

Registered Number: 06400760

FARFETCH

Farfetch UK Limited

**Statutory financial statements
for the year ended 31 December 2021**

Registered Office

**The Bower
211 Old Street
London
EC1V 9NR**

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Farfetch UK Limited
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for the year ended 31 December 2021

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Farfetch UK Limited
Company information
for the year ended 31 December 2021

Directors:

J M F Neves
E G Jordan
S N Phair

Registered office:

The Bower
211 Old Street
London
EC1V 9NR
England

Registered number:

06400760

Independent auditors:

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Farfetch UK Limited
Strategic report
for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021 for Farfetch UK Limited (the "Company"). The Company operates together with Farfetch Limited's other subsidiaries as part of the Farfetch Group (the "Group").

Principal activity and review of business

The principal activity of the Company was the operation of the Marketplace for fashion retailers, designers and brands to be able to offer their products for sale to the public (including associated services such as production, logistics, customer services and payment processing). Research and development activities continued with respect to the development of the Farfetch platform, including the Marketplace. The directors anticipate this activity to continue.

The profit for the year, after taxation, amounted to \$173,772,000 (2020: loss of \$661,080,000). Revenue increased by 33% to \$1,177,240,000. Cash and cash equivalents decreased by \$191,652,000 to \$1,186,051,000 as at 31 December 2021.

Key performance indicators (KPIs)

In 2021, Gross Merchandise Value¹ ("GMV") on a constant currency basis increased by 20% to \$2,565,327,000 (2020: \$2,141,384,000).

The Marketplace has over 1,400 partner brands and boutiques (2020: 1,350).

The average order value on the Marketplace was \$612 (2020: \$568).

The directors monitor revenue and profits or losses as set out in the statement of profit or loss on page 16. The directors are of the opinion that disclosing additional key performance indicators, other than those above, is not necessary to understand the development, performance and position of the business.

Business environment

The Company is a subsidiary of Farfetch.com Limited which is in turn owned by Farfetch Holdings plc and operates in the high end fashion industry.

The Company met the challenges of a dynamic business environment in 2021 and performed well with strong growth in GMV and associated income.

Strategy

The Company's current strategy is to:

- become the global platform for luxury
- provide consumers with revolutionary ways to buy fashion
- develop omni-channel solutions for the retail community and an unrivaled global customer experience

Future outlook

The Company continues to show growth in both demand for, and supply of, products through the Farfetch platform. Despite challenges caused by COVID-19 the Company expects overall revenue growth rates, underpinned by remote sales (in case of strong restrictions) and the return to business as usual.

The directors anticipate the business environment will remain competitive. They believe that the Company is in a good financial position and that the risks that have been identified are being well managed. With careful focus on appropriate diversification and development of new products, as well as continuous review

¹ "Gross Merchandise Value", or "GMV," means the total dollar value of orders processed. GMV is inclusive of product value, shipping and duty. It is net of returns, value added taxes and cancellations. GMV does not represent revenue earned by the Group, although GMV and revenue are correlated.

Farfetch UK Limited
Strategic report
for the year ended 31 December 2021

of the state of the market and the activities of competitors, the directors are confident in the Company's ability to maintain and build on this position.

Uncertainties resulting from the impact of the COVID-19 pandemic, macroeconomic factors and geopolitical turmoil, including the war in Ukraine, could have material impacts on our future performance and projections. The factors that could potentially impact our future performance include, among others:

- disruptions to our operations, fulfilment network, and shipments;
- fluctuations in foreign exchange rates;
- weakened consumer sentiment and discretionary income arising from macro-economic conditions;
- increased costs to support our operations;
- slowing e-commerce consumer activity as vaccinations gain acceptance and populations resume to pre-pandemic activities and lifestyles; and
- reduced demand for our offerings and services.

Events after the reporting year

Subsequent events are disclosed in Note 26 to the financial statements.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are:

- the ongoing change in the online fashion market, primarily from the potential emergence of new competitors and increased activity from existing competitors, including offline retailers moving online. This is mitigated by strong marketing, understanding of emerging fashion trends and changes in demand, plus strong relationships with our boutique and brand network.
- the Company operates in a number of countries which expose the Company to currency movements. This is partially offset by hedging this transactional exposure using forward foreign exchange contracts.
- the Company's Marketplace and associated software is key to the business. IT failures could disrupt the business leading to increased losses and loss of customers. The Company takes adequate precautions and security measures to mitigate against this risk by taking regular backups of the system, safeguarding against computer viruses, and putting in place backup servers at a different location to host the website in case of emergencies.
- the ability of partners to be able to fulfil orders given the expansive customer network in relation to the size of boutiques. This risk is mitigated through us increasing the number of partners we have which in turn increases our supply base. We have also strengthened our relationships with the partner network by providing them with sales analysis and financing opportunities through our associate Farfetch Capital Limited.
- the retention of employees and attracting top talent to support growth. The Company's success depends on its ability to attract, motivate and retain key employees. This is mitigated through various financial and non-financial measures including long and short-term incentive plans (including share options) and other employee benefits including career development opportunities.
- Financial risk management is detailed in the Report of the directors and forms part of this report by cross reference.

The United Kingdom's withdrawal from the European Union ("Brexit")

The European political landscape shifted after Brexit was delivered at the end of 2020. The uncertainty surrounding Brexit increased the volatility of trading activities throughout 2020 and into 2021. Under the terms of the EU-UK Trade and Cooperation Agreement ("TCA"), effective 1 January 2021, the UK government and its European Union ("EU") counterpart may influence cross-border control, making it more difficult to source and move products and people. This could bring operational disruptions to the Group companies in which the Company is invested, lost business opportunities and diminished customer propositions, thus impacting customers willingness to engage with and buy from us. This could further impact negatively on the Company's goal to obtain returns from its investments by impacting their profitability, due to tariff restrictions and new customs legislation. The Company is an indirect subsidiary of Farfetch Limited, which operates in both the UK and EU. To mitigate the risks, the Company and the

Farfetch UK Limited
Strategic report
for the year ended 31 December 2021

Farfetch Group continue to monitor, model and assess the potential outcomes and implications of Brexit, recommending changes or adaptations to our business operations. We have external advisers who can provide us with additional support or information when required.

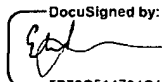
Effects of the COVID-19 pandemic

Since early 2020, the world has been, and continues to be, impacted by the COVID-19 pandemic and its variants. The extent of these impacts on our financial and operating results will ultimately be dictated by the length of time that the pandemic and the related countermeasures continue for, in addition to individuals' and companies' risk tolerance regarding health matters going forward. The impact of the COVID-19 pandemic and actions taken in response to it had varying effects on the Group's operating results for both 2020 and 2021, as many restrictions, including in the UK, were lessened or lifted towards the end of 2021. During 2022, restrictions have continued, including additional lockdowns in mainland China. Since the onset of the pandemic, there has been an acceleration in the shift of consumer demand to online, which the Group has partially benefited from, which may or may not continue in future. This could impact negatively on the Company's ability to obtain returns from its investments.

Russia-Ukraine conflict

During February 2022, Russia invaded Ukraine. Sanctions imposed by other nations in response, including the U.S. and UK, resulted in a pause of the Group's Russian operations, deliveries to Russian customers and the temporary closure of our Russian offices. This could impact negatively on the Company's ability to obtain returns from its investments.

Approved by the Board and signed on its behalf by:

DocuSigned by:


.....
E G Jordan - Director

Farfetch UK Limited
Report of the directors
for the year ended 31 December 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021. Further information on the Company can be found in the Strategic report and in Note 1 to the financial statements, forming part of this report by cross reference.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 1.

Changes in directorship during the year

There were no changes in directorship during the year and up to the date of signing the financial statements.

Director's interest in shares in the company

According to the register kept under Section 808 of the Companies Act 2006, no director had any beneficial interest in the shares of the Company either at the beginning or end of the year. There were no changes in directors' interests during the year.

Employees

The Company continued its policy of providing regular information on Company performance, business activities and related matters to all employees. Smaller groups of employees, including senior employee representatives, attend regular business reviews, at which opportunity is given to question the company on business performance, plans and strategies.

Employees are eligible to receive awards to participate in the Group's performance via an employee share option plan.

The Company's policy with regard to disabled people is to provide equal employment opportunity by giving full and fair consideration to their applications for employment and the continued employment, wherever possible, of employees who became disabled and providing suitable opportunities for their training, career development and promotion.

Financial risk management

The Company manages its capital to ensure it will be able to continue as a going concern. At 31 December 2020 and 31 December 2021, the capital structure consisted solely of equity. The Company is not subject to any externally imposed capital requirements.

The Company is exposed to risks which arise from the probability of changes in the fair value of the future cash flows deriving from a financial instrument due to fluctuations in market prices. The Company has identified two principal risks being market risk (foreign exchange) and liquidity risk.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising inventory at the fixed foreign currency rate for the hedged purchases.

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in the consolidated annual financial statements of the ultimate parent undertaking, Farfetch Limited, which are filed with the SEC on a Form 20-F and can be obtained from farfetchinvestors.com.

Dividends

The board do not recommend the payment of a dividend (2020: Nil).

Research and development costs

The research and development costs for the financial year amounted to £13,599,000 (2020: £22,484,000).

Farfetch UK Limited
Report of the directors (continued)
for the year ended 31 December 2021

Strategic report

The Company has chosen in accordance with Section 414C (11) of the Companies Act 2006 to set out in the Company's Strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future outlook and financial risk management.

Existence of branches outside the UK

The Company has one branch, as defined by Section 1046(3) of the Companies Act 2006, outside the UK in the Russian Federation.

Statement of Corporate Governance Arrangements

The Company, together with its subsidiaries and the wider Farfetch group, are committed to operating with the highest standards of corporate governance.

The following section has been drafted along the lines of 'The Wates Principles' and is based on the corporate governance principles adopted by Farfetch Limited, the Company's ultimate parent company, and those corporate governance principles followed by the Company.

Purpose and Leadership

The directors aim to promote the success of the Company's business whilst having regard to the interests of stakeholders and the Company's impact on local communities, the environment and the Farfetch Group's reputation.

Details of the principal activity of the Company can be found in the 'Principal activity and review of business' section in the Strategic Report.

The Board of Directors of Farfetch Limited, the Company's ultimate parent company, are responsible for the implementation of appropriate corporate governance practices across the Group which are filtered down to the directors of each company to enforce on a local level.

Under the Farfetch Group corporate governance framework, the Company has delegated authority for decision-making at a business unit level. This allows it to take account of the needs of the Company's own stakeholders and make decisions with a long-term view in mind whilst adhering to the highest standards of conduct in line with the ultimate parent company's policies. Further details can be found in the Company's 'Section 172 Statement' below.

Details of how the directors of the Company ensure that the Company's values, strategy and culture align with its purpose can be found in the 'Employees' section above and the 'Engagement with employees' section below.

The directors are responsible for the overall strategic direction of the Company and are supported by the Board of Directors of Farfetch Limited.

- **Board Composition**

The directors of the Company comprise Farfetch Group senior executives with extensive operational, financial and fashion industry experience which provides the Company with an appropriate combination of skills, background, experience and extensive knowledge across a range of business areas and a high level of understanding of the Company's business needs and stakeholder interests. The directors believe that the current size, structure and balance of the board enables effective decision making and is appropriate to meet the strategic needs of the Company.

- **Director Responsibilities**

The directors of the Company are primarily responsible for the performance and success of the business and have a clear understanding of their accountability and responsibilities.

- **Opportunity and Risk**

The Farfetch Group's operations are exposed to a variety of operational and financial risks and the Farfetch Group has policies in place for managing these risks, which are implemented and periodically reviewed. Based

Farfetch UK Limited
Report of the directors (continued)
for the year ended 31 December 2021

on the risks identified at a Farfetch Group level, the directors are responsible for the identification of risks and uncertainties that the business may face and implementing necessary measures to mitigate and manage these risks. The directors are aware of the principal risks and uncertainties that the Company faces in achieving its goals and objectives and take all possible steps to mitigate such risks. The Company also considers its impact on the community and environment in which it serves. Both matters are considered in further detail in the 'Principal risks and uncertainties' section in the Strategic Report.

The directors are also responsible for identifying key strategic opportunities and utilising them for the benefit of the Company.

- **Remuneration**

The Company aims to provide appropriate and fair levels of remuneration to help it secure and retain high-quality directors, senior management and employees. Further details can be found in the Notes to the financial statements.

- **Stakeholder Relationships and Engagement**

The success of our business is dependent on the support from the Company's stakeholders, including its people, customers and suppliers. It is important to us to build strong and positive relationships with those who share our values and strategies so we can work together towards our shared goals. Further details on the Company's relationships with all of its stakeholders, including communities and, government and regulators, can be found in the Company's 'Section 172 Statement' below.

Our people are key to our success and we want them to be successful individually and as a team. We engage with and listen to our people with key areas of focus including health and well-being, life and work balance, development opportunities, pay and benefits, and Farfetch Equity. The Company continued its policy of providing regular information on Company performance, business activities and related matters to all employees. Further information on the Company's engagement with its employees can be found below.

Streamlined Energy and Carbon Reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019. This is Farfetch UK Limited's first disclosure. The Farfetch Group carbon footprint and energy consumption is calculated annually using specialist consultancies applying the Greenhouse Gas Protocol. Scopes 1 and 2 were third party assured for 2021.

The table below represents the estimated energy usage and associated greenhouse gas (GHG) emissions from electricity and fuel for the period 1st January 2021 - 31st December 2021, for Farfetch UK Limited.

t CO₂ -eq		
SCOPE	2020	2021
Scope 1 - Fuels used for Cars and Buildings	140	126
Scope 2 - Energy consumption (Market Based)	221	191
Scope 1 & 2 total	361	317
Intensity Ratio (Scope 1 & 2 tCO₂ per full FFUK time employee)	0.44	0.33
<i>* based on the Farfetch Group CDP (Carbon Disclosure Report) for 2020 and 2021</i>		

Total Energy Consumption (in 1000 kWh)		
	Farfetch Group 2021 *	Farfetch UK Limited est. consumption 2021**
TEC non renewable	12,764	638
TEC total	16,160	808

** from 2021 Carbon Footprint*

*** based on sqm share of Farfetch UK Limited for 2021*

Farfetch UK Limited
Report of the directors (continued)
for the year ended 31 December 2021

- **SECR Methodology Statement 2021**

The SECR submission has been compiled using the 2019 HM Government Environmental Reporting Guidelines. Emissions have been calculated for the company's financial year ended 31 December 2021.

Calculating methodology used - The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Emission factors used

Scope 1: DEFRA - Greenhouse gas reporting: conversion factors 2021

Scope 2: IEA International Energy Agency, 2021

- **Data Sources for Scope 1 and 2 reporting**

Energy and Fuel Data – No primary data was collected in 2021 for scope 1 and 2, given the small contribution to the footprint. Therefore, the following modelling approach (from 2020) was taken:

- Calculate the 2019 Scope 1 and Scope 2 emissions per m2 per country and business unit
- Calculate the m2 change between 2019 and 2021 per country and business unit
- Linearly extrapolate scope 1 and scope 2 emissions in 2021 based on m2 change between both years

Travel related emissions - available from third party mileage reports.

- **Energy Reduction Strategies for Farfetch UK Limited**

Farfetch Group has set a target to source 100% renewable energy in all Farfetch's operated properties by 2030. In 2021, the group's total was 31% renewable energy. However, Farfetch UK Limited offices in the UK already use 100% renewable energy.

Going concern

The directors considered the appropriateness of the going concern basis when preparing the financial statements. The Company has received a letter of support from its ultimate parent company, Farfetch Limited, whereby the directors confirm that they will provide all the necessary support to the Company to meet its financial obligations when they fall due, for a period of at least 12 months from the date of signing of the accounts. The directors confirm that they consider that the going concern basis remains appropriate.

The Company has therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements based upon its current forecasts and cash and financing facilities.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of the directors throughout the period, which remain in force at the date of this report.

The Board's Statement on s172 (1)

The success of our business is dependent on the support from our stakeholders. It is important to us to build strong and positive relationships with them, who share our values and strategies, so we can work together towards shared goals. Our ambition is to become the leader in transactions and the leader in cultural relevance in the luxury fashion industry.

- **Shareholders**

The ultimate parent company, Farfetch Limited, comprises a number of business units, all of which have extensive engagement with their own unique stakeholders. It follows certain corporate governance practices of its home country, the Cayman Islands, in lieu of certain of the corporate governance requirements of the NYSE. In our governance framework, the Company owns its delegation of authority for local decision-making at business unit level, which allows it to take account of the needs of the Company's own stakeholders in their decision-making. The directors make decisions with a long-term view in mind and with the highest standards of conduct in line with the parent Company's policies. The directors take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take.

Farfetch UK Limited
Report of the directors (continued)
for the year ended 31 December 2021

As directors rely on the support of the ultimate parent companies' shareholders their opinions are important to us. We have an open and transparent dialogue with our shareholders through one-to-one meetings, group meetings, webcasts and the Annual General Meeting. Discussions with shareholders cover a wide range of topics including financial performance, financing, strategy, outlook, governance and ethical practices. Shareholder feedback along with details of movements in our shareholder base are regularly reported to and discussed by the Board and their views are considered as part of decision-making.

- **Colleagues**

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including surveys, forums, personal briefings, internal communities, newsletters and through our online Slack virtual groups. Key areas of focus include health and well-being, life and work balance, development opportunities, pay and benefits, and Farfetch Equity. Employees also are entitled to receive remuneration in the form of share-based payments. The consideration can be either equity or cash settled depending on the scheme. We also believe that we maintain a good working relationship with our people, and we have not experienced any significant labour disputes or any difficulty in recruiting staff for our operations.

- **Customers**

The Company operates an omni-channel approach across the digital and physical realms to serve our mission to connect the world's creators, curators and consumers, as the leading global platform for the luxury fashion industry. We aim to build strong lasting relationships with our customers and constantly invest in maintaining customer loyalty. The Company manages to understand their needs and views and listen to how we can improve our offer and service for them. We use this knowledge to inform our decision-making on the digital platform.

- **Suppliers**

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews and we also communicate with them to discuss shared goals and build relationships. Key areas of focus include customer demands, product designing and production, fulfilment, sustainability, and health and safety. We rely on contractual provisions with suppliers and luxury sellers to protect our proprietary technology, brands and creative assets.

- **Communities**

We continue on our path to building a culturally relevant brand, including through our brand strategy and positioning, 'Only On Farfetch'. 'Only On Farfetch' highlights Farfetch's unique ability to give luxury consumers access to products, brands, services and a community of the best curators in the world through its boutique network, which can't be found elsewhere in luxury fashion.

In terms of environmental aspect, we have been promoting Positively Farfetch, a strategy to embed sustainability in and across our business. The strategy has three key pillars, that each align with core business drivers. "Positively Cleaner" is focused on environmental impact reduction and is expected to help us become a more cost-efficient business. "Positively Conscious" is focused on inspiring our consumers to make positive choices that consider the impact on the environment, society, and animal welfare, and help us become the global destination for more conscious fashion consumers. "Positively Circular" is focused on investing in new services that help extend the life of clothes and help drive growth and consumer retention.

- **Government and regulators**

We engage with the government and regulators through a range of consultations, meetings and conferences to communicate our views to policy makers relevant to our business. There is an increased focus, including by consumers, investors, employees and other stakeholders, as well as by governmental and non-governmental organisations, on social, environmental and sustainability matters. We are subject to governmental regulation and other legal obligations related to privacy, data protection and information security. This means we invest in keeping compliant with the UK GDPR.

Farfetch UK Limited
Report of the directors (continued)
for the year ended 31 December 2021

Engagement with employees

The Company continues to place great importance in maintaining a closer engagement with our employees. There were many procedures taken by the Company during the financial year to further develop employee engagement by:

- providing employees with information on matters of concern to them (such as: COVID-19 impact on health and safety, work and life balance, equity trading procedures);
- consulting employees on a regular basis so that their views can be taken into account in making decisions (such as: flexible working arrangement, overseas working guidance, LGBT matters);
- encouraging the involvement of employees in the Company's performance through an employees' share scheme.

In addition, our directors communicated at least once per month with employees to update them on the financial performance, the logistics, the product development and many other company-wide concerns. Virtual Q&A sessions are held every month to address questions from employees live and a follow-up recorded video is shared on Workplace which all the Company employees can access.

Statement on business relationships

The Company is constantly developing new and innovative technology, such as Farfetch Store of the Future. Our Luxury New Retail vision begins with the customer in mind. Customers enjoy the experience of being in-store, building a relationship with the sales associate and experiencing merchandise in a luxury store setting, yet technology has meant that consumers now expect ultra-personalised experiences, both in their real and digital lives, and expect those worlds to be seamlessly connected. Our Luxury New Retail vision reflects the retail experience of the future by giving retailers visibility of their consumers' preferences, both in-store and online, enabling them to enhance the services they can offer. With this in mind, we have developed a range of services and technologies to progress innovation in the luxury industry. This means the Company is able to monetise technologies and bring a product to market in a timely manner to server our customers better.

The Company is also maintaining more diversified and reliable supplier relationships. It includes first-party and third-party product suppliers, third-party warehousing providers, third-party carriers and other suppliers. The Company is also communicating with suppliers to make better use of their distribution network, so additional services can be facilitated, such as in-store pick-up and returns.

Events after the reporting year

Events after the reporting year can be found in Note 26 to the financial statements.

Statement as to disclosure of information

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

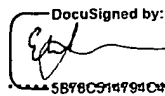
This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed for them to be deemed re-appointed as auditors in the absence of an Annual General Meeting.

Farfetch UK Limited
Report of the directors (continued)
for the year ended 31 December 2021

The financial statements on pages 16 to 49 were approved by the board of directors on 3 May 2023 and signed on its behalf:

DocuSigned by:

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E G Jordan - Director

Farfetch UK Limited
Statement of the directors' responsibilities
for the year ended 31 December 2021

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

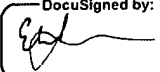
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure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

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

The directors are 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.

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

On behalf of the board:

DocuSigned by:

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E G Jordan - Director

Independent auditors' report to the members of Farfetch UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Farfetch UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Statutory financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Statement of profit or loss, the Statement of comprehensive income/(loss) and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's going concern assessment and understanding that the provision of support from the ultimate parent company has enabled the directors to conclude that it is appropriate to adopt a going concern basis for the preparation of the financial statements;
- obtaining a letter of support from the ultimate parent company which states that the ultimate parent company will provide financial support to the company such that the company is able to operate as a going concern and to settle its liabilities as they fall due for the going concern assessment period to 30 June 2024; and
- Evaluating the ultimate parent company's ability to financially support the company by assessing the robustness of its going concern assessment and related cash flows forecasts and sensitivity analysis.

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 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.

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.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the directors for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Challenging assumptions made by management in determining their judgements and accounting estimates; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 May 2023

Farfetch UK Limited
Statement of profit or loss
For the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Revenue	4	1,177,240	883,510
Cost of sales		(571,494)	(387,832)
Gross profit		605,746	495,678
Selling, general and administrative expenses		(798,065)	(834,340)
Other income	8	244,374	-
Impairment losses on intangibles assets	10	-	(5,779)
Operating profit/(loss)	8	52,055	(344,441)
Gain/(loss) on present value remeasurement	6	156,123	(287,927)
Finance income	7	20,667	13,325
Finance costs	7	(55,123)	(41,888)
Profit/(loss) before tax		173,722	(660,931)
Income tax expense/(credit)	9	50	(149)
Profit/(loss) for the financial year		173,772	(661,080)

The notes on pages 20 to 49 form part of these financial statements

Farfetch UK Limited
Statement of comprehensive income/(loss)
For the year ended 31 December 2021

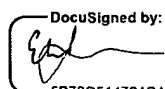
	Note	2021 \$'000	2020 \$'000
Profit/(Loss) for the financial year		173,772	(661,080)
Other comprehensive (loss)/income which may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign branch		599	5,302
(Loss)/gain on cash flow hedges		(22,740)	13,527
(Loss)/gain on time value reserve		(2,552)	2,552
Other comprehensive (loss)/income for the year, net of tax		(24,693)	21,381
Total comprehensive income/(loss) for the year, net of tax		149,079	(639,699)

The notes on pages 20 to 49 form part of these financial statements

Farfetch UK Limited
Statement of financial position
As at 31 December 2021

	Note	2021 \$'000	2020 \$'000
Asset			
Non-current assets			
Intangible assets	10	229,750	187,985
Property, plant and equipment	11	8,640	9,065
Investments	12	461,945	403,917
Trade and other receivables	13	217,672	199,177
Right-of-use assets	23	24,935	25,565
Total non-current assets		942,942	825,709
Current assets			
Inventories	14	1,933	1,519
Trade and other receivables	13	858,649	332,332
Short-term investments		99,971	-
Cash and cash equivalents	15	1,186,051	1,377,703
Total current assets		2,146,604	1,711,554
Total Assets		3,089,546	2,537,263
Liabilities and Equity			
Liabilities			
Non-current liabilities			
Trade and other payables	18	1,075,786	1,075,786
Provisions	19	51,526	104,770
Deferred income tax liabilities		319	377
Lease liabilities	23	24,078	26,305
Put and call option liabilities	6	188,261	344,384
Total non-current liabilities		1,339,970	1,551,622
Current liabilities			
Trade and other payables	18	1,575,822	1,155,322
Lease liabilities	23	4,952	4,197
Provisions	19	7,584	10,689
Current financial liabilities	20	138,831	28,006
Total current liabilities		1,727,189	1,198,214
Total liabilities		3,067,159	2,749,836
Equity/(deficit)			
Share capital	16	2	2
Share premium	16	596,001	596,001
Foreign exchange reserve		26,419	25,820
Other reserves	17	504,322	443,733
Accumulated losses	17	(1,104,357)	(1,278,129)
Total Equity/(deficit)		22,387	(212,573)
Total liabilities and Equity/(deficit)		3,089,546	2,537,263

The financial statements on pages 16 to 49 were approved by the Board of directors on 3 May 2023 and were signed on its behalf by:

DocuSigned by:

 5B780C147940416.....
 E G Jordan – Director

Farfetch UK Limited
Statement of changes in equity
For the year ended 31 December 2021

	Share capital (Note 16) \$'000	Share premium (Note 16) \$'000	Foreign exchange reserve \$'000	Other reserves (Note 17) \$'000	Accumulated losses (Note 17) \$'000	Total (deficit)/equity \$'000
As at 1 January 2020	1	596,001	20,518	131,251	(617,049)	130,722
Changes in deficit						
Issues of share capital	1	-	-	-	-	1
Loss after tax for the year	-	-	-	-	(661,080)	(661,080)
Other comprehensive income	-	-	5,302	16,079	-	21,381
Share-based payment – equity settled	-	-	-	72,188	-	72,188
Additional capital contribution	-	-	-	224,215	-	224,215
As at 31 December 2020	2	596,001	25,820	443,733	(1,278,129)	(212,573)
As at 1 January 2021	2	596,001	25,820	443,733	(1,278,129)	(212,573)
Changes in equity						
Profit after tax for the year	-	-	-	-	173,772	173,772
Other comprehensive income/(loss)	-	-	599	(25,292)	-	(24,693)
Share-based payment – equity settled	-	-	-	85,881	-	85,881
As at 31 December 2021	2	596,001	26,419	504,322	(1,104,357)	22,387

The notes on pages 20 to 49 form part of these financial statements

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

1. Company information

Farfetch UK Limited is a private company limited by shares incorporated and domiciled in England & Wales under the Companies Act 2006. The Company's registered office is The Bower, 211 Old Street, London EC1V 9NR, England. The registration number of the Company is 06400760. The principal activity of the Company is that of marketing and providing editorial and merchant facilities. The Board of directors have authorised the issue of these financial statements on the date of the statement as set out in page 18. The Company's ultimate parent company is Farfetch Limited. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of Farfetch UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention, modified by the fair value for derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006, with the exception of goodwill amortisation (please refer to Note 10 for further detail).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- the following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B–D (additional comparative information);
 - 40A–D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134–136 (capital management disclosures).
- the requirements of IAS 7, 'Statement of cash flows'.
- paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- the requirements of Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

- disclosures in respect of transactions with wholly owned subsidiaries, as required by IAS 24 'Related party disclosures'.

The financial statements are presented in U.S. dollars ("U.S. dollars" or "\$"). All values are rounded to the nearest 1,000 dollars, except where indicated.

The Company is itself a subsidiary company which is consolidated into its ultimate parent's group financial statements. Further detail can be found in Note 22 "Ultimate controlling party". The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements therefore present information about the Company as an individual undertaking.

In the year ended 31 December 2021, the Company has applied the amendments to IFRS issued by the IASB ("International Accounting Standards Board") that are mandatorily effective for an accounting period that began on or after 1 January 2021. Please refer to the Note 2.4 Changes in accounting policies and disclosures for more details.

2.2 Going concern

The directors considered the appropriateness of the going concern basis when preparing the financial statements. The Company has received a letter of support from its Ultimate Parent Company, Farfetch Limited, whereby the directors confirm that they will provide all the necessary support to the Company to meet its financial obligations when they fall due, for a period of at least 12 months from the date of signing of the accounts. The directors confirm that they consider that the going concern basis remains appropriate.

The Company has therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements based upon its current forecasts, cash and financing facilities.

2.3 Summary of significant accounting policies

a) Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the year end

All other assets are classified as non-current.

A liability is current when:

- it is due to be settled within twelve months after the year end; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the year end.

The Company classifies all other liabilities as non-current.

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

2.3 Summary of significant accounting policies (continued)

b) Fair value measurement

This section outlines the Company policies applicable to financial instruments that are recognised and measured at fair value in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

Revenue recognition

Revenue is recorded in accordance with the five-step model under IFRS 15:

1. identifying the contracts with customers;
2. identifying the separate performance obligations;
3. determining the transaction price;
4. allocating the transaction price to the separate performance obligations; and
5. recognising revenue when each performance obligation is satisfied.

Retailing of goods

Revenue is recognised when the performance obligation is satisfied which is when the goods are received by the customer. Included within sales of goods is a provision for expected returns, discounts and rebates. Where these are not known, the Company uses historical data and patterns to calculate an estimate.

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

2.3 Summary of significant accounting policies (continued)

Rendering of services

The Company primarily acts as a commercial intermediary between sellers, being the brands and retailers, and end customers and earns a commission for this service.

The Company acts as an agent as part of this arrangement and revenue is recognised on a net basis. The Company also charges fees to sellers for activities related to providing this service, such as packaging, credit card processing, settlement of duties, and other transaction processing activities. These activities are not considered separate promises to the customer, and the related fees are therefore recognised concurrently with commissions at the time the performance obligation to facilitate the transaction between the seller and end consumer is satisfied, which is when the goods are dispatched to the end consumer by the seller. A provision is made for commissions that would be refunded if the end consumer returns the goods, and the Company uses historical data and patterns to estimate its return provision.

The Company also provides delivery services to end consumers for goods purchased on its platform. For these services, the Company acts as the principal and recognises as revenue amounts charged to end consumers net of any promotional incentives and discounts. Revenue for these services is recognised on delivery of goods to the end consumer, which represents the point in time at which the Company's performance obligation is satisfied. No provision for returns is made as delivery revenue is not subject to refund.

Promotional incentives, which include basket promo-code discounts, may periodically be offered to end consumers. These are treated as a deduction to revenue. Cash is collected by the Company from the end consumer using payment service providers. Within two months of the transactions, this is remitted to the relevant seller (net of commission and recoveries). Such amounts are presented within trade and other payables, unless the relevant seller is in a net receivable position and is therefore classified within trade and other receivables.

The Company also recognises inter-company management and support services and license fees as revenue according to the agreements in place with intercompany counterparts (such as: Transfer pricing agreements). For example, the Company may charge a commission fee of a pre-determined rate based on invoice amount to Farfetch US if the latter maintains a profitable position on the EBITDA level. The rate is reviewed annually.

c) Current and deferred tax

Current tax is the expected tax payable based on the taxable profit for the period, and the tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Current and deferred tax is charged or credited in the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also recognized directly in equity. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates and in accordance with laws that are expected to apply in the period/jurisdiction when/where the liability is settled, or the asset is realized. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities and where there is an intention to settle the balances on a net basis.

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

2.3 Summary of significant accounting policies (continued)

d) Foreign currencies

The Company's financial statements are presented in U.S. dollars, which is also the functional currency.

The Company also has a Russian branch whose functional currency is Russian Ruble. The assets and liabilities of branch operations are translated into U.S. dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates. The exchange differences arising on translation are recognised in other comprehensive income ("OCI").

e) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the Statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. All repair and maintenance costs are recognised in the Statement of profit or loss as incurred.

Items of property, plant and equipment are depreciated in the Statement of profit and loss on a straight-line basis over their useful life.

The useful lives of these items are assessed as follows:

Leasehold improvements	Shorter of the life of the lease or the useful life
Fixtures and fittings	Three to ten years
Computer equipment	Three to ten years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if necessary.

Property, plant and equipment are also assessed for indicators of impairment. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss if its carrying amount is greater than its recoverable amount. Further detail can be found in section "I" below.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

g) Leases

Under IFRS 16 – Leases ("IFRS 16") a right of use asset and a financial liability to pay lease rentals are recognised. The only exceptions are short-term and low-value leases in accordance with the practical expedient allowed under this standard. See Note 23 for more details.

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

2.3 Summary of significant accounting policies (continued)

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of profit or loss, within administrative expenses.

Research and development costs

The Company continues to expend substantial financial and other resources research and development primarily related to the Company's Marketplace technology, mainly Platform and Consumer products areas. Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expenses. Development intangible assets under the course of construction are tested for impairment annually or more frequently if events or changes in circumstance indicate that they might be impaired. Once placed into service the asset is tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Subsequent costs

Subsequent costs are only capitalised when there is an increase in the anticipated future economic benefit attributable to the assets in question. All other subsequent costs are entered in the statement of profit and loss for the year in which they are incurred.

Amortisation

Amortisation is charged to the Statement of profit and loss on a straight-line basis over the estimated useful life of the intangible assets, from the time that the assets are available for use. The useful lives of these items are assessed as follows:

Development costs	Three years
Brand, trademarks & domain names	Five to sixteen years
Customer relationships	Three to five years

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

i) Inventories

Inventories are carried at the lower of cost and the net realisable value based on market performance, including the relative ancillary selling costs. The cost of inventories is calculated according to the First In, First Out ("FIFO") method for each category of goods and includes purchase costs and costs incurred to bring the inventories to their present location and condition. In order to represent the value of inventories in the Statement of financial position, and to take into account impairment losses due to obsolete materials and slow inventory movement, obsolescence provisions have been directly deducted from the carrying amount of the inventories.

The Company initially recognises inventory when it has control of the inventory, expects it to provide future economic benefits, and the cost of the inventory can be measured reliably.

Inventories comprise assets that are:

- held for sale in the ordinary course of business including goods purchased and held for resale, such as merchandise purchased for 1st Party or whole sale operations;
- in the process of production for such sale;
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

The Company initially measures inventories at cost. After initial recognition, the Company measures inventories at the lower of cost and net realisable value (NRV) with cost calculated using the FIFO method.

The Company defines cost as all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Storage costs are excluded from cost of inventories and are recognised as expenses as incurred.

Inventories are measured at the lower of cost and net realisable value. If there is no reasonable expectation of sufficient future revenue to cover cost incurred, the irrecoverable cost is charged as an expense in the period under review. Net realisable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale. The Company calculates the write-down of inventory to NRV by reference to the season that items under review relate to and not on an individual item basis.

Inventories are de-recognised when they are sold. At that point, they are recognised as an expense in the income statement, in the same period in which the revenue from their sale is recognised. Sales of goods are recognised in accordance with IFRS 15/IAS 18.

In circumstances where goods are supplied to the Company on a consignment basis the manufacturer retains title to the goods supplied until the point at which the Company has sold the goods and therefore the manufacturer retains control until that point.

On the basis that the manufacturer retains control over the assets the Company does not recognise inventory on consignment on the Statement of Financial Position.

j) Financial instruments – initial recognition and subsequent measurement

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

Financial Assets

The Company's financial assets comprise cash and cash equivalents, receivables and derivative financial instruments. Derivative financial instruments are comprised of forward exchange contracts, which are measured at fair value through profit or loss, unless they are formally designated and measured as cash flow hedges.

Trade and other receivables are generally accounted for at amortised cost. The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial assets at amortised cost. The charge relating to expected credit losses is recognised within Selling, general and administrative expenses in the Statement of profit or loss.

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The Company has assessed its expected credit loss ("ECL") estimate in line with the requirements of IFRS 9 – Financial instruments ("IFRS 9"). The carrying amounts of trade receivables are reduced by allowances for ECLs using the simplified approach under IFRS 9. The Company uses a matrix approach to determine the allowance. The default rates applied are based on the ageing of the receivable, past experience of credit losses and forward-looking information. An allowance for a receivable's estimate lifetime expected credit losses is first recorded when the receivable is initially recognised, and subsequently adjusted to reflect changes in credit risk until the balance is collected. In the event that management considers that a receivable cannot be collected, the balance is written off.

Financial assets through profit or loss are measured initially at fair value (FVTPL) with transaction costs taken directly to the consolidated statement of operations. Subsequently, the financial assets are remeasured, and gains and losses are recognised in the Statement of profit and loss.

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Financial liabilities

The Company's financial liabilities comprise trade and other payables, put and call option liabilities and foreign exchange contracts.

Trade and other payables are held at amortised cost.

All interest-bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Foreign exchange contracts are measured initially at fair value through profit or loss with transaction costs taken directly to the Statement of profit or loss. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the Statement of profit and loss.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting year.

Where the derivative is not designated as a hedge, subsequent changes in the fair value are recognised in the Statement of profit or loss.

The Company designates certain derivatives as cash flow hedges to hedge particular risks associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions. Currently the Company has only designated cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of profit or loss.

Any gains or losses held in the cash flow hedge reserve are recycled to the Statement of profit or loss or inventory in the Statement of financial position when the related hedged item is recognised.

If a hedge no longer meets the criteria for hedge accounting, or the forecast transaction is no longer highly probable, the cumulative gain or loss reported in equity is immediately reclassified to profit or loss.

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k) Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company's estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's recoverable amount.

l) Provisions

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

m) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration. The consideration is either equity or cash settled depending on the scheme. Share options granted are over the parent's equity and are accounted for in the Company's individual financial statements as an expense in profit or loss and a capital contribution from the Company's parent.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The transactions are recognised at group level and are charged to the Company based the allocation of employees entity of employment.

That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Cash-settled transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

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2.3 Summary of significant accounting policies (continued)

Employment related taxes

Where the Company has an obligation to settle employment related taxes on share-based payments received by employees, these are provided for based on the intrinsic value of the vested and unvested share options at the end of the reporting year. The share-based payments employment taxes provision reflects the best estimate of the cost to settle employment related taxes on the Company share-based payments based on the most recent share price and the number of share options expected to vest where the Company has an obligation to settle employment related taxes. Every year, a "push-down" exercise is performed to allocate the employment related taxes to subsidiaries. The allocation of additional provisions, provision release and provision utilisation are recorded and disclosed in Note 19.

n) Cash and cash equivalents

For the purpose of presentation in the statement of balance sheet and Notes 16 and 21, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held by payment service providers, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.4 Changes in accounting policies and disclosures

Amendments to IFRSs that are mandatorily effective for the current year

The Company applied the following new and revised IFRS standards from January 1, 2021:

- interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (effective January 1, 2021)

"Interest Rate Benchmark Reform – Phase 2" includes amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 - Financial Instruments: Disclosures to accompany the amendments regarding modifications and hedge accounting. This amendment did not have a material impact on the financial statements.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

In May 2020, the IASB published "COVID-19-Related Rent Concessions (Amendment to IFRS 16)" amending the standard to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. This amendment did not have a material impact on the financial statements.

3. Critical accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Below is a summary of the critical measurement processes and the key assumptions used by management in applying accounting policies with regard to the future, and which could have significant effects on carrying amounts stated in the financial statements, or for which there is a risk that significant adjustments may be made to the carrying amount of assets and liabilities in the year following that review.

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Critical judgements in applying company accounting policies

Intangible assets — development cost capitalisation

Assessing whether assets meet the required criteria for initial capitalisation requires judgement. This requires an assessment of the expected future benefits from the projects to be capitalised, technical feasibility and commercial viability. In particular, internally generated intangible assets must be assessed during the development phase to identify whether the Company has the ability and intention to complete the development successfully.

Determining the costs of assets to be capitalised also requires judgement. Specifically, judgement and estimation is required in determining the directly attributable costs to be allocated to the asset to enable the asset to be capable of operating in the manner intended by management.

Intangible assets — Useful life

The useful life by management at the time the asset is brought into its intended use and is regularly reviewed for appropriateness. The useful life represents management's view of the expected period over which the Company will receive benefits.

Recognition of a deferred tax asset

The Company has carried forward UK trading losses of approximately \$912 million as at December 31, 2021. It is not considered sufficiently probable that future taxable profits will be available against which the Company can utilize these losses and as such, the Company has an unrecognized deferred tax asset of approximately \$228 million (2020: \$130 million) in this respect. UK trading losses are available to be carried forward indefinitely. Legislation was introduced with effect from April 1, 2017 whereby losses arising after April 1, 2017 can be set against total profits of the company. The amount of Group total profits that can be offset by brought forward losses is restricted to the first £5 million of profits, and an additional 50% of profits that exceed £5 million.

2021 CEO Performance-Based Restricted Stock Unit ("PSU") Award

On May 24, 2021, the Board of Directors (the "Board") of the Company unanimously approved the recommendation of the Compensation Committee of the board to grant a long-term PSU under the Company's 2018 Farfetch Employee Equity Plan (the "2018 Plan") to José Neves, the Company's Founder, Chief Executive Officer and Chairman of the Board (the "CEO"). The grant is 8,440,000 PSUs, which only vest, if at all, based on the Company's achievement of pre-determined increases in the Company's stock price over an eight-year period. For further information on the stock price targets, refer to Note 5, Employees and Directors.

Given that the vesting of these awards are subject to the performance against a market-based performance measure, management have used the Monte Carlo simulation model to calculate the grant date fair value of this award in line with the requirements of IFRS 2 - Share-based Payment. The requirements of IFRS 2 - Share-based Payment requires management to estimate the length of the expected vesting period both for the purposes of calculating the fair value of the award but also to determine the period over which to recognize the expense in the Consolidated statement of operations. A separate vesting period was developed for each of the eight tranches of PSUs using the Monte Carlo simulation and set of separate assumptions that were used to estimate the fair value of the PSUs. The expected vesting period equals the median time needed for the target stock price to be attained in the iterations of the Monte Carlo simulation in which the tranche of PSUs was earned. The iterations of the Monte Carlo simulation in which the target stock price was not attained have been excluded from the analysis of the expected vesting period.

Key sources of estimation uncertainty

Impairment of non-financial assets

Impairment exists when the carrying value of an asset cash-generating unit ("CGU") or group of CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget and projections for the next five to nine years, according to the development and maturity of each

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CGU. The significant judgements and assumptions used in calculating the recoverable amount are (i) the expected future revenue growth rates, including the terminal growth rate (ii) the anticipated operating margin, and (iii) the discount rates applied to the future cash flows of the CGUs. These estimates are most relevant to goodwill and long-life intangibles recognised by the Company.

See Note 10, *Intangible assets* for further details on the assumptions and associated sensitivities.

Fair value of financial instruments

Where the fair value of financial assets and liabilities recorded in the financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the Black Scholes option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as the risk-free rate and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

When measuring the fair value of an asset or liability, the Company uses observable market data to the greatest extent possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For further detail, please refer to Note 2.3. c) and Note 24, *Financial instruments*.

4. Revenue

Total revenue can be analysed by type of good or service as follows:

	2021 \$'000	2020 \$'000
Platform services revenue	708,299	633,145
Platform fulfilment revenue	280,623	180,485
Management and support services fees	188,218	69,880
	1,177,240	883,510

Within platform services, the Company provides multiple services to sellers, brands and boutiques, and end customers. The Company acts as a commercial intermediary between sellers and final customers and earns a commission for this service. Commission revenue is recognised net on the statement of profit and loss as the Company acts as an agent in these arrangements. Revenue in relation to obligations within Platform Services Revenue which have not been satisfied at the end of the financial year is \$1,081,000 (2020: \$975,000) and is expected to be recognised within 30 days from the end of the reporting year. In 2021 \$975,000 (2020: \$1,963,000) of revenue deferred in 2020 was recognised as revenue.

Platform services revenue also includes fees charged to sellers for other activities, such as, packaging, credit card processing, and other transaction processing activities.

At checkout, end consumers are charged for delivery, if applicable, in addition to the price of goods in their basket. The Company is responsible for collection of cash from end consumers with payment typically taken in advance of completing the performance obligations. This is then remitted net to the sellers within two months of the end of each financial year.

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The Company also provides delivery services for products sold on the platform, for which revenues are recognised when the products are delivered to the end consumers. Revenues for delivery services are stated net of promotional incentives and discounts. Platform fulfilment revenue also includes fees charged to sellers for the settlement of duties which are recognised concurrently with commissions.

As discussed above, the promise with respect to delivery services is satisfied only when the goods are delivered. Within Platform Fulfilment Revenue, where the delivery performance obligation has not been satisfied at the end of the year, revenue of \$1,818,000 (2020: \$646,000) has been deferred and is expected to be recognised within 90 days from the end of the financial year. The transaction price for this performance obligation is the delivery costs charged to the customer as described above. In 2021 \$646,000 (2020: \$686,000) of revenue deferred in 2020 was recognised as revenue.

Further detail relating to the Company's revenue recognition policy can be found in Note 2.3. d) to the financial statements.

5. Employees and directors

	2021 \$'000	2020 \$'000
Wages and salaries	92,709	75,344
Social security costs	9,567	8,976
Other pension costs	3,447	2,337
Share-based payments- equity settled	85,881	65,144
Share-based payments- cash settled	(978)	7,043
Share-based payments- employment related taxes	(6,114)	82,090
	184,512	240,933

The year-over-year increase in Equity-settled awards also reflects a long-term performance-based restricted share unit award to the Company's Founder, Chairman and CEO of \$15,000,000, which was granted on May 28, 2021.

The decrease on employment related taxes is a result of the change in share price and quarterly revaluation as 2020 ended with a share price of \$63.81 and 2021 with a share price of \$33.34.

The average monthly number of employees during the year was as follows:

	2021 Number	2020 Number
Technology	189	156
Administration	192	157
Commercial	570	457
	951	770

Directors

The directors' emoluments were as follows:

	2021 \$'000	2020 \$'000
Aggregate amounts (excluding share-based payment)	1,955	1,362
Company contributions to money purchase schemes	36	32

Highest paid director

The highest paid director's emoluments were as follows:
(excluding share-based payment)

	2021 \$'000	2020 \$'000
	1,068	721

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Three directors (2020: three) are part of a money purchase pension scheme and also have awards receivable in the form of shares in the ultimate parent company under a long-term incentive scheme. One director (not the highest paid director) (2020: one) exercised share options during the year.

6. Gain on present value remeasurement and loss on sale of investment

On 11 July 2019, the Company entered into an agreement to transfer 20% of the equity interest in Farfetch International Limited to Chalhoub Group with put and call options over the equity transferred. This decision was to enable the Company to expand in the Middle East region. The Company accounts for the put option as a derivative carried at fair value through profit or loss.

At initial recognition of this transaction, a put and call option liability was recognised for \$101,310,000.

The change in present value of put and call option liability in the current year relates to the present value remeasurement of the liability arising as a result of the partnership with Chalhoub. This resulted in a \$156,123,000 remeasurement gain in the year ended 31 December 2021 (2020: \$287,927,000 remeasurement loss). The valuation is based on the Monte-Carlo model and relies on estimates such as revenue forecasts and share price volatility.

The present value of the liability at each year end is as follows:

	2021	2020
	\$'000	\$'000
Present value of put and call option liability	188,261	344,384

7. Finance income and costs

	2021	2020
	\$'000	\$'000
Deposit account interest	1,422	906
Interest income - money market funds	445	1,191
Other interest income	282	120
Exchange gains	5,946	-
Intercompany loan interest	12,572	11,108
Finance income	20,667	13,325
Exchange losses	(2,047)	(15,550)
Lease interest expense	(965)	(1,033)
Other interest expenses	(2,280)	(1,727)
Intercompany loan interest	(49,831)	(23,578)
Finance costs	(55,123)	(41,888)

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8. Operating profit/loss

	2021 \$'000	2020 \$'000
Lease expenses of short-term and low-value leases	3,642	3,122
Depreciation charge on right-of-use assets	3,847	4,150
Research and development costs expensed	13,599	22,484
Depreciation charge on property, plant and equipment (excluding right-of-use assets)	1,639	1,756
Amortisation charge on intangible assets	63,005	49,978
Impairment losses on equity investments	806	235
Impairment losses on intangible assets	-	5,779
Allowance for expected credit losses	3,122	7,057
Auditors' remuneration - Audit fees	609	566
Auditors' remuneration - Tax services	-	-
Auditors' remuneration - Other services	-	-
Other income	244,375	-

Other income of \$244.4 million relates to the income received resulting from the novation of customer contracts to Farfetch China Ltd on 1 July 2021.

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9. Income tax expense

Income tax expense

	2021 \$'000	2020 \$'000
Current tax:		
Corporation Tax expense	(36)	-
Adjustments relating to prior periods	28	-
Total current tax expense	(8)	-
 Total deferred expense/(credit)	 58	 (149)
 Income tax expense/(credit)	 50	 (149)

Reconciliation of income tax expense

	2021 \$'000	2020 \$'000
Profit/(Loss) before tax	173,722	(660,931)
Tax at the UK tax rate of 19% (2020: 19%)	33,007	(125,577)
 Tax effects of:		
Sundry permanent differences	(44,149)	12,917
Sundry temporary differences	85	273
Depreciation allowed under SP/91	(713)	(751)
Items held at fair value	(29,663)	55,804
Entertaining	147	92
Impairment and credit losses	1,396	1,143
Losses surrendered to Group companies	3,846	5,536
Reversal of DTL on acquisitions	(58)	(149)
Taxes paid overseas	36	-
Prior year adjustments	(27)	-
Unrecognized deferred tax assets	47,426	50,563
Difference in tax rate for unrecognized deferred tax	(11,283)	-
Tax	50	(149)

The UK corporation tax rate applicable for the current and prior year is 19%. An increase in the main UK corporation tax rate to 25% from fiscal year 2023, announced in the Budget on March 3, 2021, has been substantially enacted therefore, in calculating UK unrecognized deferred tax assets on tax losses, the calculation has used the enacted tax rates (as compared to the 19% rate used in the financial statements for the period ended 31 December 2020).

Trading losses as at December 31, 2021 of approximately \$912 million (2020: \$686 million) are available to be carried forward indefinitely. UK trading losses are available to be carried forward indefinitely. Legislation was introduced with effect from 1 April 2017 whereby the utilization of UK trading losses carried forward will be restricted to 50% of UK Group profits exceeding £5 million. A deferred tax asset is only recognized where it can be shown that it is more than probable that future taxable profits will be available against which the Company can utilize the asset. The Company has an unrecognized deferred tax asset on tax losses carried forward as of December 31, 2021 of approx. \$228 million (2020: \$130 million).

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10. Intangible Assets

	Goodwill	Customer relationships	Trademarks and domain names	Development costs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 January 2021	48,411	1,181	12,114	234,528	296,234
Additions	-	-	-	104,770	104,770
At 31 December 2021	48,411	1,181	12,114	339,298	401,004
Accumulated Amortisation					
At 1 January 2021	-	(1,181)	(10,128)	(96,940)	(108,249)
Amortisation for year	-	-	(306)	(62,699)	(63,005)
At 31 December 2021	-	(1,181)	(10,434)	(159,639)	(171,254)
Net book value					
At 31 December 2021	48,411	-	1,680	179,659	229,750
At 31 December 2020	48,411	-	1,986	137,588	187,985

Development costs relate to capitalised development expenses relating to development of the Marketplace. Included within Development costs is \$34,797,000 of assets that are under the course of construction (2020: \$36,600,000). Amortisation of this will commence once they have been brought into use and will be charged in selling, general and administrative expenses.

Goodwill and intangible assets are tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Goodwill is not amortised in accordance with paragraph 22 of Schedule 1 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410). For the purpose of giving a true and fair view, the Company reassessed the conclusions that were made with regards to the impairment of goodwill and other intangible assets during the previous years in accordance with IAS 36 - Impairment of Assets and confirmed that no impairment losses were required.

The impairment charge in the year ended 31 December 2021 on intangible assets was nil (2020: \$5,779,000 related to the closure of our direct consumer-facing channels on JD.com and the associated intangible asset held for the Farfetch Level 1 access button). The above resulted from our annual considerations of potential impairment of assets, including our intangible assets, whereby indicators of impairment were present. Our impairment assessment incorporated current and potential ongoing impacts of the COVID-19 pandemic across the broader economy.

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11. Property, plant and equipment

	Leasehold improvements \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Assets in the course of construction \$'000	Total \$'000
Cost					
At 1 January 2021	10,506	2,433	1,877	65	14,881
Additions	600	293	518	74	1,485
Disposals	(842)	(311)	(143)	-	(1,296)
Foreign exchange movements	(8)	(4)	1	1	(10)
At 31 December 2021	10,256	2,411	2,253	140	15,060
Accumulated Depreciation					
At 1 January 2021	(3,581)	(1,038)	(1,197)	-	(5,816)
Charge for year	(890)	(265)	(484)	-	(1,639)
Disposals	711	213	88	-	1,012
Foreign exchange movements	70	(43)	(5)	-	22
At 31 December 2021	(3,690)	(1,133)	(1,598)	-	(6,421)
Net book value					
At 31 December 2021	6,566	1,278	655	140	8,639
At 31 December 2020	6,925	1,395	680	65	9,065

Depreciation charge of \$1,639,000 (2020: \$1,756,000) and favourable foreign exchange movements of \$22,000 (2020: \$61,000) due to functional currency change are both charged in selling, general and administrative expenses.

12. Investments

	Equity investments \$'000	Shares in group undertakings \$'000	Total \$'000
Carrying value			
At 1 January 2021	7,971	395,946	403,917
Additions	9,000	49,834	58,834
Impairment	(806)	-	(806)
At 31 December 2021	16,165	445,780	461,945
Carrying value			
At 1 January 2020	5,334	122,301	127,635
Additions	2,872	283,645	286,517
Disposals	-	(10,000)	(10,000)
Impairment	(235)	-	(235)
At 31 December 2020	7,971	395,946	403,917

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Direct Holdings

Number	Name	Country of incorporation	% Equity interest		Principal activities
			2021	2020	
1	Farfetch Portugal Unipessoal Lda	Portugal	100	100	Back office support
2	Farfetch HK Holdings Limited	Hong Kong	100	100	E-commerce services
3	Browns (South Molton Street) Limited	United Kingdom	100	100	Retail
4	Farfetch Japan Co. Limited	Japan	100	100	E-commerce services
5	Farfetch Store of the Future Limited	United Kingdom	100	100	E-commerce services
6	Farfetch Finance Limited	United Kingdom	25	25	Finance
7	Fashion Concierge UK Limited	United Kingdom	100	100	E-commerce services
8	Farfetch Platform Solutions Limited	United Kingdom	100	100	E-commerce services
9	Farfetch International Limited	Isle of Man	80	80	Holding company
10	Farfetch Mexico, S.A. de C.V.	Mexico	99	99	Back office support
11	Farfetch India Private Limited	India	99.99	99.99	Back office support
12	Farfetch Australia Pty Ltd	Australia	100	100	Back office support
13	Farfetch Russia LLC	Russia	100	100	Back office support
14	Farfetch China Holdings Ltd	United Kingdom	75	100	Retail
15	Beijing Qizhi Ruisi Information Consulting Co., Ltd	People's Republic of China	81	81*	E-commerce services
16	F.F.B.R. Importacao e Exportação LTDA	Brazil	0.1	0.1	Import & Export Agent for Farfetch
17	Farfetch.com Brasil Serviços LTDA	Brazil	0.0005%	0.0005%	E-commerce, marketing and editorial services
18	Fafaqi (Shanghai) Network Technology Development Co., Ltd	People's Republic of China	100	-	E-commerce services
19	F Concierge France S.A.S.	France	100	-	Retail
20	Farfetch Europe Trading B.V.	The Netherlands	100	100	Retail
21	JBUX Limited	United Kingdom	100	-	Retail
22	Upteam Corporation Limited	Hong Kong	100	-	Holding Company
23	Farfetch Canada Limited	Canada	100	100	Retail

*Indirect Holding in 2020

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Investments (continued)

Indirect Holdings

Number	Name	Country of incorporation	% Equity interest		Principal activities
			2021	2020	
24	Farfetch HK Production Limited (subsidiary of 2)	Hong Kong	100	100	E-commerce services
25	Fashion Concierge HK Limited (subsidiary of 2)	Hong Kong	100	100	E-commerce services
26	Farfetch (Shanghai) E-Commerce Co., Limited (Subsidiary of 14)	People's Republic of China	75	100	E-commerce services
27	Farfetch China Ltd (subsidiary of 14)	United Kingdom	75	100	Retail
28	Farfetch China US LLC (subsidiary of 14)	Delaware (USA)	75	-	E-commerce services
29	Farfetch Brasil China Exportacao Ltda (subsidiary of 14)	Brazil	75	-	E-commerce services
30	Farfetch China (HK Holdings) Limited (subsidiary of 14)	Hong Kong	75	100	Holding company
31	LASO Co Limited (subsidiary of 4)	Japan	100	100	E-commerce and marketing
32	Farfetch Middle East FZE (subsidiary of 9)	UAE	80	80	Back office support
33	Luxis Baltic OÜ (subsidiary of 22)	Estonia	100	-	E-commerce services
34	Luxclusif, Unipessoal Lda. (subsidiary of 22)	Portugal	100	-	E-commerce services
35	Luxi (Shanghai) Trading Co., Ltd (subsidiary of 22)	People's Republic of China	100	-	Trading company
36	M.A. Alliance Ltd. (subsidiary of 22)	Japan	100	-	E-commerce services

The additions under shares in group undertakings in 2021 are additional capital contributions in Beijing Qizhi Ruisi Information Consulting Co., Ltd, Fashion Concierge France SAS, Fashion Concierge UK, Fafaqi Network Technology Development Co., Ltd, Farfetch China Holdings Ltd, Farfetch HK Holdings Limited, JBUX Limited, Tech Luxury Fund SCSp, Upteam Corporation Limited, Farfetch HK Holdings Limited.

Dream Assembly is Farfetch's accelerator program for commerce and fashion technology start-ups, which provides access to mentorship, networking and support. It is designed to accelerate the growth of these start-ups, ensure Farfetch is working with the brightest innovators, and identify potential new partners for Farfetch. The selected startups will receive investments in a convertible note to help cover operating costs and expenses.

The Company also considers other equity investments, including items outside the normal scope of ordinary activities or non-cash items. Impairments of \$806,000 (2020: \$235,000) were recognised in the year in relation to the Company's equity investments.

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

Registered addresses of subsidiary undertakings by company number:

Company number	Registered address
1	Rua da Lionesa, nr. 446, Edifício G12 4465-671 Leça do Balio, Portugal
2,24,25,30	402 Jardine House, 1 Connaught Place, Central, Hong Kong
3, 5, 7,	The Bower, 211 Old Street, London EC1V 9NR, United Kingdom
8,14,21,27	
4,31	8F, Jingumae Tower Building, 1-5-8, Jingumae, Shibuya-ku Tokyo Japan 150-0001
6	Monmouth House, Westbourne Grove, London, W2 4UL, United Kingdom
9	Grosvenor House, 66-67 Athol Street, Douglas, IM1 1JE, Isle Of Man
	Avenida Insurgentes Sur No. 1605 Piso 15, Módulo 3, Col. San José Insurgentes, Del. Benito Juárez, C.P. 03900
10	
11	333, 3rd Floor, Devika Tower, 6, Nehru Place New Delhi South Delhi DL 110019, India
12	Suite 12, Level 12 37 Bligh Street Sydney NSW 2000, Australia
13	14 Stolesnikov Lane, 3rd Floor, Premises 2, Moscow 107031, Russian Federation
15	Room B505, Building 2, No. 17 Cangjingguan Lane, Dongcheng District, Beijing
16,17	Avenida Nove de Julho nº 4285, Jardim Paulista, São Paulo – SP, CEP 01407-100, Brazil
18	3/F, Building 8, No. 88 Maji Road, China (Shanghai) Pilot Free Trade Zone
19	66, Avenue des Champs Elysées, 75008 Paris
20	Joop Geesinkweg 701, 1114AB Amsterdam-Duivendrecht, Netherlands
22	16A Wing Sing Commercial Centre, 12-16 Wing Lok St, Sheung Wan, Hong Kong
	Suite 2600, Three Bentall Centre 595 Burrard Street, P.O. BOX 49314 Vancouver BC V7X 1L3
23	Canada
26	Room 302-09, 3rd floor, No 211, North Fute Road, Shanghai, China
	The Corporation Trust Company, 1209 Orange 12 Street, City of Wilmington, County of New Castle
28	
29	Alameda Santos nº 2159, 11º e 12º andar, Sao Paolo, Brazil
32	Plot No. B34BS22, PO Box 18060, Jebel Ali Free Zone, Dubai, UAE
33	Hariju maakond, Joelahtme vald, Loo alevik, Aasa tee 1, 74201 Estonia
34	Rua Silva Porto, 235, 3 Dto, 4250 469 Porto
35	Room 904, Building A, Floor 9, No. 85, Loushanguan Road Changning District, Shanghai PRC
36	5-8, Jingumae 1-chome, Shibuya-ku, Tokyo

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

13. Trade and other receivables

	2021 \$'000	2020 \$'000
Non-current		
Other receivables	18,974	48,327
Amounts owed from group undertakings	198,698	150,850
	217,672	199,177
Current		
Trade receivables	5,609	2,637
Other receivables	75,118	35,902
Prepayments and accrued income	5,926	4,881
VAT	24,005	4,799
Derivative financial instruments	9,003	30,241
Income tax receivable	365	119
Amounts owed from group undertakings	752,852	260,810
Allowance for expected credit losses	(14,229)	(7,057)
	858,649	332,332

Non-current amounts owed from group undertakings result from intercompany loan arrangements. Current amounts owed from group undertakings are repayable and non-interest bearing.

In 2021, there are two intercompany loans with interest terms: the loan to Farfetch US Holdings Inc is effective from 4 January 2019 (maturity date of 31 December 2028) with a fixed interest of 9.1%; the loan to Stadium Enterprise LLC is effective from 4 January 2019 (maturity date of 31 December 2028) with a variable rate of 5.35% above London interbank offered 12-months rates (LIBOR).

The Company has assessed its ECL estimate in line with the requirements of IFRS 9 – Financial instruments. The carrying amounts of trade receivables are reduced by allowances for ECLs using the simplified approach under IFRS 9. The Company uses a matrix approach to determine the allowance. The default rates applied are based on the ageing of the receivable, past experience of credit losses and forward-looking information. An allowance for a receivable's estimate lifetime expected credit losses is first recorded when the receivable is initially recognised, and subsequently adjusted to reflect changes in credit risk until the balance is collected. In the event that management considers that a receivable cannot be collected, the balance is written off. The allowance for expected credit losses of \$14,229,000 at 31 December 2021 principally relates to amounts owed from group undertakings.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. The directors consider the maximum credit risk at the balance sheet date is equivalent to the carrying value of trade and other receivables.

14. Inventories

	2021 \$'000	2020 \$'000
Finished goods	1,933	1,519

The total cost of inventory recognised as an expense was \$991,000 (2020: \$709,000).

Farfetch UK Limited
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For the year ended 31 December 2021

15. Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash	1,480	6,958
Cash Collateral	2,286	-
Payments Service Providers	46,831	44,008
Money Market Funds	810,453	1,011,330
Short-term deposits	325,001	315,407
	1,186,051	1,377,703

Cash collateral at 31 December 2021 relates to a letter of credit.

16. Share capital

Ordinary shares issued and fully paid

	Class	Par value \$	2021 \$'000	2020 \$'000
2,001 ordinary shares (2020: 2,001 ordinary shares)	Ordinary	1.27	2.27	2.27

Each share has full voting rights in the Company with respect to voting, dividends and distributions. There was a share premium on the issue of shares in the amount of \$596,001.

17. Other reserves

	Share based payments \$'000	Cash flow hedge reserve \$'000	Time value reserve \$'000	Investment revaluation reserve \$'000	Additional Capital contribution \$'000	Total other reserve \$'000
At 1 January 2021	206,816	10,250	2,552	(100)	224,215	443,733
Share-based payments -equity settled	85,881	-	-	-	-	85,881
Movement in cash flow hedge reserve	-	(22,740)	(2,552)	-	-	(25,292)
At 31 December 2021	292,697	(12,490)	-	(100)	224,215	504,322

	Share based payments \$'000	Cash flow hedge reserve \$'000	Time value reserve \$'000	Investment revaluation reserve \$'000	Additional Capital contribution \$'000	Total other reserve \$'000
At 1 January 2020	134,628	(3,277)	-	(100)	-	131,251
Share-based payments - equity settled	72,188	-	-	-	-	72,188
Movement in cash flow hedge reserve	-	13,527	2,552	-	-	16,079
Additional capital contribution	-	-	-	-	224,215	224,215
At 31 December 2020	206,816	10,250	2,552	(100)	224,215	443,733

Farfetch UK Limited
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For the year ended 31 December 2021

The share-based payments reserve represents the Company's cumulative equity settled share option expense. On exercise, the cumulative share option expense is reclassified to accumulated losses.

The cash flow hedge reserve and time value reserve are used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges.

The investments of the company are comprised of minor equity interests and convertible loan notes.

Additional capital contribution represents the difference between the fair value of the interest free loan from the ultimate parent company effective from 17 November 2020 (Note 18) and cash proceeds at initial measurement date.

	2021 \$'000	2020 \$'000
Accumulated Losses	(1,104,357)	(1,278,129)
	(1,104,357)	(1,278,129)

18. Trade and other payables

	2021 \$'000	2020 \$'000
Non-current		
Amounts owed to group undertakings	1,075,786	1,075,786
	1,075,786	1,075,786
Current		
Trade payables	226,918	196,498
Other payables	9,654	5,194
Amounts owed to group undertakings	1,133,119	742,782
Social security and other taxes	35,171	65,958
Accruals and deferred income	149,836	104,449
Income tax payable	6	37
Derivatives financial liabilities	21,118	17,427
Employee benefit obligations	-	22,977
	1,575,822	1,155,322

In 2021, there are three intercompany loans with interest terms with Farfetch Limited. The first is effective from 30 April 2020 (maturity date of 1 May 2027) with a fixed interest of 3.75% and a loan value of \$400,000,000; the second is effective from 5 February 2020 (maturity date of 31 December 2025) with a fixed interest rate of 5% and a loan value of \$250,000,000, and the third is an interest free loan that is effective from 17 November 2020 (maturity date of 15 November 2030) with an effective interest rate of 4.32% and a loan value of \$650,000,000.

The amounts due to group undertakings included in current Trade and other payables are the loans from the company's subsidiaries, related parties, and the parent company. The current amounts owed to group undertakings are not interest-bearing.

The Employee benefit obligations relate to employers tax liability on share-based payments and cash settled share-based payments due to vest in less than one year from 31 December 2021.

Farfetch UK Limited
Notes to the financial statements
For the year ended 31 December 2021

19. Provisions

	Dilapidations provision		Share-based payment employment taxes provision		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current liabilities						
At 1 January 2021	-	-	10,689	-	10,689	-
Transfer from non-current provisions	-	-	(3,105)	10,689	(3,105)	10,689
At 31 December 2021	-	-	7,584	10,689	7,584	10,689
Non-current liabilities						
At 1 January 2021	1,430	1,450	103,340	6,366	104,770	7,816
Additional provision in the year	-	-	4,593	119,032	4,593	119,032
Release of provision in the year	-	-	(40,999)	(890)	(40,999)	(890)
Transfer to trade and other payables	-	-	3,105	(10,689)	3,105	(10,689)
Utilised provision in the year	-	-	(19,852)	(10,479)	(19,852)	(10,479)
Foreign exchange	(90)	(20)	(1)	-	(91)	(20)
At 31 December 2021	1,340	1,430	50,186	103,340	51,526	104,770

The dilapidations provision reflects the best estimate of the cost to restore leasehold property in line with the Company's contractual obligations. Based on a detailed analysis the Company has estimated a liability of \$1,340,000 (2020: \$1,430,000). In estimating the liabilities, the Company has made assumptions which are based on past experience. Assuming the leases are not extended, the Company expects the economic outflows to match the contractual end date of Company leases. The Company leases have an average length of seven years with an average of five years remaining.

The share-based payments employment taxes provision reflects the best estimate of the cost to settle employment related taxes on the Group share-based payments based on the most recent share price and the number of share options expected to vest where the parent Company has an obligation to settle employment related taxes. The Company has estimated a liability of \$50,186,000 (2020: \$103,340,000). The Company expects the provision to be fully utilised in 8.425 years, being the weighted average remaining contracted life of options outstanding at 31 December 2021. It is possible that this provision will be utilised over a shorter period, however, this is dependent on when the option holder decides to exercise which the Company is not in control of.

20. Current financial liabilities

	2021	2020
	\$'000	\$'000
Current financial liabilities	138,831	28,006

At 31 December 2021 current financial liabilities of \$138,831,000 (2020: \$28,006,000) represented balances on cash pooling arrangements. Farfetch UK Limited is the lead participant in a notional cash pooling arrangement with the Group's bankers, that includes a number of other Group undertakings as participants. At 31 December 2021, Farfetch UK Limited held bank overdrafts of \$nil (2020: \$nil).

Farfetch UK Limited
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21. Related party disclosures

The Company has taken advantage of the exemption given by IAS 24 not to disclose transactions between two or more members of the Group as the Company is under control of Farfetch Limited which is the ultimate parent to which it is party to the transactions. Further details are given in Note 22.

Platforme International Limited is a related party of J M F Neves. The Company made sales of \$324,000 (2020: \$620,000) to Platforme International Limited. The Company had a \$97,000 payable in 2021 (2020: \$150,000 payable).

22. Ultimate controlling party

The immediate parent undertaking of the Company is Farfetch.com Limited, a company registered in Isle of Man and owned by Farfetch Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Farfetch Limited. Farfetch Limited prepares consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. These are filed with the SEC on a Form 20-F and can be obtained from farfetchinvestors.com.

The Company's ultimate controlling party is J M F Neves by virtue of holding the majority of voting rights in Farfetch Limited.

The Company has taken advantage of the exemption available under section 401 of the Companies Act 2006 not to prepare group financial statements on the basis that the Company is included in non-EEA financial statements of a larger group.

23. Leases

Right of use assets

	<u>\$'000</u>
2021	
At 1 January 2021	25,565
Remeasurements	3,218
Depreciation charge for the year	(3,847)
Foreign exchange	(1)
At December 31, 2021	<u>24,935</u>
2020	
At 1 January 2020	29,834
Remeasurements	(24)
Depreciation charge for the year	(4,150)
Foreign exchange	(95)
At December 31, 2020	<u>25,565</u>

Lease liabilities

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Current lease liabilities	4,952	4,197
Non-current lease liabilities	24,078	26,305
Total lease liabilities	<u>29,030</u>	<u>30,502</u>

Farfetch UK Limited
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24. Financial instruments

Categories of financial instruments

Financial assets

	Amortized cost 2021 \$'000	Amortized cost 2020 \$'000
Current		
Trade receivables	5,609	2,637
Other receivables	75,118	35,902
Amounts owed from group undertakings	752,852	260,810
Cash and cash equivalents	1,186,051	1,377,703
Short-term investments	99,971	-
Non-current		
Amounts owed from group undertakings	198,698	150,850
Other receivables	18,974	5,812
Total	2,337,273	1,833,714

Derivative financial asset

	2021 \$'000	2020 \$'000
Foreign current forwards - held at FVTPL	9,003	30,241

Equity investment

	2021 \$'000	2020 \$'000
Equity investment - held at FVOCI	16,164	7,971

Financial liabilities

	Amortized cost 2021 \$'000	Amortized cost 2020 \$'000
Current		
Trade payables	226,918	196,498
Other payables	9,654	5,194
Amounts owed to group undertakings	1,133,119	742,782
Non-current		
Amounts owed to group undertakings	1,075,786	1,075,786
Total	2,445,477	2,020,260

Derivatives financial liabilities

	2021 \$'000	2020 \$'000
Derivatives financial liabilities - held at FVTPL	21,118	17,427
Put and call option liabilities - held at FVTPL	188,261	344,384
	209,379	361,811

On 1 August 2021, as part of the strategic arrangement entered into with Alibaba Group Holding Limited ("Alibaba") and Compagnie Financiere Richemont S.A ("Richemont"), the Company issued an option giving Alibaba and Richemont the right to purchase a further 24% shareholding in Farfetch China Holdings Limited

Farfetch UK Limited
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from the Company for a purchase price of fair market value. As at 31 December 2021, the fair value of this derivative is nil.

25. Share options - equity and cash settled

The Company continues to participate in its parent's equity settled share option plans (section a). The parent introduced a cash settled share option plan in 2018 (section b) which the Company also participated in.

a) Equity settled

Certain employees of the Company participate in the parent company's equity settled share-based payment scheme. This is accounted for as equity-settled in the Company's individual financial statements. The scheme/plans are administered by the parent company which grants the rights to the Company's employees as part of the scheme. The management of the Company do not have the power to grant rights under the scheme autonomously without approval by the parent company.

The share-based payments as at 31 December 2021 are described below:

	2015 LTIP approved share option plan	2018 LTIP approved share option plan
Type of arrangement		
Date of first grant	9 September 2015	19 September 2018
Number granted	29,491,145	18,380,600
Contractual life	10 years	10 years
Vesting conditions	Varying tranches of options vesting upon defined years of service	Varying tranches of options vesting upon defined years of service

Movements on the share options were as follows:

	2021 units (000)	2020 units (000)
Options & RSUs at beginning of year	24,554	24,956
Options & RSUs granted	10,862	9,362
Options & RSUs exercised	(3,850)	(6,050)
Options & RSUs forfeited	(2,108)	(3,714)
	29,458	24,554
Options & RSUs exercisable at end of year	10,364	7,022

Farfetch Limited, the Company's ultimate parent, listed on the New York Stock Exchange via an initial public offering ("IPO") in September 2018. As part of the listing process, Farfetch Group was restructured with Farfetch Limited, a newly incorporated legal entity becoming the ultimate parent of the Farfetch Group. Prior to IPO, Farfetch.com Limited was the previous ultimate parent of Farfetch Group. Shareholders and option holders of Farfetch.com Limited exchanged their shares and share options in Farfetch.com Limited for Farfetch Limited shares immediately prior to the IPO. These were exchanged on a one for five basis. For share option holders, the impact of this one for five share split is also reflected in the exercise prices which have been adjusted and converted into U.S dollars using the spot rate at the time of the IPO. The Company has therefore represented the share options disclosures reflecting this. The weighted average share price of exercised Options and RSUs in the year ended 31 December 2021 was \$47.01.

On May 24, 2021, the Board of Directors (the "Board") of the Company unanimously approved the recommendation of the Compensation Committee of the Board to grant a long-term PSU under the Company's 2018 Farfetch Employee Equity Plan (the "2018 Plan") to José Neves, the Company's Founder, Chief Executive Officer and Chairman of the Board (the "CEO"). The grant is 8,440,000 PSUs, which will only vest, if at all, based on the Company's achievement of pre-determined increases in the Company's stock price over an eight-year period, as further described below:

Farfetch UK Limited
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The PSUs are divided into eight tranches that are eligible to vest based on the achievement of stock price hurdles during each performance period, measured based on the average of our closing share price over a ninety-day trailing average ("the Average Closing Price"). Each tranche will be earned and vest if the Average Closing Price exceeds the stock price hurdle on any date within the applicable performance period as follows, subject to the CEO's continued employment with the Company:

Tranche	Performance Period	Number of PSUs Eligible To be Earned	Stock Price Hurdle
1	1st - 5th anniversary of the grant	5% of Total Number of PSUs	\$ 75
2	1st - 5th anniversary of the grant	5% of Total Number of PSUs	\$ 100
3	2nd - 6th anniversary of the grant	10% of Total Number of PSUs	\$ 125
4	2nd - 6th anniversary of the grant	10% of Total Number of PSUs	\$ 150
5	3rd - 7th anniversary of the grant	10% of Total Number of PSUs	\$ 175
6	3rd - 7th anniversary of the grant	20% of Total Number of PSUs	\$ 200
7	4th - 8th anniversary of the grant	20% of Total Number of PSUs	\$ 225
8	4th - 8th anniversary of the grant	20% of Total Number of PSUs	\$ 250

Share-based compensation under the 2021 CEO PSU Award represents a non-cash expense and is recognized as a selling, general and administrative expense in our Consolidated statement of operations. In each quarter since the grant of the 2021 CEO PSU Award, we have recognized expense, generally on a pro-rata basis, for only the number of tranches that corresponds to the number of share price milestones that have been achieved or have been determined probable of being achieved in the future, in accordance with the following principles.

In order to calculate the equity-settled share based payments expense for this award, on the grant date, a Monte Carlo simulation was used to determine for each tranche (i) a fixed amount of expense for such tranche and (ii) the expected vesting period for each tranche based on the expected time taken to achieve the share price milestone. The grant date fair value of this award amounted to \$99.0 million. In the year ended December 31, 2021, we recognized an equity-settled share based payments expense of \$15.1 million in selling, general and administrative expense related to the PSU award in our Consolidated statement of operations.

b) Cash settled

Certain employees of the Company entered contracts with the parent Company in the parent's cash settled share-based payment scheme where they are granted share appreciation rights ("SAR"s) that require the Company to function as a vehicle to pay the intrinsic value of the SAR to the employee at the date of exercise. The parent Company has recorded liabilities of \$2,396,000 in 2021 and (2020: \$6,896,000).

The fair value of the SARs is determined by using the Black Scholes model using the same assumptions as for the Company's equity-settled share-based payments. The parent Company recognised a fair value gain of \$978,000 in 2021 (2020: fair value loss of \$7,043,000). The total intrinsic value at 31 December 2021 was \$788,176 (2020: \$1,810,145).

26. Events after the reporting year

During the three months ended 31 March 2022, Silvergate Capital Corp ("Silvergate") purchased the technology and other assets of the Diem Association ("Diem"), in which the Group had previously made investments totaling \$10 million during 2020 and 2021. In return for its investment held in Diem, the Group received shares in Silvergate. On completion of this transaction, the Group derecognized its investment in Diem and recognized the investment in Silvergate. This resulted in an investment carrying value of \$10.0 million being derecognized from the Statement of financial position, a new investment amounting to \$8.4 million being recognized on the Statement of financial position and a \$1.6 million loss on disposal being recognized in the Statement of Operations. During June 2022, Diem was wound up and the Group received \$1.5 million in cash, representing its 5.35 percent share of Diem's residual cash at wind up.

On 8 March 2023, Silvergate announced its intention to wind down operations and voluntarily liquidate the Silvergate Bank.

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During March 2022 the Company ceased its operations in Russia and, as a consequence, management closed out foreign exchange hedges that were in place to cover the future receipt of Russian Rubles. This generated a \$25.2 million gain that was recognised in the income statement for the year ended 31 December 2022.

On 31 May 2022, the Company invested \$200 million in NMG Parent LLC in return for a minority equity stake.

On 20 October 2022, the Company issued 1,000 of its Ordinary shares to Farfetch.com Ltd for consideration of \$228 million.

On 20 October 2022, the Company assigned intercompany loans (receivable/payable) and related interests amounting to \$533 million receivable to Farfetch Limited, \$333 million receivable to Farfetch US Holdings Inc, \$400 million payable to Farfetch.com Ltd and \$237 million payable to Stadium Enterprises LLC.