

VINTED LIMITED

Annual report and financial statements For the year ended 31 December 2021

Registered number: **07874344**

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VINTED LIMITED

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VINTED LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Justas Janauskas
Mantas Mikuckas
Martin Weiss (resigned 15 December 2021)
Thomas Lodewijk Plantenga
Per Henrik Persson
Bradley Twohig (resigned 16 August 2021)
Lucca Bocchio
Deven Parekh
Carolina Brochado (appointed 11 May 2021)
Natalie Schmitke (appointed 15 December 2021)
Rytis Vitkauskas (appointed 16 August 2021)

Registered Office

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Bankers

Silicon Valley Bank
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London
EC2R 7HF
United Kingdom

Lawyers

Taylor Wessing LLP
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London
EC4A 3TW
United Kingdom

Independent auditor

Deloitte LLP
Statutory Auditor
London, United Kingdom

Registered number

07874344

VINTED LIMITED

STRATEGIC REPORT

Principal Activities

The principal activity of Vinted Limited (the "Company") and its subsidiaries (hereinafter referred to together as the "Group" or the "Vinted") during the year was operation of social second-hand clothing marketplace websites and mobile applications in Germany, United States, Canada, France, United Kingdom, Lithuania, Czech Republic, Poland, Spain, Netherlands, Austria, Belgium, Luxembourg, Italy and Portugal.

Review of Business and Financial KPIs

During 2021, the Group worked on improving and optimising its platforms which led to an increase in revenues of 65%. Operating loss (EBIT) for the year increased by 411%, while EBIT margin decreased from -15% in 2020 to -48% in 2021, mainly due to scaling marketing investments. Marketing investment increased by 176% in 2021 compared to 2020 and marketing investments as a percentage of revenue increased from 47% in 2020 to 79% in 2021. The total headcount in 2021 has increased by 80% compared to 2020. The Group started operating in Portugal and in Canada in 2021.

The Directors believed they could run the Vinted business with positive operating cash flows in 2021 however they have chosen to spend some of the remaining cash on marketing in order to increase the rate of growth of the business.

The operations are managed and controlled using a variety of Financial KPIs and Business KPIs. Principal Financial KPIs are revenue, operating profit/loss (EBIT), cash and investments balance which are discussed above and can be found in the accompanying financial statements.

Principal Business KPIs are headcount and number of markets at the year end:

	As at 31 December 2021 Number	As at 31 December 2020 Number	Change
Headcount	1,099	612	80%
Markets	15	13	15%

Principal Risks and Uncertainties

The Group may need additional capital due to new developments, such as additional marketing investments it may decide to pursue. Due to general market conditions, it is also possible that future financing may not be available on the same terms in the current market.

The Group's relationships with Vinted member communities are important to its success. If Vinted is unable to maintain them, its ability to retain existing members and attract new members could suffer. This risk is mitigated by continued investment in the ease of use and retention methods within the platforms, and marketing to continue to attract and retain customers.

The growth of the Group's business may strain the management team as well as the Group's operational and financial infrastructure. It is of utmost importance to manage the Group's growth effectively, and Vinted will mitigate this risk by hiring experienced people into the business.

The performance of the Group depends largely on the stability and performance of the Group's websites and mobile applications. The Group mitigates the risk by recruiting and retaining key individuals with the right skills.

The Group faces offline and online competition. If Vinted is unable to compete successfully, or if competing successfully requires expending significant resources in response to competitors' actions, the business could be adversely affected. The group mitigated this through monitoring of the sector and competitors and continued investment in its platforms and marketing.

Internal or external cybersecurity attacks have the potential to have an adverse impact on the Group's business. The IT security department is continuously improving relevant areas and implements appropriate processes to ensure the security of Vinted and Vinted members' data.

The business of the Group could be adversely affected by natural disasters, public health crises (e.g. Covid-19), political crises (e.g. adverse changes in legislation or regulations), terrorist attacks, war and other political instability or other unexpected events. The Group's infrastructure is hosted using third party data centres, with major platforms and systems also benefiting from redundancy.

VINTED LIMITED

STRATEGIC REPORT

Covid-19 pandemic

During 2020, the Covid-19 outbreak has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of Covid-19 have caused market volatility on a global scale. The Group was affected by disruptions and capacity limitations in logistics supply during the first half of 2020, however these risks were mitigated by reducing logistics suppliers' concentration risk and business returned to its expected growth rates at the second half of 2020. In 2021 the Group continued to take all the necessary steps to support employees in changed working environment due to Covid-19 pandemic.

Future Outlook

The Directors of the Group believe that the Group's strong product will continue to present opportunities to grow the Vinted business in the coming year. The focus in the year ahead will be on the implementation of a number of initiatives related to the growth of company's revenue and cash flow monitoring.

Climate Change

The Directors' do not believe that climate change had a significant impact on key financial statement assumptions. Given the nature of the group's operations, it is not believed that there are different risks and opportunities in the group's revenue streams. There is no impact on impairment and useful lives of assets or any impact on amounts and timing of cash outflows for provisions and other liabilities. Please refer to section "The impact of the company's operations on the community and environment" for the consideration on the environmental impact of the company's operations.

Section 172(1) statement

In accordance with section 172(1) of the UK companies Act 2006, the Directors are required to explain how they considered the interests of key stakeholders when performing their duty to promote the success of the Company for the benefit of its members as a whole.

In doing so, they must have regard to specified issues (among other matters) including the interests of the Group's employees, their business relationships with suppliers, customers and others, and the impact of their operations, including the likely consequences of any decision in the long term, on communities and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company.

The Directors always, both collectively and individually, ensure that they act in the way that would most likely promote the Company's success and upholds the highest standards while conducting the business. The board operates a forward agenda of standing items appropriate to the Group's operating and reporting cycle. Items requiring board approval or endorsement are defined clearly.

The Group actively engages with stakeholders to deliver long term success, and consideration of this is a key focus for the board. Views of stakeholders are considered in Board meetings as part of the decision-making process. It is of key importance for the board to act both individually, and together, in a manner that promotes the success of the group, for the benefit of members and stakeholders in good faith. This statement serves as an overview of how the Directors have performed these duties in 2021 and engaged with the Company's key stakeholders in line with sections a to f of section 172(1) of the Companies Act 2006.

Considering Long Term Consequence

The board has implemented a multi-year plan against which performance is assessed. The plan considers both assessment and monitoring of progress against key aims alongside considering allocation of capital and funding for future intentions under the plan. As part of this process the board monitors and considers future funding and liquidity requirements through forecasting and careful consideration of opportunities available and key financial targets and ambitions determined for the group.

Interests of the Company's employees

During 2021, the Group together with the rest of the world, continued innovating and adopting new ways of working due to the global pandemic. The Group's priority was to keep employees safe by closely monitoring Covid-19 situation in the offices in compliance with national regulations and offering proactive measures:

- Testing in the office - PGR, antigen and antibodies tests to test for Covid-19; and
- Covering PGR, antigen and antibodies tests to test for Covid-19 in any clinic of employee's choice with the expenses covered by Vinted.

Established Covid support group was taking care of Covid-19 response strategy, including communication, risk management, contact tracing.

Back in April 2021 the Group decided to switch to a recommended hybrid working model, which was launched on 1 September 2021. Hybrid 2/3 model foresees that all employees work together in the office on Tuesdays and Wednesdays and have the flexibility to choose where they want to work from on the other three days. Additionally, the Home Office Support package was introduced to Vinted Group employees, including IT workstation equipment for home workstation and a personal budget to create a personalised and comfortable workstation at home.

VINTED LIMITED

STRATEGIC REPORT

Interests of the Company's employees (continued)

The Directors recognize that Vinted employees are fundamental and core to the business success and delivery of the business mission. The success of Vinted directly depends on attracting, motivating and retaining employees. The Group ensures that it remains a responsible employer, ensuring the pay and benefits are above market average. Private health insurance plan was introduced as part of the benefits package for Lithuanian-based employees from 15 July 2021. Also, in 2021 the Career level framework was introduced to all Vinted Group employees to set clear expectations for their roles and help to thrive and own their continuous development and growth.

The Group continued to support its talent with leadership development programmes with the newly launched Leadership development programme for new people leads at Vinted. The programme aims to help people leaders grow professionally and transit to higher positions with bigger responsibilities and grow their teams with the future-ready state of mind.

All new Company's employees are invited to Orientation Week. In addition, all employees have a yearly Learning Budget that can be spent on individual professional development activities and tools.

Wellbeing is always high on Vinted Group's agenda. To help employees cope with emotional challenges and keep good work-life balance, Vinted offered employees a membership of an online mental gym for emotional balance. All employees are able to get access to the app and use different techniques that help to cope with burnout, anxiety or stress. Moreover, Wellbeing workshop on how to manage energy has been rolled out to all Vinted employees.

In 2021 Vinted Group also launched Peakon, a fully integrated engagement tool to collect employee feedback, tune in to the voice of the employee and put insights to work.

Additionally, Directors hold regular remote town hall meetings for all Group employees in order to keep employees up to date with the latest business developments and milestones. These meetings conclude with Q&A session where everyone can ask questions.

Business relationships with customers, suppliers and others

The Board values feedback from customers – it helps to ensure the Group provides them with what they want and need from Vinted. Through customer surveys and engagement, the Board is able to listen to customer views and take appropriate actions to ensure appropriate improvements are made.

The Board is committed to building trusted partnerships with the Group's vendors, which are crucial to delivering commitments the Group has. Through these partnerships, the Group delivers value and quality to the customers, and helps partners to develop and grow together.

The impact of the company's operations on the community and environment

The Company continues being a member of FEVAD (Fédération du e-commerce et de la vente à distance) a non-profit organisation whose purpose is to support the ethical and sustainable development of e-commerce.

As Tech for Good signatories, we have committed to use the technology at our disposal to tackle environmental challenges, to control the impacts of our activities, to support the ecological transition of the fashion industry, and to pursue the United Nations goals.

The Board places great importance on helping the tech community and encouraging young people to learn. In 2021 The Group once again partnered with Ironhack to help enable Vinted members to change their lives for the better and consider a career in tech through free scholarships to learn core tech skills including coding, UI/UX design and data science analysis. In 2021 the Vinted x Ironhack partnership provided scholarships for 400+ women from different backgrounds across France, Germany, Spain and Benelux. In Lithuania, where Vinted employs the majority of its staff, the company became a main sponsor of the Women Go Tech mentorship programme, the biggest of its kind in Lithuania. Vinted has also developed its own Vinted Academy, a paid internship programme which helps people who are just starting in a career in tech upskill. In 2021, as in previous years, Vinted was able to hire more than half of the people who followed the programme.

The Group has taken action to support humanitarian efforts towards the people of Ukraine and committed 2 million Eur to a range of humanitarian initiatives and organisations. The first portion of this is concentrated on getting vital supplies and relief into Ukraine through our local networks. Also, a new donation feature to support the people of Ukraine was released on Vinted platform.

Maintaining a reputation for high standards of business conduct

The Directors take responsibility for ensuring high standards of conduct and the reputation of the Group seriously. Vinted's offices throughout Europe bring together individuals from many backgrounds and nations, reflecting Vinted's markets of operation and user base, but all are held to a high standard of ethics and conduct.

VINTED LIMITED

STRATEGIC REPORT

The need to act fairly between members of the company

All members share an obligation to improve the Vinted business in the knowledge that company shares the rewards of the success. The Group actively and frequently communicates with shareholders through an open and transparent dialogue so they can understand the performance and also raise valuable insights. Board meetings/calls are held quarterly, where the board discusses the current results, strategy and agrees on the changes if needed. Through annual reports and press activity Vinted keeps shareholders informed of the company's developments.

Senior management held regular meetings with existing and potential investors and analysts during 2021. The senior management team provides the Board with regular feedback on investors' views and key market issues so the Board keeps up to date with market conditions and ensures shareholder sentiment is understood and considered in decisions.

Research and development

The Group undertakes development activities which involve a planned investment in the building and enhancement of Vinted websites and mobile applications. In 2021 Group capitalised a total of EUR 3,093,340 compared to EUR 2,180,925 in 2020. Research work is not capitalized in the Company.

Streamlined energy and carbon reporting

Vinted is part of the circular economy with a model which encourages people to declutter and reduce waste by reselling fashion and other items and earning money in return. In order to achieve our mission and commitments, Vinted is focused not only on prolonging the lifetime of fashion and other items by offering an easy-to-use place to trade them, but also ensuring that our operations are as efficient as possible, thus minimizing unavoidable negative impacts. We are also currently working with external consultants who are helping us to review the methodology of streamlined energy and carbon reporting to improve accuracy, and building a model to look into avoided emissions through replacing new purchases with second-hand purchases through our platform.

In order to improve its footprint, Vinted is working with its suppliers to ensure we use renewable energy in our operations. Our two biggest offices, in Vilnius and Berlin, run on green energy, with Berlin's office having switched on the 5th July 2021, making renewables share account for 97% of office electricity. The switch to green energy helped us to minimize growth in our Scope 2 market based emissions to 14%, despite our employee numbers nearly doubling during 2021. In addition, as of 2021, all of our data centres are also using 100% renewable energy, compared to 81% in 2020.

In line with the UK's Government's Streamlined Energy and Carbon Reporting (SECR) framework, the table below shows Group's operational energy and carbon footprint:

	Year ended 31 December 2021	Year ended 31 December 2020
Energy		
Fuel use from transport (kWh)		
Company funded diesel	330	638
Company funded petrol	1,039	1,299
Heating (kWh)		
Offices	2,395,372	2,320,797
Electricity purchased (kWh)		
Offices	882,544	389,042
-Out of which renewables	853,418	183,263
Data centers	2,820,358	2,283,000
-Out of which renewables	2,820,358	1,859,029
Carbon Dioxide Equivalent Emissions		
Scope 1 (kg CO ₂ e)	322	456
Scope 2 (kg CO ₂ e)		
With Market Based Electricity	340,931	298,955
With Location Based Electricity	587,629	460,002
Intensity ratio CO₂e kg/revenue (with market based electricity)	0.001	0.002
Intensity ratio CO₂e kg/revenue (with location based electricity)	0.002	0.003

VINTED LIMITED

STRATEGIC REPORT

Streamlined energy and carbon reporting (continued)

Methodology
Streamlined energy and carbon report is based on GHG Reporting Protocol - Corporate Standard, and on the principles of relevance, completeness, consistency, transparency and accuracy.

GHG Reporting protocol

Relevance

We use the control approach to define our reporting boundaries, meaning the Group takes into account 100% of the GHG emissions from operations over which it has control.

Completeness

This report focuses on the energy and carbon indicators mandated by the UK's Government's Streamlined Energy and Carbon Reporting (SECR) framework. We report Scope 1, and Scope 2 emissions, with Scope 2 shown both market-based and location based approach. Group intends to expand the Scope 3 boundaries and report on the other relevant environmental indicators in future reporting periods.

Reporting is for the year ended 31 December 2021.

Consistency

Vinted is a group of companies with a rapidly growing employee base, which results in increased office space and associated energy needs. To reflect the efficiency measures over time, we chose to use CO₂e per revenue as our intensity measure in order to measure the efficiency of our operations, that would reflect our energy saving actions.

With the help of third-party consultants, we reviewed our methodology, and revised 2020 numbers with some improvements in the accuracy of calculations (please see Accuracy section) in order to provide consistency in our emissions numbers and growth/decline trend.

Transparency

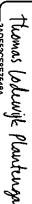
The emissions coming from the Amsterdam office are included in this assessment, for electricity use for the period 1st of July 2021 until 31st December 2021, and for heating for the full year of 2021. We have chosen to account for the emissions of the heating for the full year in the Amsterdam office due to difficulty of differentiating monthly heating intensity for the 6 months Vinted had operational control.

Accuracy

With the help of an environmental consultancy, we have improved our calculation methodology, namely:

- All conversion factors and intensity metrics for the approximation of the data have been updated. All electricity emission factors have been updated with the most recent emissions factors from the International Energy Agency (IEA 2021).
- The new methodology takes into account the heating intensities of the locations and shares of energy sources for each location, rather than applying one heating intensity for all the locations and heating intensity is applied to the whole year, rather than specific heating months.
- The calculations of heating emissions where a factor of CO₂e to kWh was applied to MJ data were revised. This had previously resulted in inflated heating emission numbers.

Approved by the Board of Directors and signed on behalf of the Board.

Digitally signed by:

Thomas Lodewijk Plantenga
CEO

13 April 2022

VINTED LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements on the affairs of the Company and Group for the year ended 31 December 2021.

Principal activities

The principal activity of the Group during the year was operation of social second-hand clothing marketplace websites and mobile applications.

Results

For the year 2021, Group's revenue was EUR 245,148,486 and loss for the year was EUR 118,376,009. For the year 2020, Group's revenue was EUR 148,469,042 and loss for the year was EUR 24,108,507.

Dividends

The Directors are not recommending a dividend for the year (2020: nil).

Directors

The following persons served as Directors during the year and to the date of signing:

Justas Janauskas
Mantas Mikuckas
Martin Weiss (resigned 15 December 2021)
Thomas Lodewijk Plantenga
Per Henrik Persson
Bradley Twohig (resigned 16 August 2021)
Lucca Bocchio
Deven Parekh
Carolina Brochado (appointed 11 May 2021)
Natalie Schmitke (appointed 15 December 2021)
Rytis Vitkauskas (appointed 16 August 2021)

Details of related party transactions are disclosed in note 32 and 33, transactions involving Directors of the Company are given in note 6 of the Financial Statements.

Strategic Report

The strategic report is included on page 4. The Company has chosen to set out certain matters in this Strategic Report that would otherwise be required to disclose in the Directors' Report. These matters include disclosures concerning likely future developments in the business of the Company and research and development, engagement with customers and other persons, and Energy and Carbon reporting.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Employment, training and advancement of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Involvement of employees in the affairs, policy and performance of the company

In accordance with section 172(1) of the UK companies Act 2006, the Directors are required to explain how they considered the interests of company's employees when performing their duty to promote the success of the Company for the benefit of its members as a whole.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share option scheme, which is currently open to all employees, has been running successfully since its inception on 7 January 2014.

Financial risk management objectives and policies

The Group is exposed to a number of financial risks arising from everyday operations and finance activities. The Group is primarily exposed to credit and liquidity risk as well as to currency risk. Please refer to note 24 for more details on these identified risks.

VINTED LIMITED

DIRECTORS' REPORT

Financial risk management objectives and policies (continued)

Financial risk management within the Group is governed by policies and guidelines. These policies and guidelines cover currency risk, credit risk and liquidity risk. The Group policies and guidelines also cover cash management risk. Compliance with the policies and guidelines is managed by segregated functions within the Group. The main objective of financial risk management is to contain, where deemed appropriate, exposures to the various types of financial risks mentioned above in order to limit any negative impact on the Group's results and financial position.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 24 to the Financial Statements.

Post balance sheet events

Regarding the war in Ukraine, which is ongoing at the time of financial statements approval: Vinted Group does not operate in either Ukraine or Russia and also does not have employees located in either country, therefore the war does not currently have a direct effect on Group's operations. Group is successfully mitigating potential risks related to third-party vendors it works with in Ukraine.

Going concern

The Group suffered losses during the year ended 31 December 2021 as it continues to invest heavily in platform developing and advertising in order to grow the business. The Directors' believe that Covid-19 did not have a significant negative impact on the business during the year. Ongoing war in Ukraine does not have direct impact on Group's financial results, as Group does not operate in either Ukraine or Russia. The Directors also expect a 2022 loss due to the continual investments in marketing and platform development.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the Financial Statements. This has been based on detailed cash flow forecasting performed and monitored by the management. Key assumptions in the forecast include customer retention and new customer growth due to increased marketing spends. Moreover, on 11 May 2021 the Group successfully raised funds and increased the capital.

The Directors monitor cash levels on a monthly basis during their meetings and conference calls and will adjust the spending plans if needed. In the future, depending on the pricing and availability of additional funding, the Directors might choose to implement a less aggressive marketing strategy which would result in higher cash projections compared to the latest cash flow forecast.

On the basis of these forecasts and their enquiries, the Directors consider that it is appropriate to adopt the going concern basis of accounting in preparing these Financial Statements.

Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor is unaware.

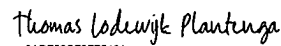
The Directors of the Group have taken all the steps that they might reasonably be expected to have taken as Directors in order to make themselves aware of any information needed by the Group's auditor in connection with preparing their report and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Thomas Lodewijk Plantenga
CEO

DocuSigned by:

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80-83 Long Lane
London
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United Kingdom

13 April 2022

VINTED LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework". 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 parent company financial statements, the Directors are required to:

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

In preparing the group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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. They 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 the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Vinted Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Vinted Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement and statement of comprehensive income ;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the company income statement and statement of comprehensive income;
- the company statement of financial position;
- the company statement of changes in equity;
- the related notes 1 to 38.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have 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 (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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Bribery Act 2010, the Consumer Rights Act 2015, Intellectual property law and Data Protection act (GDPR).

We discussed among the audit engagement team including valuations specialists and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest risk of potential for fraud in the following areas, and our specific procedures performed to address are described below:

- Risk of fraud in revenue recognition has been pinpointed to the cut-off assertion. We tested the design and implementation and operating effectiveness of key controls to ascertain if revenue was recorded in the correct period. We have also performed substantive procedures to reconcile the balance to third party confirmations and data reports. In addition, with the use of data analytics, we have performed a three way matching to reconcile revenue, cash received and debtors.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

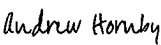
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Andrew Hornby FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
13 April 2022

VINTED LIMITED**CONSOLIDATED INCOME STATEMENT AND STATEMENT OF
COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 EUR	Year ended 31 December 2020 EUR
CONTINUING OPERATIONS			
Revenue	4	245,148,486	148,469,042
Payment and shipping costs		(51,936,274)	(29,728,360)
Staff costs	6	(56,714,289)	(27,491,114)
Marketing expenses		(193,847,308)	(70,267,612)
Depreciation and amortisation expenses	13, 14	(9,467,969)	(7,018,644)
Other expenses	7	(50,442,398)	(36,898,447)
OPERATING LOSS		(117,259,752)	(22,935,135)
Other income and (losses)		305,217	5,775
Finance income	8	291,608	2,994
Finance costs	8	(1,515,818)	(1,220,013)
LOSS BEFORE TAX	5	(118,178,745)	(24,146,379)
Tax	9	(197,264)	37,872
LOSS FOR THE YEAR		(118,376,009)	(24,108,507)
Items that may be reclassified subsequently to profit or loss:			
Exchange gains/(losses) arising in translation of subsidiaries		257,983	(24,989)
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		(118,118,026)	(24,133,496)

The accompanying notes are an integral part of the consolidated Financial Statements.

VINTED LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

	Note	As at 31 December 2021 EUR	As at 31 December 2020 EUR
NON-CURRENT ASSETS			
Goodwill	12	11,871,131	13,094,704
Intangible assets	13	5,416,703	4,176,296
Property, plant and equipment	14	2,582,922	1,695,929
Right-of-use assets	14	14,527,068	15,723,180
Convertible loans		-	300,000
Investments in financial assets	11	48,599,075	-
TOTAL NON-CURRENT ASSETS		82,996,899	34,990,109
CURRENT ASSETS			
Trade and other receivables	15	24,385,104	18,855,388
Cash and cash equivalents	16	238,874,019	106,916,549
TOTAL CURRENT ASSETS		263,259,123	125,771,937
TOTAL ASSETS		346,256,022	160,762,046
Equity attributable to the owners of the parent			
Share capital	20	813	744
Share premium account	20	454,931,066	204,646,532
Share-based payment reserve	21	25,172,126	16,192,617
Foreign exchange reserve		202,357	(55,626)
Retained loss		(258,796,300)	(140,420,291)
TOTAL EQUITY		221,510,062	80,363,976
CURRENT LIABILITIES			
Lease liabilities	18	6,525,021	5,607,861
Trade and other payables	17	104,197,862	63,254,173
Current tax liabilities		228,986	-
Provisions	19	3,300,000	424,949
Deferred revenue		264,248	-
TOTAL CURRENT LIABILITIES		114,516,117	69,286,983
NON-CURRENT LIABILITIES			
Lease liabilities	18	8,643,722	10,481,055
Deferred tax liabilities	9	141,739	173,461
Other long-term liabilities		1,444,382	456,571
TOTAL NON-CURRENT LIABILITIES		10,229,843	11,111,087
TOTAL EQUITY AND LIABILITIES		346,256,022	160,762,046

The accompanying notes are an integral part of the consolidated Financial Statements.

These Financial Statements of Vinted Limited (Company number: 07874344) were approved by the Board and authorised for issue on 13 April 2022. They were signed on its behalf by:

DocuSigned by:

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Thomas Lodewijk Plantenga
 CEO

VINTED LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

	Note	Share capital EUR	Share premium account EUR	Share-based payment reserve EUR	Foreign exchange reserve EUR	Retained loss EUR	Total equity EUR
Balance at 1 January 2020		743	202,686,441	9,388,968	(30,637)	(116,311,784)	95,733,731
Loss for the year		-	-	-	-	(24,108,507)	(24,108,507)
Other comprehensive expense for the year		-	-	-	(24,989)	-	(24,989)
Total comprehensive expense		-	-	-	(24,989)	(24,108,507)	(24,133,496)
Option exercise	21	-	-	-	-	-	-
Option lapse	21	-	-	(126,657)	-	-	(126,657)
Share-based payments	21	-	-	6,930,306	-	-	6,930,306
Issue of shares	1	1,960,091	-	-	-	-	1,960,092
Balance at 31 December 2020		744	204,646,532	16,192,617	(55,626)	(140,420,291)	80,363,976
Loss for the year		-	-	-	-	(118,376,009)	(118,376,009)
Other comprehensive income for the year		-	-	-	257,983	-	257,983
Total comprehensive expense		-	-	-	257,983	(118,376,009)	(118,118,026)
Option exercise	21	7	988,230	(945,963)	-	-	42,274
Option lapse	21	-	-	(1,577,004)	-	-	(1,577,004)
Share-based payments	21	-	-	11,502,476	-	-	11,502,476
Issue of shares	62	249,296,304	-	-	-	-	249,296,366
Balance at 31 December 2021		813	454,931,066	25,172,126	202,357	(258,796,300)	221,510,062

The accompanying notes are an integral part of the consolidated Financial Statements.

VINTED LIMITED**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 EUR	Year ended 31 December 2020 EUR
Operating activities			
Loss before income tax		(118,178,745)	(24,146,379)
Adjustments for:			
Amortisation of intangible assets	13	1,333,722	1,909,172
Depreciation of plant, property and equipment and right-of-use assets	14	8,134,247	5,109,472
Impairment of goodwill	12	1,223,573	-
Share-based payment expenses		9,925,472	6,803,649
Finance income	8	-	(2,994)
Finance cost	8	1,261,808	387,254
Change in fair value of investments		232,753	-
Increase in provision	19	2,874,770	378,888
Increase in other long-term liabilities		987,811	-
Gain/(loss) on disposal of property, plant and equipment		530	(1,141)
Write down of intangible asset and PPE		612,120	3,201,919
Other gains and (losses)		220,934	(63,135)
Operating cash flows before movements in working capital		(91,371,005)	(6,423,295)
Movement in working capital			
Increase in trade and other payables		40,817,591	30,404,747
(Increase) in trade and other receivables		(5,504,256)	(11,474,916)
Increase in deferred revenue		264,213	-
Cash generated by operations		(55,793,457)	12,506,536
Interest received		55,000	2,994
Interest paid		(1,261,808)	(387,254)
Income tax paid		-	-
Net cash from operating activities		(57,000,265)	12,122,276
Investing activities			
Purchase of intangible assets	13	(3,093,340)	(2,180,925)
Purchase of plant, property and equipment	14	(1,898,429)	(1,454,606)
Proceeds on disposal of property, plant and equipment		2,210	23,313
Acquisition of subsidiary	22	-	(9,121,873)
Convertible loan investment		300,000	-
Purchases of financial asset		(48,886,828)	-
Net cash used in investing activities		(53,576,387)	(12,734,091)
Financing activities			
Issue of preferred shares		250,042,585	-
Repayment of loans and borrowings	22, 23	-	(695,715)
Principal elements of lease payments	23	(6,891,166)	(4,434,185)
Share issue transaction costs		(703,945)	-
Net cash (used in) from financing activities		242,447,474	(5,129,900)
Net (decrease)/ increase in cash and cash equivalents		131,870,822	(5,741,715)
Cash and cash equivalents at beginning of year		106,916,549	112,704,850
Effect of movements in exchange rates on cash		86,648	(46,586)
Cash and cash equivalents at end of the year	16	238,874,019	106,916,549

The accompanying notes are an integral part of the consolidated Financial Statements.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Basis of preparation

General information

Vinted Limited (hereinafter referred to as "Vinted" or the "Company") is a private company limited by shares, incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company's registered office is located in 80-83 Long Lane, London EC1A 9ET, United Kingdom and the registered number is 07874344. Subsidiaries of Vinted Limited, all of which have been included in the consolidated Financial Statements, are listed in note 10. Vinted Limited is the ultimate parent of the Group.

The consolidated Financial Statements include the results of Vinted Limited, a Company registered in the UK, and all of its subsidiaries, hereafter referred to as "the Group". These Financial Statements are presented in euro because that is the currency of the primary economic environment in which the Group operates and euro is the currency of the countries whose competitive forces determine the sale prices of Group's services and so determined as its functional currency. The functional currencies of subsidiaries are disclosed in note 10. Foreign operations are included in accordance with the policies set out in note 3.

The principal activities of the Group are set out in Strategic Report on page 4.

Basis of accounting

The consolidated Financial Statements for the year ended 31 December 2021 and 2020 have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board (IASB).

The preparation of Financial Statements that conform to IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Balance Sheet date and revenue and expenses during the reporting period. Although these estimates are based on the management's best knowledge at the time, actual amounts may ultimately differ from those estimates.

The Financial Statements have been prepared on the historical cost basis, except for the remeasurement of certain financial instruments at fair value as outlined in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Going concern

The Group has sufficient available funds to finance its operations. The Board monitors rolling forecasts of the Group's liquidity requirements based on a range of precautionary scenarios to ensure it has sufficient cash to meet operational needs.

Under all scenarios the Directors have a reasonable expectation that the existing facilities provide sufficient funding for the Group to operate as a going concern for foreseeable future and at least 12 months from the date of approval of the financial statements. As part of the above, the Board continues to monitor the timing and amounts of uncommitted capital projects. Expenditure on these capital projects and other discretionary expenditure can be delayed if the Group is performing at the lower end of the range of these scenarios.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the Financial Statements. This has been based on detailed cash flow forecasting performed and monitored by the management. Key assumptions in the forecast include customer retention and new customer growth due to increased marketing spends.

Basis of consolidation

When a Group has power, either directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power to affects its returns, it has control over the entity and it is classified as a subsidiary. In the case of acquisitions, the results of trading are consolidated from the date upon which control passes. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to any of the elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Goodwill is measured as the excess of the sum of consideration transferred. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Basis of preparation (continued)

Basis of consolidation (continued)

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies into line with those used by the Group. Inter-company transactions, balances and unrealised gains on transactions between Group Companies have been eliminated on consolidation.

2. Adoption of new and revised Standards

Initial application of new amendments to the existing standards effective for the current reporting year

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the UK are effective for the current reporting year:

Title	Subject	Effective date per IASB
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 Jan 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 Jan 2021

Adoption of new and revised standards did not have material impact on Group's financial results.

New standards and amendments to the existing standards issued by IASB but not yet adopted by the UK

At present, IFRS as adopted by the UK do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in UK as at date of publication of financial statements (the effective dates stated below is for IFRS as issued by IASB):

Title	Subject	Effective date per IASB
Amendment to IFRS 16	Covid-19-Related Rent Concessions	1 Apr 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use	TBC - Per IASB 1 Jan 2022
Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"	Annual Improvements to IFRS Standards 2018–2020	TBC - Per IASB 1 Jan 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	TBC - Per IASB 1 Jan 2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	TBC - Per IASB 1 Jan 2022
IFRS 17	Insurance Contracts	TBC - Per IASB 1 Jan 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	TBC - Per IASB 1 Jan 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	TBC - Per IASB 1 Jan 2023
Amendments to IAS 1	Disclosure of Accounting Policies	TBC - Per IASB 1 Jan 2023
Amendments to IAS 8	Definition of Accounting Estimates	TBC - Per IASB 1 Jan 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	TBC - Per IASB 1 Jan 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	Effective date deferred indefinitely
IFRS 14	Regulatory Deferral Accounts	It has been decided not to launch the endorsement process of this interim standard and to wait for the final standard

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies

The principal accounting policies set out below have been applied consistently by the Group entities:

Revenue recognition

Revenue is recognised as gross amounts of marketplace service revenue and net of advertising, shipping, discounts, sales taxes, accrued and deferred amounts. All Revenue are recognised at a point in time when all performance obligations are met. Revenue from marketplace service is earned and recognised at the point when the order is fulfilled to the buyer. Revenue from advertising is earned when the ad is clicked. There are no variable considerations and no critical judgments in revenue recognition.

Refund is given when buyer declares that an item is not significantly as described, never arrives, damaged in transit and it is done within two days after the order was marked as delivered.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer. All revenue disclosed in note 4 is recognised under IFRS 15.

Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency

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 functional currency is the currency that mainly influences sales prices of services sold. The consolidated Financial Statements are presented in the euro, which is the Group's presentation currency and the functional currency of the parent Company.

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement and Statement of Comprehensive Income.

The Financial Statements of subsidiaries with different functional currencies are translated into the euro on the following basis:

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet.
- Equity items other than retained earnings have been translated at historic rates in line with IAS 21.
- Income and expenses for each Income Statement and Statement of Comprehensive Income are translated at average exchange rate for the year.

Exchange differences arising from translation of net investment in foreign subsidiaries are taken to equity on consolidation.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Financial instruments (continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

Debt instruments classified as at FVTOCI

The debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI 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 recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Group has designated all investments in debt and equity instruments that are within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Financial instruments (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Financial instruments (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
 - it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.
- A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
 - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
 - it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Financial instruments (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Business combinations

The acquisition method is used to account for the acquisition of subsidiaries. Identifiable net assets acquired (including intangibles) in a business combination are measured initially at their fair values at the acquisition date.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

The excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (including intangibles) are recorded as goodwill.

The consideration transferred is measured as fair value of the assets given, liabilities assumed and equity instruments issued at the date of acquisition. Acquisition related costs are expensed as incurred.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

An impairment loss is 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 selling expenses and value in use. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). When impairment has been identified for a cash-generating unit the impairment loss is primarily allocated to goodwill. Thereafter, a proportional impairment of other assets in the unit is made.

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

Internally-generated intangible assets: R&D Expenditure

The development of Vinted mobile and web application is capitalised as an intangible asset. Development expenditure is only capitalised if development costs can be measured reliably and the feature being built will be completed and will generate future economic benefits in the form of cash flows to the Group. Expenditure being capitalised includes directly attributable staff costs and costs of external development services.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment costs. The amortisation period is 2-4 years on a straight-line basis.

User base and trademark is recognised at fair value during business combination and is measured at initial fair value less accumulated amortisation and accumulated impairment costs. The amortisation period is 5 years on a straight-line basis.

Other intangible assets include various licenses of minor value. The amortisation period is 5 years on a straight-line basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Estimated useful life	
Machinery & equipment	3 – 4 years
Fixtures and fittings	3 – 6 years
Right – of – use assets	2 – 5 years

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Property, plant and equipment (continued)

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

When assets are sold, their cost and accumulated depreciation are eliminated and any gain or loss resulting from their disposal is included in the consolidated Income Statement and Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Income tax

Income tax on the profit for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting, nor taxable profit or loss at that time. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Share-based payments

Share-based payments are financial liabilities designated upon initial recognition at fair value through profit or loss.

The Group has adopted share-based compensation plan, under which the entity receives services from employees and consultants as consideration for equity instruments (options) of the Group. The fair value of the employee and consultant services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

At the end of each reporting period, the Group 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 consolidated Income Statement and Statement of Comprehensive Income, with a corresponding adjustment to equity.

In cases where grant date occurs after the employees and consultants to whom the equity instruments were granted have begun rendering services, the Group recognizes the estimated share-based payment expense during the period between service commencement date and grant date.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options are payable by the employee.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, performance conditions, exercise restrictions and behavioural considerations.

Reserves

Share premium is the amount of capital contributed in excess of nominal value. Translation reserve represents gains and losses arising on translation of subsidiaries from functional to presentation currency. Share-based payment reserve is the reserve for share-based payments not yet exercised.

Company share capital

Preference shares and ordinary shares are classified as equity.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. In the lease agreements, where the incremental borrowing rate cannot be determined, the Group uses average annual interest rate of euro-denominated new loan agreements to euro area non-financial corporations in Lithuania as incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the income statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Accounting policies (continued)

Accounting estimates and judgments

The preparation of the Group's consolidated Financial Statements requires management to make estimates and assumptions regarding the future and makes some significant judgments in applying the Group's accounting policies.

Critical judgements in applying the Group's accounting policies

Business model assessment: classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest ("SPPI") and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. Group started investments to financial asset during 2021 and such changes were required during the periods presented.

The Capitalised development costs as it is disclosed in note 13 is amortised over the useful life of the asset. The useful life, as disclosed in note 3 "internally-generated intangibles assets: R&D Expenditure", is based on the management's estimate of the period that the asset will generate revenue, which is reviewed annually for continued appropriateness.

Key sources of estimation uncertainty

The key assumptions and estimates concerning the future and other key sources of estimation uncertainty are discussed below:

- Intangible assets acquired in a business combination and recognised separately from goodwill, as disclosed in note 22 are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.
- Determining whether Goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculations requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These assumptions are disclosed in detail in note 12.
- The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. In the lease agreements, where the incremental borrowing rate cannot be determined, the Group uses average annual interest rate of euro-denominated new loan agreements to euro area non-financial corporations in Lithuania as incremental borrowing rate. Refer to note 18 for further details.
- Share-based payment fair value is determined at grant date and expensed over the vesting period based on the estimate of the proportion of the shares that will vest. Refer to note 21 for further details.
- Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Refer to note 11 for further details.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. Revenue

An analysis of the Group's revenue is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Marketplace services	233,193,892	140,816,080
Advertising revenue	11,954,594	7,652,962
Total	245,148,486	148,469,042

The Group's revenue from external customers by geographical location are detailed below:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Western Europe	222,212,231	137,790,484
Central Europe	23,009,228	10,571,183
Other	(72,973)	107,375
Total	245,148,486	148,469,042

Due to the nature of the Group's and Company's operations, contract balances are immaterial therefore no disclosure is provided. There have been no significant changes to the contract balances in the current financial year.

5. Loss for the year

Loss for the year has been arrived at after charging:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Net foreign exchange (gains) / losses	(282,094)	832,640
Depreciation of property, plant and equipment	967,142	438,831
Loss/ (gain) on disposal of plant, property and equipment	530	(1,141)
Depreciation of right-of-use assets	7,167,105	4,670,641
Amortisation of intangible assets	1,333,722	1,909,172
Staff costs, excluding Share incentive plan expenses (note 6)	46,068,782	20,687,465
Share incentive plan expenses (note 21)	10,645,507	6,803,649

Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Fees payable to the Group's auditor and their associates for the audit of the Group's and Company's annual report and financial statements	124,000	103,000

There were no non-audit fees payable in either the current or prior financial year.

The Group had total cash outflows for leases of EUR 6,891,166 in 2021 (EUR 4,434,185 in 2020).

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. Staff costs

An analysis of staff costs for the Group during the year is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Wages and salaries	38,054,145	17,512,566
Social security	1,958,957	700,279
Bonuses and other employee benefits	1,417,889	729,536
Share-based payments (note 21)	10,645,506	6,803,649
Health insurance/benefits	406,310	12,368
Other staff costs	4,231,482	1,732,716
Total staff cost	56,714,289	27,491,114

The average monthly number of employees including executive Directors was:

	2021	2020
Administration	161	80
Product and marketing	460	253
Community support	228	142
Total	849	475

The compensation of the Directors of the Group, considered to be key management personnel, was as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Remuneration of Directors	514,633	510,342
Total	514,633	510,342

Remuneration of the highest paid Director:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Emoluments	317,442	313,169
Total	317,442	313,169

Short-term incentive programs

No short-term benefits have been provisioned for the Directors.

Benefits

In addition to the fixed salary, the Group Directors gets reimbursements of standard expenses, such as travel expenses, phone bill expenses and monthly gross amounts that correspond to the employer's contributions to the statutory pension and unemployment insurance.

Long-term incentive programs

The Company's share option plan main objective is to align interests of Group Management with the long-term goals of the Company and its shareholders. The plan shall ensure a long-term commitment to the development of the Company.

As per 31 December 2021 the Company has two outstanding programs for the highest paid Director:

1. Stock options with a total value of EUR 7,481,024 with a 4-year vesting schedule were granted on 19th of September 2018.
2. Stock options with a total value of EUR 5,556,260 with a 4-year vesting schedule were granted on 12th of December 2019.

The number of Directors that exercised share options in the year was 1 (2020: 0). The highest paid Director exercised share options in 2021.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

7. Other expenses

An analysis of the Group's other expenses is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Contracting and consulting	23,644,721	21,420,232
IT	10,316,392	5,490,550
Professional services	6,068,719	3,420,435
Other	10,412,566	6,567,230
Total other expenses	50,442,398	36,898,447

8. Finance income and finance costs

An analysis of the Group's finance income and costs is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Interest earned	-	2,994
Exchange differences	282,094	-
Other financial income	9,514	-
Total finance income	291,608	2,994
Interest expenses from third parties	(670,824)	(66,343)
Lease interest expenses	(590,984)	(320,911)
Exchange differences	-	(832,640)
Change in fair value of investments	(232,753)	-
Other financial costs	(21,257)	(119)
Total finance costs	(1,515,818)	(1,220,013)

Lease interest expenses paid in cash amount to EUR 590,984 in 2021 (EUR 320,911 in 2020).

9. Tax

The amounts of income taxes which are reflected in the accompanying Income Statement and Statement of Comprehensive Incomes are analysed as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Current income taxes	(228,986)	-
Deferred tax-relating to origination and reversal temporary differences	31,722	37,872
Total tax credit	(197,264)	37,872

The standard rate of corporation tax applied to reported profit is 19% (2020: 19%).

As the timing and extent of taxable profits are uncertain, the deferred tax asset of EUR 16,690,997 as at 31 December 2021 (EUR 3,291,885 as at 31 December 2020) arising on losses carried forward has not been recognized in the Financial Statements and has been utilised in the current year.

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For the year ended 31 December 2021

9. Tax (continued)

	Year ended 31 December 2021	Year ended 31 December 2020
	EUR	EUR
Loss before tax on continuing operations	(118,178,745)	(24,146,379)
Tax at the UK corporation tax rate of 19% (2020: 19%)	(22,453,962)	(4,587,812)
Effect of income subject to different tax rates	3,556,808	564,468
Unrecognised deferred tax assets	16,690,997	2,909,879
Utilisation of previously unrecognised tax losses	(524,404)	(746,930)
Tax effect on non-tax deductible expenses and non-taxable income	2,533,297	1,898,267
Deductible allowances for tax incentive plans	-	-
Prior year current income tax correction	-	-
Total charge for taxes	(197,264)	37,872

The Finance Act 2016 and Finance Act 2017 which have been substantively enacted at the balance sheet date provide for reductions in the main rate of corporation tax to 19% from 1 April 2017 and 17% from 1 April 2019. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date. However, in the UK budget on 11 March 2019, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17 per cent. The rate of change could impact the size of any deferred tax assets and liabilities in the future. As at 31 December 2021, the Company has not recognised deferred tax assets, as Company's management does not expect taxable profits in the near future. The UK government announced in the 2021 March budget, an increase in the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. There is no deferred tax re-measurement as the balance sheet date is before the substantive enactment of the budget in March 2021 and is not expected to have a material effect.

Deferred tax liability is disclosed in note 22.

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For the year ended 31 December 2021

10. Subsidiaries

Information about the composition of the Group at the end of the year is as follows:

Name of entity	Principal activity	Registered address	Functional currency	Ownership interest (ordinary shares)	
				2021	2020
Vinted GmbH	Marketing service and software development provider	Unter den Linden 14, 10117 Berlin, Germany	EUR	100%	100%
Vinted Inc.	Provision of a local presence services to Vinted, UAB	AG Accounting 735 Geary St. #303 San Francisco, CA 94109 United States of America	USD	100%	100%
Vinted s.r.o.	Customer support service provider	Zenklova 32/28, Libeň, 180 00 Prague 8, Czech Republic	CZK	100%	100%
Vinted Sp. z o.o.	Headquarter/administrative services	ul. Chłodna 52, Warsaw, 00-872, Republic of Poland	PLN	100%	100%
Vinted Systems, UAB	Software services	Švitrigailos st. 13, LT-03228 Vilnius Lithuania	EUR	100%	100%
Vinted, UAB	Principal entity / Headquarters	Švitrigailos st. 13, LT-03228 Vilnius Lithuania	EUR	100%	100%
Vinted B.V.*	Business and software development	Vinkenburgerstraat 2 A 3512 AB Utrecht Netherlands	EUR	100%	100%
Vinted Canada Ltd.**	Provision of a local presence services to Vinted, UAB	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5, Canada	CAD	100%	-
VSPV, UAB***	Freight forwarder	Švitrigailos st. 13, LT-03228 Vilnius Lithuania	EUR	100%	-

* Acquired on 20 October 2020.

** Incorporated on 25 January 2021.

*** Incorporated on 20 December 2021, at this moment the company is not performing any activities.

There are no restrictions on the ability of the Group to access or use assets and settle liabilities.

11. Investments in financial assets

In 2021 the Group invested 48,599,075 EUR to corporate bonds. Corporate bonds have maturity dates ranging from 2 to 8 years from the reporting date and return a fixed rate of return.

The corporate bonds are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Group chose to classify corporate bonds and future investments in equity instruments at FVTPL as doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or recognising the gains and losses on them on different bases.

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For the year ended 31 December 2021

12. Goodwill

The movement of Goodwill is analysed as follows:

	Goodwill EUR
Cost	
At 1 January 2020	1,223,573
Recognised on acquisition of a subsidiary	11,871,131
At 31 December 2020	13,094,704
Recognised on acquisition of a subsidiary	-
At 31 December 2021	13,094,704
Accumulated impairment losses	
At 1 January 2020	-
Impairment losses for the year	-
At 31 December 2020	-
Impairment losses for the year	1,223,573
At 31 December 2021	1,223,573
Carrying amount	
At 1 January 2020	1,223,573
At 31 December 2020	13,094,704
At 31 December 2021	11,871,131

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. For the purposes of impairment testing, goodwill has been allocated to the Group's Cash Generating Units (CGUs) as follows:

	2021 EUR	2020 EUR
Germany	-	1,223,573
Canada	11,871,131	11,871,131
Closing balance	11,871,131	13,094,704

The recoverable amount of 'Germany' CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and management projections for the upcoming 5 years and a pre-tax discount rate of 9.0 per cent per annum (2020: 10.6 per cent per annum) based on Weighted Average Cost of Capital (WACC method).

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

- Average revenue growth rates of 14 per cent are forecasted in 2022-2026 and are based on budget for 2022 and past experience;
- Operating profits are forecast based on historical experience of operating margins.

As 'Germany' CGU did not reach planned growth in 2021 and investments were lowered, recoverable amount of 'Germany' CGU is negative and impairment loss of EUR 1,223,573 was recognized in 2021.

The recoverable amount of 'Canada' CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and management projections for the upcoming 5 years and a pre-tax discount rate of 10.6 per cent per annum based on Weighted Average Cost of Capital (WACC method).

VINTED LIMITED

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For the year ended 31 December 2021

12. Goodwill (continued)

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

- Significant revenue growth is forecasted in 2022-2026 and is based on budget for 2022 and past growth experience in other markets;
- Operating profits are forecast based on historical experience of operating margins.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for 'Canada' CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of 'Canada' CGU is based would not cause the carrying amount to exceed the recoverable amount of this CGUs.

13. Intangible assets

Intangible assets in the accompanying Financial Statements of the Group are analysed as follows:

	Capitalised development costs EUR	User base EUR	Trademark EUR	Other EUR	Total EUR
Cost					
At 1 January 2020	6,389,350	859,960	2,518,078	1,600	9,768,988
Additions from internal development	2,180,925	-	-	-	2,180,925
Acquired on acquisition of a subsidiary	784,022	388,574	236,287	49,516	1,458,399
Disposals / written-off assets	(2,367,641)	-	(2,701,268)	(49,516)	(5,118,425)
Reclassification	-	-	1,600	(1,600)	-
At 31 December 2020	6,986,656	1,248,534	54,697	-	8,289,887
Additions from internal development	3,093,340	-	-	-	3,093,340
Acquired on acquisition of a subsidiary	-	-	-	-	-
Disposals / written-off assets	(593,516)	-	(1,600)	-	(595,116)
Reclassification	-	-	-	-	-
At 31 December 2021	9,486,480	1,248,534	53,097	-	10,788,111
Amortisation					
At 1 January 2020	3,727,148	238,237	104,451	1,600	4,071,436
Charge for year	1,117,972	174,929	616,245	26	1,909,172
Disposals / written-off assets	(1,199,392)	-	(667,599)	(49,516)	(1,916,507)
Acquired on acquisition of a subsidiary	-	-	-	49,490	49,490
Reclassification	-	-	1,600	(1,600)	-
At 31 December 2020	3,645,728	413,166	54,697	-	4,113,591
Charge for year	1,077,841	255,881	-	-	1,333,722
Disposals / written-off assets	(74,305)	-	(1,600)	-	(75,905)
Acquired on acquisition of a subsidiary	-	-	-	-	-
Reclassification	-	-	-	-	-
At 31 December 2021	4,649,264	669,047	53,097	-	5,371,408
Carrying amount					
At 1 January 2020	2,662,202	621,723	2,413,627	-	5,697,552
At 31 December 2020	3,340,928	835,368	-	-	4,176,296
At 31 December 2021	4,837,216	579,487	-	-	5,416,703

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For the year ended 31 December 2021

14. Property, plant and equipment

Property, plant and equipment of the Group are analysed as follows:

	Machinery & equipment EUR	Fixtures and fittings EUR	Right-of-use assets			Total EUR
			Premises EUR	IT Equipment EUR	Other equipment EUR	
Cost						
At 1 January 2020	929,808	153,929	1,042,266	9,074,343	-	11,200,346
Acquired on acquisition of a subsidiary	53,392	-	-	-	-	53,392
Additions	1,369,553	142,024	9,187,079	4,567,455	-	15,266,111
Disposals / written-off assets	(50,152)	(3,215)	-	-	-	(53,367)
Reclassification	(8,941)	8,941	-	-	-	-
Currency exchange adjustment	(1,142)	-	-	-	-	(1,142)
At 31 December 2020	2,292,518	301,679	10,229,345	13,641,798	-	26,465,340
Acquired on acquisition of a subsidiary	-	-	-	-	-	-
Additions	1,862,900	86,915	2,717,415	3,205,373	48,205	7,920,808
Disposals / written-off assets	(354,960)	(57,435)	-	-	-	(412,395)
Reclassification	-	-	-	-	-	-
Currency exchange adjustment	(39)	-	-	-	-	(39)
At 31 December 2021	3,800,419	331,159	12,946,760	16,847,171	48,205	33,973,714
Accumulated depreciation						
At 1 January 2020	338,697	120,929	741,928	2,735,394	-	3,936,948
Acquired on acquisition of a subsidiary	31,752	-	-	-	-	31,752
Charge for year	408,900	29,931	987,739	3,682,902	-	5,109,472
Disposals / written-off assets	(30,439)	(756)	-	-	-	(31,195)
Reclassification	(3,363)	3,363	-	-	-	-
Currency exchange adjustment	(746)	-	-	-	-	(746)
At 31 December 2020	744,801	153,467	1,729,667	6,418,296	-	9,046,231
Acquired on acquisition of a subsidiary	-	-	-	-	-	-
Charge for year	918,966	48,176	2,575,624	4,578,105	13,376	8,134,247
Disposals / written-off assets	(259,363)	(57,383)	-	-	-	(316,746)
Reclassification	-	-	-	-	-	-
Currency exchange adjustment	(8)	-	-	-	-	(8)
At 31 December 2021	1,404,396	144,260	4,305,291	10,996,401	13,376	16,863,724
Carrying amount						
At 1 January 2020	591,111	33,000	300,338	6,338,949	-	7,263,398
At 31 December 2020	1,547,717	148,212	8,499,678	7,223,502	-	17,419,109
At 31 December 2021	2,396,023	186,899	8,641,469	5,850,770	34,829	17,109,990

The Group leases several assets including premises, IT equipment and other equipment. The average lease term is 3 years (2020: 3 years).

The Group has options to purchase certain IT equipment for a nominal amount at the end of the lease term.

Amounts recognised in profit and loss related to right-of-use assets:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Depreciation expense on right-of-use assets	7,167,105	4,670,641
Interest expense on lease liabilities	590,984	320,911
Total	7,758,089	4,991,552

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15. Trade and other receivables

Trade receivables in the accompanying Financial Statements are analysed as follows:

	Year ended 31 December 2021 EUR	Year ended 31 December 2020 EUR
Trade receivables	786,986	1,556,555
Prepayments and deferred charges	16,759,234	15,963,439
Refundable VAT	3,423,987	1,061,096
Other receivables	3,414,897	274,298
Total	24,385,104	18,855,388

The ageing analysis of trade receivables is as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Ageing of trade receivables due at reporting date:		
Not overdue	497,595	1,338,665
Up to 1 month	153,512	185,647
1 to 3 months	131,662	28,342
Over 3 months	4,217	3,901
Receivables	786,986	1,556,555

The historical level of customer default is low and, as a result, the credit quality of year end trade receivables is considered to be high. Trade receivables are non-interest bearing and are normally settled on 30-90 days terms. The Group policy is to cooperate with a customer in a single project and thereafter expand its cooperation to other projects and countries.

The Group determines if there is an objective evidence of impairment of receivable amounts by considering factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

In the current year the group has recognised a nil expected credit loss on trade receivables (2020: nil).

16. Cash and cash equivalents

Cash and cash equivalents in the accompanying Financial Statements are analysed as follows:

	Year ended 31 December 2021 EUR	Year ended 31 December 2020 EUR
Cash at banks	202,675,712	87,074,276
Cash at payment services providers	16,198,285	19,842,215
Cash in hand	22	58
Short term deposits	20,000,000	-
Total	238,874,019	106,916,549

Cash and cash equivalents at the end of the reporting year as shown in the Consolidated Cash Flow Statement can be reconciled to the related items in the Consolidated Statement of Financial Position as shown above.

Cash at payment services providers is not restricted and available on the request. EUR 81,401 of Cash at banks will be paid to platform users upon request (EUR 127,054 in 2020). EUR 124,974 of Cash at payment services providers will be paid to platform users upon request (EUR 14,450 in 2020).

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17. Trade and other payables

Trade payables in the accompanying Financial Statements are analysed as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Trade payables:		
Vendor payables	2,617,550	36,891,716
Other payables	650,039	683,862
Other liabilities	100,930,273	25,678,595
Total	104,197,862	63,254,173

Trade payables balances are non-interest bearing and are settled within 0-60 days from the date of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Other payables include amounts payable to the platform users.

Other liabilities consist of VAT payable, payroll related payables, including salary costs and payroll taxes, taxes payables and accrued liabilities.

Exposure to liquidity risk and its management are described in note 24.

18. Lease liabilities

Lease liabilities in the accompanying Financial Statements are analysed as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Amounts due for settlement within 12 months	6,525,021	5,607,861
Amounts due for settlement after 12 months	8,643,722	10,481,055
Total	15,168,743	16,088,916

Maturity analysis:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Not later than 1 year	6,525,021	5,607,861
Later than 1 year and not later than 5 years	8,643,722	10,481,055
Later than 5 years	-	-
Total	15,168,743	16,088,916

Exposure to liquidity risk and its management are described in note 24.

The total cash outflow for leases amount to EUR 6,891,166 (2020: EUR 4,434,185).

The interest rate contracted varies between 1.63% - 20% (2019: 1.81% - 13.20%) per annum.

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19. Provisions

Provisions in the accompanying Financial Statements are analysed as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Voucher provisions	21,165	26,780
Other provisions	3,278,835	398,169
Total	3,300,000	424,949

Movement in provisions:

	Voucher provision EUR	Other provisions EUR	Total EUR
At 1 January 2021	26,780	398,169	424,949
Additional provision in the year	413,686	3,100,000	3,513,686
Utilisation of provision	(419,301)	(219,334)	(638,635)
At 31 December 2021	21,165	3,278,835	3,300,000

Voucher provisions

The voucher provisions are discounts granted to the customers, but not yet applied. Amounts provided are management's best estimate of the likely future cash outflows.

Other provisions

Other provisions include legal and product related amounts. Legal provision is related to the cases identified in the Contingent Liability note. Obligations are payable within 1 year. The amounts and timing of these liabilities are uncertain.

VINTED LIMITED

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20. Share capital

The movement of the Group's share as at 31 December 2021 and 2020 is analysed as follows:

	Share capital EUR	Share premium account EUR	Total EUR
At 1 January 2020	743	202,686,441	202,687,184
Option exercise	-	-	-
Issue of shares	1	1,960,091	1,960,092
At 31 December 2020	744	204,646,532	204,647,276
Option exercise	7	988,230	988,237
Issue of shares	62	249,296,304	249,296,366
At 31 December 2021	813	454,931,066	454,931,879

The total number of shares is analysed as follows:

	Ordinary shares	Preferred shares	Deferred shares	Total number of shares
At 1 January 2020	48,049,544	55,346,817	-	103,396,361
Issue of ordinary shares	144,762	-	-	144,762
At 31 December 2020	48,194,306	55,346,817	-	103,541,123
Issue of F shares	-	7,617,316	-	7,617,316
Issue of ordinary shares	845,479	-	-	845,479
Increase option pool	2,260,755	-	-	2,260,755
At 31 December 2021	51,300,540	62,964,133	-	114,264,673

In 2020, 144,762 ordinary shares were issued as part of consideration for United Wardrobe B.V. shares acquisition (see note 22 for more information).

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20. Share capital (continued)

Ordinary shares

Ordinary shares of par value of \$0.00001 carry full voting rights and dividend rights and capital distribution rights (including on a winding up) after the priority rights of the preferred shares on a capital distribution have been paid up. They do not confer any rights of redemption on the holder.

Detailed movement of authorised ordinary shares (issued and not issued) is as follows:

	Authorised fully paid ordinary shares (issued)	Option pool - Authorised ordinary shares (not issued)	Total number of shares
At 1 January 2020	31,936,153	16,113,391	48,049,544
Option exercise	-	-	-
Issued ordinary shares	144,762	-	144,762
Increase option pool	-	-	-
At 31 December 2020	32,080,915	16,113,391	48,194,306
Option exercise	845,479	2,260,755	3,106,234
Issued ordinary shares	-	-	-
Increase option pool	-	-	-
At 31 December 2021	32,926,394	18,374,146	51,300,540

Preferred shares

Preferred shares (comprising A1 shares, B shares, C shares, C1 Shares, E shares and F shares of par value of \$0.00001 and D shares of par value €0.00001) carry full voting rights and dividend rights and capital distribution rights (including on a winding up) in priority to the capital distribution rights of the ordinary shares. They do not confer any rights of redemption on the holder. Holders of preferred shares have an option to convert their shares into ordinary shares at any time.

Share premium account

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Balance at 1 January	204,646,532	202,686,441
Premium arising on issue of equity shares	250,988,479	1,960,091
Share issue costs	(703,945)	-
Balance at 31 December	454,931,066	204,646,532

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21. Share-based payments

Share option plan

On 7 January 2014 the Group adopted a Share Option plan (amendments were adopted on 13 March 2017, 21 September 2017 and 15 February 2019). The options granted vest over a period of 4 years, provided that the option holder is employed within the Group on the relevant vesting date. In case option holder ceases the contract with the Group, participant can exercise the options over 7 years.

The movement of the Group's share-based payments as at 31 December 2021 and 2020 is analysed as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Balance at 1 January	16,192,617	9,388,968
Option exercise	(945,963)	-
Option lapse	(1,577,004)	(126,657)
Share-based payment	11,502,476	6,930,306
Balance at 31 December	25,172,126	16,192,617

Details of the share awards outstanding during the year are as follows:

	As at 31 December 2021		As at 31 December 2020	
	Number of share options	Weighted average exercise price (EUR)	Number of share options	Weighted average exercise price (EUR)
Outstanding at the beginning of the year	10,488,046	1.60	9,434,045	1.75
Granted during the year	676,809	0.05	1,146,323	0.05
Lapsed during the year	(173,477)	0.05	(92,322)	0.05
Forfeited during the year	-	0.05	-	0.05
Exercised during the year	(845,479)	0.05	-	0.05
Outstanding at the end of the year	10,145,899	1.68	10,488,046	1.60
Exercisable	9,952,803	1.68	4,957,340	0.87

The weighted average share price at the date of exercise for share options exercised during the year was EUR 0.05. The options outstanding at 31 December 2021 had a weighted average exercise price of EUR 1.68, and a weighted average remaining contractual life of 2 years (2020: 2 years). In 2021, options were granted each financial month. The aggregate of the estimated fair values of the options granted on those dates is EUR 18.2 million. In 2020, options were granted each financial quarter. The aggregate of the estimated fair values of the options granted on those dates is EUR 12.2 million. The inputs into the Black-Scholes option-pricing model are as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Weighted average share price	26.90	10.64
Weighted average exercise price	0.05	0.05
Expected volatility	56%	47%
Expected life	2 years	2 years
Risk-free rate	1.51%	0.13%

Expected volatility was determined based on the realised volatility observed of the comparable companies during the calendar year 2021 and taking into account the strategy of Group's venture capital investors an estimate of 2 years remaining until the exit event was made.

The Group recognised total expenses of EUR 10,645,507 and EUR 6,803,650 related to equity-settled share-based payment transactions in 2021 and 2020 respectively.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. Acquisition of subsidiaries

Vinted Limited did not acquire any subsidiaries in 2021.

On 8 September 2020, Vinted Limited signed an agreement to acquire a 100 per cent of the issued share capital of United Wardrobe B.V. Closing of the transaction occurred on 20 October 2020 (Acquisition Date).

United Wardrobe B.V. was operating the largest second-hand fashion platform in Netherlands. After the acquisition, United Wardrobe B.V. platform was gradually integrated, as users were invited to join Vinted international platform with wider access to second-hand products. United Wardrobe B.V. employees were fully integrated to Vinted organization and continue to work on the new markets' expansion. United Wardrobe B.V. company's name was changed to Vinted B.V. The Group has concluded that the acquired set is a business.

The following table summarises the acquisition date fair value of each major class of consideration transferred:

EUR	United Wardrobe B.V.
Acquisition date	20 October 2020
Country	Netherlands
Voting rights/ownership interest	100%

Consideration transferred:

EUR	United Wardrobe B.V.
Cash	9,432,308
Equity instruments (ordinary shares)	1,960,092
Contingent consideration	456,571
Total consideration transferred	11,848,971

EUR	United Wardrobe B.V.
Cash consideration	9,432,308
Less: cash and cash equivalent balances acquired	(310,435)
Net cash outflow arising on acquisition	9,121,873

Equity instrument

Vinted Limited issued 144,762 shares for EUR 13.54 per share as part of consideration.

Contingent consideration

The Group has included EUR 456,571 as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition and was estimated based on forecasted financial results in Netherlands market. The potential undiscounted amount of all future payments that the Group could be required to make in respect of this contingent liability is estimated to be between 0 and EUR 4,000,000. During 2021 additional contingent liability of EUR 987,811 has been included in the financial statements.

Acquisition-related costs

The Group incurred acquisition-related costs of EUR 606,424 on legal fees and due diligence costs. These costs have been included in 'other expenses'.

Other

EUR 695,715 bank loan was repaid by Vinted Limited on behalf of United Wardrobe B.V. at the date of acquisition.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. Acquisition of subsidiaries (continued)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition and measured at fair value:

EUR	United Wardrobe B.V.
Intangible asset	1,408,909
Property, plant and equipment	21,640
Trade and other receivables	54,639
Cash and cash equivalents	310,435
Deferred tax liability	(211,332)
Trade and other payables	(910,736)
Borrowings from bank	(695,715)
Total identifiable net assets acquired	(22,160)
Goodwill	11,871,131
Total consideration	11,848,971

The total revenue of United Wardrobe B.V. for 2020 as though the acquisition date had been at the beginning of the year is EUR 4,543,276. The total loss for 2020 as though the acquisition date had been at the beginning of the year is EUR 139,010.

23. Notes to the cash flow statement

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Non-cash changes				31 December 2021 EUR
	1 January 2021 EUR	Financing cash flows EUR	Acquisition of subsidiary (note 21) EUR	New lease EUR	
Lease liabilities (note 18)	16,088,916	(6,891,166)	-	5,970,993	15,168,743
Total liabilities from financing activities	16,088,916	(6,891,166)	-	5,970,993	15,168,743

	Non-cash changes				31 December 2021 EUR
	1 January 2020 EUR	Financing cash flows EUR	Acquisition of subsidiary (note 21) EUR	New lease EUR	
Lease liabilities (note 18)	6,768,567	(4,434,185)	-	13,754,534	16,088,916
Bank loans (note 22)	-	(695,715)	695,715	-	-
Total liabilities from financing activities	6,768,567	(5,129,900)	695,715	13,754,534	16,088,916

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

24. Financial risk management

The Group's financial instruments comprise cash and cash equivalents, convertible loans, investments in financial assets and items such as trade payables (note 17) and trade receivables (note 15), which arise directly from its operations. All financial asset recognised at FVTPL are measured using Level 1 valuation technique. The main purpose of these financial instruments is to provide finance for the Group's operations.

As at 31 December 2021

Financial assets	FVTPL - designated EUR	Amortized cost EUR	Total EUR
Convertible loans	-	-	-
Trade and other receivables	-	7,625,870	7,625,870
Cash and cash equivalents	-	238,874,019	238,874,019
Investments in financial assets	48,599,075	-	48,599,075
Financial liabilities			
Trade and other payables	-	104,197,862	104,197,862
Lease liabilities	-	15,168,743	15,168,743

As at 31 December 2020

Financial assets	FVTPL - designated EUR	Amortized cost EUR	Total EUR
Convertible loans	-	300,000	300,000
Trade and other receivables	-	2,891,949	2,891,949
Cash and cash equivalents	-	106,916,549	106,916,549
Investments in financial assets	-	-	-
Financial liabilities			
Trade and other payables	-	63,254,173	63,254,173
Lease liabilities	-	16,088,916	16,088,916

The Group's operations expose it to a variety of financial risks including credit, liquidity, foreign currency exchange rate and capital management risk. It is the objective of the Group to minimise these risks where possible by maintaining and operating a robust control environment. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board.

The Group currently does not use derivative financial instruments to manage its exposure to these risks. The Group does not use supplier financing arrangements or reverse factoring.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

The carrying amount of financial asset represents the Group's maximum exposure to credit risk. As at 31 December 2021 and 31 December 2020 past due items were not significant.

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Group minimizes credit risk of payment service providers by actively managing funds and keeping just acceptable balances of cash in payment service providers accounts.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

24. Financial risk management (continued)

Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As regards liquidity, the Group's policy throughout the year has been to ensure continuity of funding. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

	Less than 1 month EUR	1-3 months EUR	3 months to 1 year EUR	1-3 years EUR	Total EUR
As at 31 December 2021					
Trade and other payable	68,839,345	35,269,842	-	88,675	104,197,862
Short term lease liabilities	640,008	1,854,756	4,459,630	-	6,954,393
Long term lease liabilities	-	-	-	8,951,641	8,951,641
	Less than 1 month EUR	1-3 months EUR	3 months to 1 year EUR	1-3 years EUR	Total EUR
As at 31 December 2020					
Trade and other payable	44,683,785	18,570,388	-	-	63,254,173
Short term lease liabilities	528,653	1,566,399	3,994,127	-	6,089,179
Long term lease liabilities	-	-	-	11,005,854	11,005,854

Foreign exchange risk

Foreign exchange 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 Group operates internationally and is exposed to foreign exchange risk as earns revenue and pays expenses in local currencies, in addition to some suppliers' contracts denominated in US Dollars. The Group is mainly exposed to Great Britain Pound, Polish Zloty, Czech Republic Koruna, US Dollar and Canada Dollar. Exchange rate exposures are managed within approved policy parameters utilising spot foreign exchange contracts.

The following table details the Group's sensitivity to a 10 per cent increase and decrease in currency units against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 per cent change in foreign currency rates.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

24. Financial risk management (continued)

	Foreign currency risk			
	+10%		-10%	
As at 31 December 2021, EUR	Effect on profit or loss	Other effects on equity	Effect on profit or loss	Other effects on equity
Financial asset items				
EUR	-	-	-	-
GBP	398,493	-	(398,493)	-
USD	2,413,086	-	(2,413,086)	-
PLN	39,583	-	(39,583)	-
CZK	29,201	-	(29,201)	-
CAD	263,066	-	(263,066)	-
Effect on financial assets before tax	3,143,429	-	(3,143,429)	-
Financial liability items				
EUR	-	-	-	-
GBP	(682)	-	682	-
USD	-	-	-	-
PLN	(754)	-	754	-
CZK	-	-	-	-
CAD	703	-	(703)	-
Effect on financial liabilities before tax	(733)	-	733	-
Net effect	3,142,696		(3,142,696)	

	Foreign currency risk			
	+10%		-10%	
As at 31 December 2020, EUR	Effect on profit or loss	Other effects on equity	Effect on profit or loss	Other effects on equity
Financial asset items				
EUR	27,535	-	(27,535)	-
GBP	177,522	-	(177,522)	-
USD	161,035	-	(161,035)	-
PLN	2,358,855	-	(2,358,855)	-
CZK	(5,244)	-	5,244	-
Effect on financial assets before tax	2,719,703	-	(2,719,703)	-
Financial liability items				
EUR	(363)	-	363	-
GBP	(50,687)	-	50,687	-
USD	(16,374)	-	16,374	-
PLN	1,085	-	(1,085)	-
CZK	-	-	-	-
Effect on financial liabilities before tax	(66,338)	-	66,338	-
Net effect	2,653,364		(2,653,364)	

Interest rate risk

The Group's exposure to interest rate risk is limited because entities in the Group have only borrowings and lease liabilities which is linked to fixed interest rate. The Group is managing negative interest rate risk on cash balance by actively diversifying funds between different partner banks and payment service providers.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists only of equity, comprising issued capital, reserves and retained earnings. The Group is not subject to any externally imposed capital requirements.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

25. Related party transactions

All transactions between the Group and its subsidiaries, which are related parties, are carried out at arm's-length and have been eliminated in the consolidated Financial Statements and are not disclosed in this note.

The Company is a member of Association Unicorns LT and Mantas Mikuckas (Director of Vinted Limited) is a board member of the association (the association is a non-profit organization, with the purpose to publicise the importance of technology companies in the Lithuanian economy and encourage progression of the education system). On 29th of November 2021 the Company concluded Grant Agreement with Asociacija "Vienaragiai LT" ("Association Unicorns LT") for the grant of EUR 10,000 to support the Teachers Lead Tech information technology (IT) and tech creativity program for primary school teachers. Teachers Lead Tech initiative (that benefited from the grant) is operated by UAB Vedliai (a Lithuanian private limited liability company) and Mantas Mikuckas (Director of Vinted Limited) is a minority shareholder in that company (holding 1.25% of UAB Vedliai shares).

26. Contingent Liability

In May 2021, the French consumer protection association UFC Que Choisir initiated class action proceedings against Vinted UAB in France. The action is based on alleged misleading commercial practices and breach of pre-contractual information obligations. The proceedings are currently ongoing before the Paris Civil Court.

In June 2021, the Italian Competition Authority (ICA) and the Polish Office of competition and consumer protection (UOKiK) initiated an investigation against Vinted UAB based on alleged misleading commercial practices. Both investigations are currently ongoing in Italy and Poland.

In November 2021, French, Polish and Lithuanian Data Protection Authorities launched an investigation on Vinted's privacy compliance when dealing with users personal data. The focus is on blocking users, minimization and retention periods of their personal data and relationship with Vinted's payment service providers. Investigation is still ongoing. Given that these are ongoing claims, the Company will no further comment on the above.

27. Events after the year end

Regarding the war in Ukraine, which is ongoing at the time of financial statements approval: Vinted Group does not operate in either Ukraine or Russia and also does not have employees located in either country, therefore the war does not currently have a direct effect on Group's operations. The group is successfully mitigating potential risks related to third-party vendors it works with in Ukraine.

VINTED LIMITED**COMPANY INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 EUR	Year ended 31 December 2020 EUR
CONTINUING OPERATIONS			
Revenue	33	196,402	45,563
Cost of sales		-	-
GROSS PROFIT		196,402	45,563
OPERATING COSTS			
Staff costs		(697,638)	-
Other administrative expenses	34	(2,399,317)	(828,500)
OPERATING LOSS		(2,900,553)	(782,937)
Other gains	33	-	8,400
Finance income	35	47,023	1,533,776
Finance costs	35	(693,699)	(187,949)
(LOSS) / PROFIT BEFORE TAX AND CHANGE OF FAIR VALUE OF PREFERRED SHARES		(3,547,229)	571,290
Change of fair value of preferred shares	10	-	-
(LOSS) / PROFIT BEFORE TAX		(3,547,229)	571,290
Tax	36	-	-
(LOSS) / PROFIT FOR THE YEAR		(3,547,229)	571,290
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE (EXPENSE) / INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		(3,547,229)	571,290

The accompanying notes are an integral part of the Company Financial Statements.

VINTED LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION**

For the year ended 31 December 2021

	Note	As at 31 December 2021 EUR	As at 31 December 2020 EUR
NON-CURRENT ASSETS			
Investment in subsidiaries	29	195,846,996	112,221,737
Investments in financial assets	30	48,599,075	-
Share based payments		27,392,757	17,444,888
Convertible loans granted		-	300,000
TOTAL NON-CURRENT ASSETS		271,838,828	129,966,625
CURRENT ASSETS			
Trade and other receivables	31	266,149	116,851
Trade receivables from subsidiaries	33	208,192	2,839,906
Cash		145,740,996	29,352,954
TOTAL CURRENT ASSETS		146,215,337	32,309,711
TOTAL ASSETS		418,054,165	162,276,336
Equity attributable to the owners of the parent			
Share capital	20	813	744
Share premium	20	454,931,066	204,646,532
Share-based payment reserve	21	25,172,126	16,192,617
Profit and loss account		(63,725,440)	(60,178,210)
TOTAL EQUITY		416,378,565	160,661,683
CURRENT LIABILITIES			
Trade and other payables	32	201,372	351,195
Trade payables to subsidiaries	33	29,846	806,887
TOTAL CURRENT LIABILITIES		231,218	1,158,082
NON-CURRENT LIABILITIES			
Provision		1,444,382	456,571
TOTAL NON-CURRENT LIABILITIES		1,444,382	456,571
TOTAL EQUITY AND LIABILITIES		418,054,165	162,276,336

The accompanying notes are an integral part of the Company Financial Statements.

These Financial Statements of Vinted Limited (Company number: 07874344) were approved by the Board and authorised for issue on 13 April 2022. They were signed on its behalf by:

DocuSigned by:

 3A0FE2C0F3C7E46A
Thomas Lodewijk Plantenga
 CEO

VINTED LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

	Note	Share capital EUR	Share premium EUR	Share-based payment reserve EUR	Retained losses EUR	Total equity EUR
Balance at 1 January 2020		743	202,686,441	9,388,968	(60,749,500)	151,326,652
Income for the year		-	-	-	571,290	571,290
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	571,290	571,290
Option exercise	21	-	-	-	-	-
Option lapse	21	-	-	(126,657)	-	(126,657)
Share-based payment	21	-	-	6,930,306	-	6,930,306
Issue of shares	1	1,960,091	-	-	-	1,960,092
Balance at 31 December 2020		744	204,646,532	16,192,617	(60,178,210)	160,661,683
Loss for the year		-	-	-	(3,547,229)	(3,547,229)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss		-	-	-	(3,547,229)	(3,547,229)
Option exercise	21	7	988,230	(945,963)	-	42,274
Option lapse	21	-	-	(1,577,004)	-	(1,577,004)
Share-based payment	21	-	-	11,502,476	-	11,502,476
Issue of ordinary shares	62	249,296,304	-	-	-	249,296,366
Balance at 31 December 2021		813	454,931,066	25,172,126	(63,725,439)	416,378,566

The accompanying notes are an integral part of the Company Financial Statements.

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2021

28. Significant accounting policies

The separate Financial Statements of the Company are presented as required by the Companies Act 2006.

Vinted Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 3. The Company's principal activity is to act as an investment holding company.

The Financial Statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated Financial Statements except as noted below.

Investments in subsidiaries are stated at cost less for impairment.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Financial Statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to cash flow statement, share-based payment, financial instruments, capital management, standards not yet effective and presentation of comparative information in respect of certain assets.

Where required, equivalent disclosures are given in the consolidated Financial Statements.

In the current year, the Company has applied a number of amendments to IFRS Standards issued by the International Accounting Standards Board (the Board) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Critical accounting judgements or key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- Business model assessment: classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest ("SPPI") and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. Company started investments to financial asset during 2021 and such changes were required during the periods presented.

Other key sources of estimation uncertainty:

- Some of the Company's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Company uses market-observable data to the extent it is available.

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2021

29. Investments in subsidiaries

Details of the investments in subsidiaries during the year are as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Net book value at the beginning of the year	112,221,737	61,610,594
Additions	83,625,259	50,611,143
Disposals	-	-
Impairment (note 33)	-	-
Net book value	195,846,996	112,221,737

Details of the Company's subsidiaries at 31 December 2021 are disclosed in note 10.

The increase in investments is related to the addition of Vinted Canada Ltd and VSPV, UAB during 2021, as well as share subscription increases executed in June 2021. Capitalized loans during 2020 and the acquisition of Vinted B.V. account for the additions during 2020.

Share based payments are disclosed in note 21.

30. Investments in financial assets

In 2021 the Company invested 48,599,075 EUR to corporate bonds. Corporate bonds have maturity dates ranging from 2 to 8 years from the reporting date and return a fixed rate of return.

The corporate bonds are held by the Company within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Group chose to classify corporate bonds and future investments in equity instruments at FVTPL as doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or recognising the gains and losses on them on different bases.

31. Trade and other receivables

Trade and other receivables in the accompanying Financial Statements of the Company are analysed as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Refundable VAT	212,843	84,614
Prepayments	36,605	15,534
Other receivables	16,701	16,703
Total	266,149	116,851

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2021

32. Trade and other liabilities

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs.

The carrying amount of trade payables approximates to their fair value.

Trade payables in the accompanying Financial Statements of the Company are analysed as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Vendor payables	201,372	357,535
Taxation and social security	-	(6,340)
Total	201,372	351,195

Company pays for intra-group services on a monthly basis and is expected to pay invoices on demand. Amounts owed by subsidiaries are unsecured, interest free.

33. Related party transactions

Loans to other Group entities

The carrying amount of these assets approximates their fair value. There are no past due or impaired receivable balances. Loans given to Group entities are long-term and are expected to be settled after more than twelve months after balance sheet date. During 2020, loans granted to other Group entities were capitalized, by way of increase in the capital reserve of the subsidiary counterparties.

Details of the related party transactions during the year are as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Transactions with related parties		
Revenues of services granted to subsidiaries	208,191	53,963
Total revenues	208,191	53,963

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Transactions with related parties		
Expenses from the purchase of services from subsidiaries	6,460	10,135
Total expenses	6,460	10,135

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2021

33. Related party transactions (continued)

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Receivables with related parties		
Trade receivables from subsidiaries	208,192	2,839,906
Total receivables	208,192	2,839,906

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Payables to related parties		
Trade payables to subsidiaries	29,846	806,887
Total payables	29,846	806,887

Subsidiaries pay for the intra-group services with payment terms of net 30. Amounts owed to subsidiaries are unsecured and interest free.

In 2021 and 2020 the Company did not remunerate Directors.

34. Other administrative expenses

An analysis of the Company's other administrative expenses is as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Professional services	1,339,934	796,064
Earn-out costs	987,811	-
Other	71,572	32,436
Total other administrative expenses	2,399,317	828,500

Earn-out costs relate to the acquisition of United Wardrobe B.V. in 2020. The average monthly number of employees including executive Directors was nil (2020: nil).

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2021

35. Finance income and costs

An analysis of the Company's finance income and costs is as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
Interest earned	-	994
Interest earned from subsidiaries	-	1,532,782
Exchange differences	47,023	-
Total finance income	47,023	1,533,776
Exchange differences	-	(147,299)
Interest expense	(460,946)	(38,978)
Cost of change of fair value of portfolio	(232,753)	-
Other financial costs	-	(1,672)
Total finance costs	(693,699)	(187,949)

Cost of change of fair value of portfolio and interest expenses are costs related to the bond portfolio, as detailed in note 3 and 29.

36. Tax

The amounts of income taxes which are reflected in the accompanying Income Statement and Statement of Comprehensive Incomes are analysed as follows:

	As at 31 December 2021 EUR	As at 31 December 2020 EUR
(Loss) / Profit before tax	(3,547,229)	571,290
Tax at the UK corporation tax rate of 19% (2020: 19%)	(673,974)	108,545
Unrecognised deferred tax assets	673,974	(108,545)
Total charge for taxes	-	-

The Finance Act 2016 and Finance Act 2017 which have been substantively enacted at the balance sheet date provide for reductions in the main rate of corporation tax to 19% from 1 April 2017 and 17% from 1 April 2019. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date. However, in the UK budget on 11 March 2019, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantively enacted by the balance sheet date, deferred tax balances as at 31 December 2021 continue to be measured at 19%. The rate of change could impact the size of any deferred tax assets and liabilities in the future. As at 31 December 2021, the Company has not recognised deferred tax assets, as Company's management does not expect taxable profits in the near future. The UK government announced in the 2021 March budget, an increase in the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. There is no deferred tax re-measurement as the balance sheet date is before the substantive enactment of the budget in March 2021 and is not expected to have a material effect.

37. Control

In the view of the Directors, there is no controlling party of the Company or the Group, by virtue of their being no single majority shareholder.

38. Company Events after the year end

Regarding the war in Ukraine, which is ongoing at the time of writing: Vinted Group does not operate in either Ukraine or Russia and we also do not have employees located in either country, therefore the war does not currently have a direct effect on our company's operations. Our team is successfully mitigating potential risks related to third-party vendors we work with in Ukraine. We continue to monitor the situation closely and follow proper risk management practices.