpretations

##### IFRS 16: Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed below. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below.

##### Definition of a lease

Previously the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained below.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for leases i.e. these leases are on-balance sheet. The Company decided to apply recognition exemptions to short-term leases (12 months or less in lease term) of property and office equipment. For leases of other assets, which were classified as operating under IAS 17, the Company recognised right-of-use assets and lease liabilities.

##### Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to all leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets for leases with less than 12 months of lease term, both at point of application and going forward.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Not separate lease and non-lease components for data center operating leases.



## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### New standards, amendments and IFRIC Interpretations (continued)

###### Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amounts of the lease asset and lease liability under IAS 17 immediately before that date.

###### Impacts on financial statements

On transition to IFRS 16, the Company recognised an additional £10,714,000 of Right-of-use assets and £10,714,000 of lease liabilities.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.48%.

	1 January 2019 £000
Operating lease commitment at 31 December 2018 as disclosed in the Company's financial statements	12,572
Discounted using the incremental borrowing rate at 1 January 2019	(1,858)
Lease liabilities recognised at 1 January 2019	10,714

The principal accounting policies which have been applied consistently are set out below:

##### Revenue

Revenue represents the revenue excluding value added tax.

Revenue from the collection of fees from UK registered sellers: The Company generates net transaction revenues primarily from final value fees and listing fees paid by sellers. Final value fee revenues are recognised at the time that the transaction is successfully closed, while listing fee revenues are recognised rateably over the estimated period of the listing. An auction transaction is considered successfully closed when at least one buyer has bid above the seller's specified minimum price or reserve price, whichever is higher, and the end of the transaction term.

Advertising revenue is recognised at the point when the service is delivered. Advertising revenues on contracts are recognised as "impressions" (i.e. the number of times that an advertisement appears in pages viewed by users of our websites) are delivered, or as "clicks" (which are generated each time users on our websites click through our advertisements to an advertiser's designated website) are provided to advertisers. Revenues related to fees for listing items on our classified websites are recognised over the estimated period of the classified listing.

##### Cost of sales

Cost of sales includes all the services, salaries, depreciation and other operating costs that arose from the principal activity of the Company.

##### Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

##### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

##### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Leases

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in Statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The company has changed its accounting policy for leases where the company is the lessee. The impact of the change is explained in the note above. Prior to this change, leases of property, plant and equipment where the company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Leases in which a significant portion of the risks and rewards of ownership were not transferred to the company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

##### Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding (the "SPP" Criterion).

The Company has classified derivative assets as being financial assets at FVPL.

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### Financial assets (continued)

Financial assets are initially measured at their fair value. For the purposes of subsequent measurement, all of the Company's financial assets are classified as financial assets at amortised cost. Financial assets at amortised cost comprise of assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPP1 Criterion. This category includes the Company's debtors and cash and cash equivalents. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

The Company's financial liabilities comprise of creditors.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's payables are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

##### Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

##### Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value over an asset's estimated useful life on a straight-line basis. Fixed assets are depreciated at the following rates:

Computer equipment	-33% per annum
Leasehold improvements	-over 5 years or over the term of the lease
Office furniture and other equipment	-33% per annum

The gross capitalised cost of the asset includes its cost plus the essential costs incurred to bring the asset to its intended use. Any related costs incurred after the asset's acquisition, such as additions, improvements, or replacements, are added to the asset's cost if they provide future service potential.

##### Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

##### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### Current and deferred income tax (continued)

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

##### Deferred taxation

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax assets may arise in respect of share-based remuneration. For accounting purposes, the value of share options granted to employees is charged to the profit and loss account over the vesting period of the options. For taxation purposes, a deduction against taxable profit is only allowable when the options are exercised by the employees. It is this timing difference that creates the potential deferred tax asset.

In determining whether a potential deferred tax asset in respect of share options should be recognised or not, the directors examine, on an annual basis, the likelihood of a future taxable deduction being available to the Company in relation to the share options outstanding at the end of the year. This examination takes into consideration a range of factors including the current eBay Inc. share price and the range of exercise prices on the outstanding share options. Where a future tax deduction is considered likely, the directors also examine whether it is possible to accurately measure the value of such a deduction.

Where the directors consider that it would be inappropriate to recognise a deferred tax asset in respect of share options, either because a future tax deduction is considered unlikely, or because it is considered impracticable to value accurately, no such asset will be recognised. Instead, the best estimate of the potential tax asset will be disclosed in the notes to the financial statements.

##### Grant

Government grant receivables in respect of employment costs are credited to the income statement to match the related expense.

##### Pensions

The Company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The employer contributions charged to profit and loss account represents the amounts contracted as due in respect of the financial year.

##### Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate at the date of the transaction. All differences on exchange are taken to the profit and loss account.

The exchange rate used to translate the balances of the branches in Europe and Australia to GBP-denominated balances into Euro and Australian Dollar as at the balance sheet date is as follows:

31 December 2019		31 December 2018	
Euro	GBP	Euro	GBP
1.0000	0.853763	1.0000	0.902489
AUD	GBP	AUD	GBP
1.0000	0.533789	1.0000	0.556136

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Reorganisation provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

##### Sabbatical program

The Company has a sabbatical programme in place under which eligible employees earn a right to a four-week sabbatical after 5 years of full employment with the Company. The related expense is recorded during the period the employee is required to work. The accrual is reduced by an estimated employee turnover rate.

##### Employee benefits

The Company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The employer contributions charged to profit and loss account represents the amounts contracted as due in respect of the financial year.

##### Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the Company receives services from employees as consideration for equity instruments (options) of ultimate parent. The awards are granted by ultimate parent and the Company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

A credit is recognised directly in shareholders' funds. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save). Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates. If any, in the income statement, with a corresponding adjustment to equity. When the options are exercised the Company is recharged the options' original fair value as of the grant date from the ultimate parent. This recharge is accounted for as a deduction from shareholders' funds.

#### 3. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 4. Revenue

Revenue and profit before income tax derive from the principal activities of the Company, being the collection of the fees for the eBay sellers in the UK and advertising sales.

	2019	2018
	£'000	£'000
UK	1,015,321	1,005,922
Europe	14,043	48,799
Australia	5,412	19,601
<b>Total</b>	<b>1,034,776</b>	<b>1,074,322</b>

#### 5. Operating profit

	2019	2018
	£'000	£'000
The operating profit is stated after charging/(crediting):		
Audit of the Company's financial statements	157	150
FX (gains)/losses on trade receivables	(460)	(689)
Depreciation - owned assets	1,526	1,773
Depreciation - leased assets	1,730	-
Operating lease charges (land and buildings)	378	2,055

#### 6. Staff costs

	2019	2018
	£'000	£'000
Staff costs consist of:		
Wages and salaries	21,963	30,890
Social security costs	3,417	4,629
Other pension costs	1,286	1,632
Share-based compensation	5,845	7,958
<b>Total staff costs</b>	<b>32,511</b>	<b>45,109</b>

The average monthly number of employees per activity during the financial year (including paid directors) was as follows:

	2019	2018
By activity:	Number	Number
Management	27	39
Administration and operations	195	246
<b>Total</b>	<b>222</b>	<b>285</b>

#### 7. Directors' remuneration

Directors' remuneration:

	2019	2018
	£'000	£'000
Aggregate emoluments excluding pension contributions	956	813
Aggregate Company contributions to the stakeholder pension plan for the directors	55	36
	<b>1,011</b>	<b>849</b>

eBay (UK) Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

7. Directors' remuneration (continued)

Directors' share options:	2019	2018
Number of directors who exercised share options	None	None
Number of directors in respect of whose services shares were received or receivable under long term incentive schemes	3	3
Number of directors to whom retirement benefits were accruing under the stakeholder pension plan	3	3
	<u>3</u>	<u>3</u>
	2019	2018
	£'000	£'000
Aggregate emoluments excluding pension contributions	486	509
Company contributions to the stakeholder pension plan	23	19
	<u>509</u>	<u>528</u>

The highest paid director in 2019 did not exercise any options (2018: none exercised). The highest paid director in 2019 received shares.

8. Finance income and finance costs

	2019	2018
	£'000	£'000
<b>Finance Income:</b>		
Bank interest income	919	526
Total finance income	<u>919</u>	<u>526</u>
<b>Finance Cost:</b>		
Bank interest expense	(168)	(129)
Lease interest expense	(405)	-
Tax interest expense	(423)	(421)
Total finance cost	<u>(996)</u>	<u>(550)</u>
Total finance expense	<u>(77)</u>	<u>(24)</u>

9. Income tax expense on ordinary accounts

	2019	2018
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax for current year before group tax relief	5,450	7,257
Double tax relief for current year	(190)	(2,252)
UK corporation tax for current year after double tax relief	<u>5,260</u>	<u>5,005</u>
Adjustment in respect of UK corporation tax previous year	112	-
Payable for group relief for current year	(5)	15
Net UK corporation tax	<u>5,367</u>	<u>5,020</u>
Foreign tax for current year	436	3,322
Foreign tax adjustment in respect of prior years	1,780	341
Total current tax	<u>7,583</u>	<u>8,683</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	478	841
Change in tax rate	128	58
Adjustments in respect of prior years	(154)	(57)
Total deferred tax	<u>452</u>	<u>842</u>
Tax on profit	<u>8,035</u>	<u>9,525</u>

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 9. Income tax expense on ordinary accounts (continued)

The factors affecting the tax charge for the year are detailed below.

The difference between the current tax charge and the standard rate of corporation tax in the UK is explained below:

	2019 £'000	2018 £'000
<b>Profit before income tax</b>	<b>31,137</b>	<b>40,660</b>
<b>Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2018: 19%):</b>	<b>5,916</b>	<b>7,725</b>
<b>Effects of:</b>		
Permanent difference on share-based compensation	(136)	132
Expenses not deductible for tax purposes	99	78
Imputed additional income for tax purposes	248	1,096
Higher tax rates on overseas earnings	175	195
Difference between the standard corporation tax rate for the year and rates applicable for deferred tax	1,733	299
Adjustments in respect of prior years	-	-
<b>Total tax charge for the year</b>	<b>8,035</b>	<b>9,525</b>
<b>Tax credited directly to equity</b>		
Reduction in cumulative credit to equity in respect of deferred tax on stock-based compensation	-	776
<b>Total Deferred tax credit to equity</b>	<b>-</b>	<b>776</b>
<b>Total movement in tax provision</b>	<b>8,035</b>	<b>10,301</b>

#### Deferred tax asset

Provided at tax rate of 17% (2018: 19%):

	2019 £'000	2018 £'000
Opening balance	2,013	3,631
Charged to profit and loss account and equity for the year	(452)	(842)
Charged to other comprehensive income	-	(776)
<b>Closing balance</b>	<b>1,561</b>	<b>2,013</b>

	2019 £'000	2018 £'000
<b>The above deferred tax asset comprised:</b>		
Depreciation in excess of capital allowances	567	565
Stock-based compensation expense temporary difference	953	1,312
Other short-term timing differences	41	136
<b>Total deferred tax</b>	<b>1,561</b>	<b>2,013</b>

The directors consider it more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the deferred tax asset has been recognised in the financial statements.

The corporation tax rate for the year was 19%. As announced in the July 2015 Budget the main corporation tax rate reduced to 19% effective 1 April 2017 and will continue to apply to 31 March 2020.



## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 9. Income tax expense on ordinary accounts (continued)

An announcement was made in the March 2016 Budget that the main rate of corporation tax was to be further reduced to 17% effective from 1 April 2020. This was substantially enacted on 6 September 2016. Since the year end however, it was announced in the March 2020 budget that the reduced rate of 17% will not apply and the rate will instead remain at 19%. As the change back to 19% had not been substantially enacted at 31 December 2019 the 17% rate has been applied in calculating the deferred tax.

The company has unrelieved foreign tax totalling £3,924,500 (2018 £3,527,948) which is not recognised as an asset in the balance sheet. This unrelieved foreign tax would only be utilised against the UK tax liability if in the future the taxation payable in the relevant jurisdictions should fall below the level of UK taxation. Based on current tax rates the unrelieved foreign tax is not anticipated to be utilised in the foreseeable future.

The company reached agreement with the HRMC during 2018 on transfer-pricing for tax purposes in respect of accounting periods ended up to and including 31 December 2016. The principles set out in that agreement have been applied for subsequent accounting periods.

The additional provision for the foreign tax in respect of previous years had principally arisen in respect of a German branch formerly operated by the company.

#### 10. Tangible assets

	Leasehold improvements	Computer equipment	Office furniture and other equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2018	6,687	9,915	2,963	19,565
Additions	110	1,123	-	1,233
Disposals	(88)	(105)	(2)	(195)
<b>At 31 December 2018</b>	<b>6,709</b>	<b>10,933</b>	<b>2,961</b>	<b>20,603</b>
At 1 January 2019	6,709	10,933	2,961	20,603
Additions	-	651	14	665
Disposals	-	(116)	-	(116)
Transfer	-	(200)	-	(200)
<b>At 31 December 2019</b>	<b>6,709</b>	<b>11,268</b>	<b>2,975</b>	<b>20,952</b>
<b>Accumulated depreciation</b>				
At 1 January 2018	6,139	7,198	2,900	16,237
Charge for the year	214	1,539	20	1,773
Disposals	(16)	(104)	(2)	(122)
<b>At 31 December 2018</b>	<b>6,337</b>	<b>8,633</b>	<b>2,918</b>	<b>17,888</b>
At 1 January 2019	6,337	8,633	2,918	17,888
Charge for the year	134	1,364	28	1,526
Disposals	-	(29)	-	(29)
Transfer	-	(58)	-	(58)
<b>At 31 December 2019</b>	<b>6,471</b>	<b>9,910</b>	<b>2,946</b>	<b>19,327</b>
<b>Net book amount</b>				
At 31 December 2018	372	2,300	43	2,715
At 31 December 2019	238	1,358	29	1,625

eBay (UK) Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

11. Trade and other receivables

	At 31 December 2019 £'000	At 31 December 2018 £'000
Trade and other receivables		
Trade debtors	76,921	93,485
Amounts owed by group undertakings	7,263	10,795
Prepayments and accrued income	1,517	3,302
Total trade and other receivables	<u>85,701</u>	<u>107,582</u>

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

Trade and other receivables amounts falling due after more than one year:

	At 31 December 2019 £'000	At 31 December 2018 £'000
Other debtors	28	28
	<u>28</u>	<u>28</u>
Total debtors	<u>85,729</u>	<u>107,610</u>

12. Creditors: amounts falling due within one year

	At 31 December 2019 £'000	At 31 December 2018 £'000
Trade creditors	5,056	5,900
Amounts owed to fellow subsidiary undertakings	85,581	89,677
Taxation and social security	14,447	13,345
Accruals and deferred income	27,890	31,020
Lease liability	1,893	-
Total	<u>134,867</u>	<u>139,942</u>

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social security are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

13. Creditors: amounts falling due after more than one year

	At 31 December 2019 £'000	At 31 December 2018 £'000
Accruals and deferred income	356	283
Lease liability	8,371	-
Total	<u>8,727</u>	<u>283</u>

eBay (UK) Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

	At 31 December 2019 £'000	At 31 December 2018 £'000
<b>14. Provisions for liabilities</b>		
Oil and gas provisions	141	135

A provision has been made in respect of the anticipated cost of de-commissioning the alterations made within the leasehold properties occupied by the Company. The provision is included in the cost of the leasehold properties in fixed assets and is being depreciated over the lease term. The leases were renewed in March 2015 and will be subject to renewal in March 2025.

**15. Leases**

The company has operating leases for office space and data centres.

	2019 £'000
<b>Assets</b>	
Operating lease right-of-use assets additions	10,714
Accumulated depreciation of operating leases	(1,730)
<b>Total leased assets as at 31 December 2019</b>	<b>8,984</b>
<b>Liabilities</b>	
Short term debts	(1,893)
Long term debts	(8,371)
<b>Total lease liabilities as at 31 December 2019</b>	<b>(10,264)</b>
<b>Lease costs</b>	
Operating lease costs	1,730
Interest on lease liabilities	405
Variable lease payment expense	1,701
<b>Total lease costs</b>	<b>3,836</b>

Future minimum lease payments as at 31 December 2019 are as follows:

	Operating £'000	Finance £'000
2020	2,231	(338)
2021	2,241	(270)
2022	2,253	(199)
2023	2,264	(124)
2024	2,254	(48)
<b>Total</b>	<b>11,243</b>	<b>(979)</b>

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 15. Leases (continued)

##### Summary of lease terms and discount rates at 31 December 2019

Weighted average remaining lease term	5.2 years
Weighted average discount rate	3.48 %

<b>Supplement information at 31 December 2019</b>	<b>£'000</b>
Operating cash flow from operating leases	2,690

#### 16. Called up share capital

	2019	2018
	£'000	£'000
<b>Allotted, issued and fully paid</b>		
2,451,003 (2018: 2,451,003) ordinary shares at £1 each	2,451	2,451

#### 17. Post-employment benefits

The Company provides eligible employees with an optional Post Retirement Savings Accounts (PRSA) scheme. In this scheme employees' and employer's contributions are invested in the employees personal account, which they are entitled to open through application to the contribution plan. The Company makes regular contributions on behalf of these employees who open a PRSA, up to a maximum of 9% of salary. This amount is included in total staff costs.

	2019	2018
Number of employees at 31 December	197	212
Expense in the year (£'000)	1,251	1,302
Year-end accrual (£'000)	203	199

#### 18. Share-based benefit plans

##### Equity incentive plans

Employees participate in eBay's equity incentive plans. Restricted stock units are granted to eligible employees under equity incentive plans. In general, restricted stock units vest in equal annual instalments over a period of three to five years, are subject to the employees' continuing service to us and do not have an expiration date. The cost of restricted stock units is determined using the fair value of eBay's Common Stock on date of grant.

The Company amortises the share-based compensation charge in accordance with the accelerated method over the vesting period of the related options, which is generally four years. The impact of recognising the fair value of share option grants and restricted stock unit grants under the employee stock incentive plans as an expense under IFRS 2 is GBP 5,844,543 for the year ended 31 December 2019 (2018: GBP 7,958,066).

##### Employee stock purchase plan

eBay (UK) Limited employees participate in eBay Inc.'s Stock Purchase Plan ("ESPP"), available to eligible employees. Under the terms of this plan, shares of eBay 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.

## eBay (UK) Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 18. Share-based benefit plans (continued)

The following table summarises information about restricted stock units outstanding at 31 December 2019:

Grant-vest	Expiry year	Exercise price in GBP	Number of shares outstanding at 31 December 2019	Number of shares outstanding at 31 December 2018
2015	2022	-	-	48,828
2016	2023	19.23	13,246	83,277
2017	2024	26.88	105,685	258,911
2018	2025	30.63	99,299	219,226
2019	2026	29.54	173,905	-
			<b>392,135</b>	<b>610,242</b>

The following table summarises information about options units outstanding at 31 December 2019:

Grant-vest	Expiry year	Exercise price in GBP	Number of shares outstanding at 31 December 2019	Number of shares outstanding at 31 December 2018
2010	2021	-	-	288
<b>Total</b>			<b>-</b>	<b>288</b>

#### 19. Subsequent events

##### *Branch closure*

The business activities for the branch in Australia has moved to eBay Australia and New Zealand as of 1 January 2019. The branch ceased operation as a booking entity on 30 April 2020.

##### *Restructuring of Shutl*

As part of the eBay group restructuring the employees and operating activities of Shutl Limited (company incorporated in the UK) were transferred to eBay (UK) Limited as per February 2020.

##### *Change of parent entity*

In June 2020 eBay Marketplaces GmbH has become the parent entity for the Company (formerly: ebay international AG).

##### *Covid-19*

For the Company, the global outbreak of COVID-19 is deemed to be a non-adjusting post balance sheet event as at 31 December 2019 and therefore no adjustments have been made in these financial statements for COVID-19. At the date of issuing these financial statements no material impact has been noted, in particular regarding our consideration over the carrying value of intangible and tangible assets. See also our basis of preparation for considerations made regarding COVID-19 in our going concern assessment.

##### *Dividends*

In September 2020 payment of the interim dividend in the amount of GBP 95,000,000 was approved and paid to the Company's shareholder eBay Marketplaces GmbH.

**eBay (UK) Limited**

**Notes to the financial statements for the year ended 31 December 2019 (continued)**

**20. Controlling parties**

The Company is a wholly owned subsidiary of eBay Marketplaces GmbH (former: ebay International AG), Bern Switzerland, is the parent company. eBay Inc. is the parent company and ultimate controlling party of the largest group to consolidate these financial statements. Copies of eBay Inc. consolidated financial statements can be obtained from their company secretary at 2145 Hamilton Avenue, San Jose CA 95125, USA.