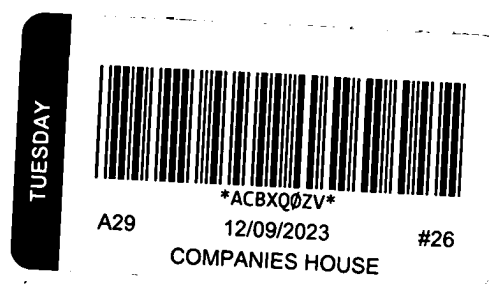


VINTED LIMITED

Annual report and financial statements
For the year ended 31 December 2022

Registered number: **07874344**



VINTED LIMITED

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VINTED LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Justas Janauskas
Mantas Mikuckas
Thomas Lodewijk Plantenga
Per Henrik Persson
Lucca Bocchio
Deven Parekh
Carolina Brochado
Natalie Schmitke (resigned 26 November 2022)
Rytis Vitkauskas (resigned 2 August 2022)
Alex Taussig (appointed 2 August 2022)
Martin John Scheepbouwer (appointed 1 February 2023)

Registered Office

5 New Street Square
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EC4A 3TW
United Kingdom

Bankers

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Lawyers

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5 New Street Square
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EC4A 3TW
United Kingdom

Independent auditor

Deloitte LLP
Statutory Auditor
Abbots House, Abbey Street
Reading
RG1 3BD
United Kingdom

Registered number

07874344

VINTED LIMITED

STRATEGIC REPORT

Principal Activities

The principal activity of Vinted Limited (the "Company") and its subsidiaries (hereinafter referred to together as the "Group" or "Vinted") during the year was the operation of marketplace websites and mobile applications for second-hand fashion and other items in sixteen European countries, United States and Canada. Vinted continued its growth by introducing a logistics network and additional marketplace services, all with the objective of promoting sustainable consumption of second-hand items across the globe.

Review of Non-financial and Financial KPIs

Improvement and optimisation of Vinted's platforms and investment in marketing led to an increase in revenues of 51% in 2022. Operating loss (EBIT) for the year improved by 66%, while EBIT margin improved from -48% in 2021 to -11% in 2022. Marketing investment decreased by 27% in 2022 compared to 2021 and from 79% in 2021 to 38% in 2022 as a percentage of revenue. Cash and investments have increased by 3% in 2022 compared to 2021. The total headcount as at 31 December 2022 has increased by 37% compared to 2021. The Group started operating in Sweden, Hungary, and Slovakia in 2022. The improvement in KPIs is related to new product launches and expansion to new markets as well as higher focus on effective cost management.

The Directors believe they could have run the Vinted business with positive operating cash flows in 2022, however they chose to continue to invest in marketing to increase the rate of growth of the business.

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

Principal Non-financial KPIs are headcount and number of markets at the year-end:

	As at 31 December 2022 Number	As at 31 December 2021 Number	Change
Headcount	1,502	1,099	37%
Markets	18	15	20%

Principal Risks and Uncertainties

The Group may need additional capital due to new developments, such as additional investments in new markets, services, and acquisitions it may decide to pursue. Due to general market conditions, it is also possible that future financing may not be available on the same terms in the current market. This risk is mitigated by holding sufficient cash and investments buffer and maintaining a close relationship with potential investors.

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

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

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

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

Internal or external cybersecurity attacks have the potential to have an adverse impact on the Group's business. The IT security department is continuously improving relevant areas and implements appropriate processes to ensure the security of Vinted and Vinted members' data. The Group continuously monitors fraudulent activities related to payments and non-payments activities. The Fraud Monitoring Operations team is tasked with analysing payment fraud by reviewing alerts generated by the Fraud Monitoring Tool to detect any potential fraudulent behaviour by users. Outlier detection analyses are performed to identify and report malicious actors, such as scammers.

The Group's operations may be also adversely affected by events such as natural disasters, public health crises (e.g., Covid-19), political instability (e.g., adverse changes in legislation or regulations), terrorist attacks, war, and other unforeseen events. To mitigate these risks, the Group utilises third-party data centres to host its infrastructure.

Change in regulatory and tax compliance areas might have an influence on Vinted business and the management is monitoring the situation and tracking possible effect on the Group's operations.

VINTED LIMITED

STRATEGIC REPORT

Principal Risks and Uncertainties (continued)

The Group is also exposed to a number of financial risks such as credit risk, liquidity risk as well as to currency risk. The management constantly monitors existing risks pertaining to economic conditions and proactively implements measures to mitigate these risks. Please refer to Note 23 for more details on these identified risks.

Future Outlook

The Directors of the Group believe that Vinted's robust product will continue to provide opportunities for continued growth in the coming year. As a result of previous initiatives aimed at enhancing the Group's revenue growth and cash flow monitoring, Vinted's focus in the coming fiscal year will be directed towards achieving profitability.

Climate Change

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

Section 172(1) statement

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

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

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

The Group actively engages with stakeholders to deliver long term success, and consideration of this is a key focus for the Board. Views of stakeholders are considered in Board meetings as part of the decision-making process. It is of key importance for the Board to act both individually, and together, in a manner that promotes the success of the Group, for the benefit of members and stakeholders in good faith. This statement serves as an overview of how the Directors have performed these duties in 2022 and engaged with the Company's key stakeholders in line with sections a to f of section 172(1) of the Companies Act 2006.

Considering Long Term Consequence

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

Interests of the Company's employees

In 2022, following a widespread reopening of society and the workforce related changes due to the COVID-19 related lockdowns, the Group continued to put employees at the centre of its values. During the year, the Group made significant progress in fostering a supportive environment for all employees by creating a physical and digital employee experience in line with the best practice.

In 2021, the Group embraced a hybrid work model, with a designated in-person collaboration schedule on Tuesdays and Wednesdays, while providing flexibility for remote work on the remaining three days. In 2022, following a thorough review of attendance data and employees' feedback, the Group revised this model to a recommended schedule, rather than a mandatory one.

Furthermore, in 2022 the Group observed a significant usage of its workation policy, which allows employees to work from anywhere in the EU for up to three months per calendar year. Despite remote working flexibility, in-person collaboration was encouraged through financial support for team building activities and other events.

The Group hired over 500 new employees in 2022 and remains committed to being a responsible employer, dedicated to attracting, developing, and retaining exceptional talent. Despite the significant headcount growth, the Group has successfully maintained a high employee net promoter score (eNPS) of 68, positioning the Company within the top 5 percentile of technology companies monitored by survey tool Peakon.

VINTED LIMITED

STRATEGIC REPORT

Interests of the Company's employees (continued)

The Group demonstrated a low turnover rate of employees, ending the year 2022 with a rate of 12%. Although this is an increase compared to the rate of 7% in 2021, the change is attributed to the overall organisational growth.

Additionally, the Group introduced "Our Code" (also known as Code of Conduct), a comprehensive set of standards of interaction with all stakeholders, including partners, members, competitors and those within and outside of the organisation. The implementation of "Our Code" promotes a corporate culture centred on respect and belonging.

In 2022, the Group made substantial progress in creating a more diverse and inclusive workplace by setting ambitious goals focused on increasing representation and inclusion of underrepresented groups across all levels of the organisation. The Group also celebrated its first Pride month, with an internal communication campaign that highlighted the importance of ensuring a safe and welcoming environment for employees who identify as LGBTQ+.

In response to the Russian invasion of Ukraine, the Group established a business continuity program. Furthermore, the Group gave its employees an option to forfeit certain benefits and donate them to charity missions supporting Ukraine. To date, the combined contribution from the Group has reached EUR 2,000,000.

Business relationships with customers, suppliers, and others

The Board recognises the value of customer and member feedback, which enables the Group to be aware of their expectations. The Board obtains insights through surveys and other types of engagements and takes appropriate actions to make the improvements such as additional investments in customer support tools and employee expertise.

The Board is committed to building trusted partnerships with the Group's suppliers which are essential to fulfilling the Group's commitments. Through these partnerships, the Group delivers value and quality to its customers and helps vendors to develop and grow together.

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

As a response to the war in Ukraine, the Group was able to provide EUR 2,000,000 in humanitarian aid in-kind as well as in monetary donations. In addition to that, during 2022 the Group built and launched a direct donation feature and re-launched a fundraiser feature on its platform. Through these features members of the Vinted platform were able to contribute over EUR 1,000,000 in donations to charities supporting people in need.

This year the Group partnered with Vaayu to carry out a comprehensive, independent analysis of the reduction in carbon emissions delivered by usage of the Vinted second-hand marketplace, based on half a billion transactions and insights from over 350,000 Vinted members. The Group has also committed to set near-term company-wide emission reductions in line with climate science with the Science Based Targets initiative.

The Group renewed its commitment to diversity in tech and joined a large group of businesses and organisations in signing the Lithuanian Diversity Charter - a public commitment to continue ensuring diversity and inclusion for its employees. It also continued its partnership with Women Go Tech in Lithuania, resulting in even more mentoring opportunities.

Maintaining a reputation for high standards of business conduct

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

The need to act fairly between members of the Company

All members share a duty to contribute to the growth of the Vinted business, in the knowledge that the Company shares the rewards of the success. The Company maintains an open and transparent relationship with its shareholders by regularly communicating with them so they can understand the performance and share valuable insights. Board meetings or calls are held quarterly during which the Board discusses the current results and strategy. Through annual reports and monthly updates, the Company keeps its shareholders informed of the Group's developments.

Senior management held regular meetings with existing and potential investors and analysts during 2022. The senior management team provides the Board with regular feedback of investors' views and key market issues, so the Board keeps up to date with market conditions. This ensures that shareholder sentiment is understood and considered when making decisions at Board level.

Research and development

The Group undertakes development activities which are related to the building and enhancement of Vinted websites and mobile applications. Such development activities are measured and capitalised as intellectual property. In 2022 the Group capitalised a total of EUR 5,718,785 compared to EUR 3,093,340 in 2021. The Group does not distinguish research costs from ongoing maintenance costs.

VINTED LIMITED

STRATEGIC REPORT

Streamlined energy and carbon reporting

Vinted is part of the circular economy with a model that encourages people to declutter and reduce waste by reselling fashion and other items and earning money in return. In order to achieve its mission and commitments, Vinted is focused not only on prolonging the lifetime of fashion and other items by offering an easy-to-use place to trade them, but it also focuses on ensuring that its operations are as efficient as possible, thus minimising unavoidable negative impacts. The Group continues to work with external consultants who are helping review the methodology of streamlined energy and carbon reporting to improve accuracy.

Having undergone new activities such as (i) expansion of data centers used, (ii) introduction of Vinted Go warehouses and lockers, and (iii) acquisition of Rebelle, Vinted has seen its emissions either increase or at least transfer from Scope 3 to Scope 1 or 2 as operations are scaled. In this growth period, Vinted is continuing to work with its suppliers to ensure it uses renewable energy in its operations. Vinted's three biggest offices, in Vilnius and Berlin, as well as in Hamburg, run on green energy, with renewables now accounting for 99% of office electricity. Our data centers, which accounted for 70% of the electricity consumed in 2022, are also entirely run on renewable electricity.

To further improve its methodology and to account for acquisitions and new activities that occurred in 2022, Vinted undertook a scoping exercise to evaluate its GHG emissions calculation and reporting in 2022. This resulted in consumption data (kWh) for heating offices to be moved to electricity purchase to reflect the reality of Vinted offices using electricity for heating. In addition, it was decided that third-party delivery vehicles that are not owned or leased by Vinted but rather used through a third-party agreement without full authority to introduce and implement its operating policies following the GHG Protocol guidelines, are not considered to be direct emissions (in Scope 1) but will instead be accounted for in Vinted's indirect supply chain emissions.

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

Energy	Year ended 31 December 2022	Year ended 31 December 2021
Heating (kWh)		
Offices and warehouses	285,909	2,395,372
Electricity purchased (kWh)		
Offices and warehouses	1,480,284	882,544
-Out of which renewables	1,465,481	853,418
Data centers	3,390,986	2,820,358
-Out of which renewables	3,390,986	2,820,358
Lockers	6,620	-
-Out of which renewables	-	-
Carbon Dioxide Equivalent Emissions	Year ended 31 December 2022	Year ended 31 December 2021
Scope 1 (kg CO ₂ e)	10,929	322
Scope 2 (kg CO ₂ e)		
With Market Based Electricity approach	472,285	340,931
With Location Based Electricity approach	1,461,897	587,629
Intensity ratio CO₂e kg/revenue (with market based electricity)	0.001	0.001
Intensity ratio CO₂e kg/revenue (with location based electricity)	0.004	0.002

Methodology

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

GHG Reporting protocol

Relevance

Vinted uses the control approach to define its reporting boundaries, meaning the Group takes into account 100% of the GHG emissions from operations over which it has control. This means including activities from operations that were started or acquired in 2022, for example from energy consumption from Vinted Go warehouses and lockers or emissions from Rebelle's operations since acquisition.

VINTED LIMITED

STRATEGIC REPORT

Streamlined energy and carbon reporting (continued)

Completeness

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

Consistency

Vinted's rapidly growing employee base results in increased office space and associated energy needs. To reflect the efficiency measures over time, the Group uses CO₂e per revenue as its intensity measure in order to measure the efficiency of its operations and to reflect its energy saving actions.

Transparency

Assumptions were made to calculate as complete a carbon footprint as possible and included some extrapolations to address data gaps. The emissions for electricity use in the Amsterdam office in December 2022 were extrapolated from data on consumption from the period January 2022 until November 2022. Furthermore, offices, two warehouses and the sortation center had consumption periods from mid-2021 to mid-2022. This data was used to extrapolate consumption for the full year 2022. Data for heating in Prague and Amsterdam were missing and thus were calculated by multiplying the floor area by the average heating intensity of space heating per square metre in Europe.

Accuracy

With the help of an environmental consultancy, Vinted continues to improve its calculation methodology. This resulted in significant changes in the carbon footprint between the 2021 and 2022 reporting year:

- Change in heating consumption: in previous years' assessment primary data for heating consumption was not provided and annual kWh consumed was estimated using the floor area of the facilities and heating intensity per location. The improved process for the 2022 reporting year where primary consumption data was collected showed that the previous methodology had likely overestimated the consumption due to the high levels of uncertainty. Additionally, this year's emissions from heating were reported under Scope 1 (Stationary Combustion) and Scope 2 (Purchased Heating and Purchased Electricity) based on the primary data provided as to the source of energy.
- Increase in location-based emissions from Purchased electricity: the Purchased electricity consumption (kWh) increased 31% due to expanded operations and accounting for a proportion of the heating consumption in Purchased Electricity. In addition, an increase in reported electricity consumption emissions (Scope 2) was a result of a methodological improvement in the emission factors applied, since these are updated on a monthly basis to ensure the highest level of relevance and accuracy. Emissions calculations for the use of the Purchased electricity are done in part using a statistical model in Vinted's consulting partner Vaayu's carbon modelling engine. The statistical model is responsible for determining the emissions factor for each country based on their electricity mix, which is updated on a monthly basis with data from <https://transparency.entsoe.eu/> (Europe) and other third-party sources.

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

DocuSigned by:

Thomas Plantenga

3ADF52CF8E7548A
Thomas Lodewijk Plantenga

CEO

20 April 2023

VINTED LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements on the affairs of the Company and Group for the year ended 31 December 2022.

Principal activities

The principal activities of the Group during the year were the operation of marketplace websites and mobile applications for second-hand fashion and other items as well as introduction of a logistics network and additional marketplace services.

Results

For the year 2022, the Group's revenue was EUR 370,197,583 and loss for the year was EUR 27,251,015. For the year 2021, the Group's revenue was EUR 245,148,486 and loss for the year was EUR 118,376,009.

Dividends

The Directors are not recommending a dividend for the year 2022 (2021: nil).

Directors

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

Justas Janauskas
Mantas Mikuckas
Thomas Lodewijk Plantenga
Per Henrik Persson
Lucca Bocchio
Deven Parekh
Carolina Brochado
Natalie Schmitke (resigned 26 November 2022)
Rytis Vitkauskas (resigned 2 August 2022)
Alex Taussig (appointed 2 August 2022)
Martin John Scheepbouwer (appointed 1 February 2023)

Transactions involving Directors of the Company are given in Note 6 of the Financial Statements.

Directors' indemnities

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

Strategic Report

The Strategic Report is included on page 4. The Company has chosen to set out certain matters in the Strategic Report that would otherwise be required to be disclosed in the Director's report. These matters include disclosures concerning likely future developments, research and development, engagement with customers and other persons, Energy and Carbon reporting and assessment of principal risks and uncertainties.

Employment, training, and advancement of disabled persons

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

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

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

VINTED LIMITED

DIRECTORS' REPORT

Financial risk management objectives and policies

The Group is exposed to a number of financial risks arising from everyday operations and finance activities. The Group is primarily exposed to credit and liquidity risk as well as to currency risk.

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

Information about the use of financial instruments by the Company and its subsidiaries is given in Note 23 to the Financial Statements.

Post balance sheet events

The US regulator shut down Silicon Valley Bank's operations on 10 March 2023. On 13 March 2023 it was announced that the US Government had guaranteed to reimburse all deposits and funds in bank accounts to customers of Silicon Valley Bank US, while Silicon Valley Bank UK was acquired by HSBC and continues to operate.

Vinted Limited and its subsidiary Vinted Inc. had a combined total of EUR 935,028 in Silicon Valley Bank accounts on 10 March 2023 (combined amount of EUR 1,202,894 on 31 December 2022). All funds were made accessible for use after 13 March 2023. This had no impact on the Group's financial position as at 31 December 2022.

The Group continues to reduce its counterparty credit risk by diversifying cash and investments through investments in bonds and accounts at reliable banks and payment service providers.

On 23 February 2023 new Group Company Vinted (UK) Limited was established. There were no activities in the Company yet.

Going concern

The Group suffered losses during the year ended 31 December 2022 as it continued to invest heavily in platform development, new business lines, and advertising in order to grow the business. The ongoing war in Ukraine does not have a direct impact on the Group's financial results, as the Group does not operate in either Ukraine or Russia. The Directors expect a profit in 2023 and a positive cash flow from operating activities in 2023 is planned.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the Financial Statements. This has been based on detailed cash flow forecasting performed and monitored by the Directors. Key assumptions in the forecast include customer retention and new customer growth due to marketing spend, as well as investments in new business lines. The Directors monitor cash levels on a monthly basis after receiving regular monthly financial updates and adjust the spending plans if needed. In the future, depending on the pricing and availability of additional funding, the Directors might choose to implement a less aggressive marketing strategy which would result in higher cash projections compared to the latest cash flow forecast.

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

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the 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 provisions of s418 of the Companies Act 2006.

Deloitte LLP was appointed as the Company's auditor by written resolution in 2022 to the end of the next period for appointing auditors under section 485(2) of the UK Companies Act 2006.

VINTED LIMITED

DIRECTORS' REPORT

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


3ADF22CF8E7849A
Thomas Lodewijk Plantenga

CEO

5 New Street Square
London
EC4A 3TW
United Kingdom

20 April 2023

VINTED LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have chosen to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Vinted Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Vinted Limited (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement and statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the Company income statement and statement of comprehensive income;
- the Company statement of financial position;
- the Company statement of changes in equity;
- the related notes 1 to 37.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to

determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's business sector.

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

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

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

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

- Risk of fraud in revenue recognition in respect of cut off: we have tested the design, implementation and operating effectiveness of key controls to ascertain if revenue was recorded in the correct period; we performed substantive procedures to test the reconciliation of revenue balances between the Group's records and third party confirmations; we utilised analytical techniques to match payment providers data to the Group's accounting records and substantively tested a sample of revenue transactions booked near the year end.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:

Andy Hornby

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Andrew Hornby FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

20 April 2023

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

For the year ended 31 December 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	EUR	EUR
CONTINUING OPERATIONS			
Revenue	4	370,197,583	245,148,486
Payment and shipping costs		(91,533,716)	(51,936,274)
Inventory related costs		(254,610)	-
Staff costs	6	(96,379,171)	(56,714,289)
Marketing expenses		(141,401,055)	(193,847,308)
Depreciation and amortisation expenses	11, 12	(12,160,482)	(9,467,969)
Other expenses	7	(68,082,983)	(50,442,398)
OPERATING LOSS		(39,614,434)	(117,259,752)
Other income		211,840	305,217
Finance income	8	33,463	291,608
Finance costs	8	(7,715,347)	(1,515,818)
LOSS BEFORE TAX	5	(47,084,478)	(118,178,745)
Tax	9	19,833,463	(197,264)
LOSS FOR THE YEAR		(27,251,015)	(118,376,009)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gains arising in translation of subsidiaries		111,331	257,983
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		(27,139,684)	(118,118,026)

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

VINTED LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

		As at 31 December 2022 EUR	As at 31 December 2021 EUR
	Note		
NON-CURRENT ASSETS			
Goodwill	10	29,637,783	11,871,131
Intangible assets	11	12,272,909	5,416,703
Property, plant and equipment	12	7,462,933	2,582,922
Right-of-use assets	12	19,583,995	14,527,068
Deferred tax assets	9	20,259,707	-
Investments in financial assets	13	72,929,507	48,599,075
TOTAL NON-CURRENT ASSETS		162,146,834	82,996,899
CURRENT ASSETS			
Inventories		148,855	-
Trade and other receivables	14	38,907,643	24,385,104
Derivative financial instruments		19,828	-
Contract fulfilment assets		2,809,884	-
Investments in financial assets	13	87,777,684	-
Cash and cash equivalents	15	135,772,940	238,874,019
TOTAL CURRENT ASSETS		265,436,834	263,259,123
TOTAL ASSETS		427,583,668	346,256,022

VINTED LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

	Note	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Equity attributable to the owners of the parent			
Share capital	19	813	813
Share premium account	19	455,002,702	454,931,066
Share-based payment reserve	20	46,392,708	25,172,126
Foreign exchange reserve		313,688	202,357
Accumulated loss		(286,047,315)	(258,796,300)
TOTAL EQUITY		215,662,596	221,510,062
CURRENT LIABILITIES			
Lease liabilities	17	8,847,828	6,525,021
Trade and other payables	16	186,212,887	104,197,862
Current tax liabilities		807,918	228,986
Provisions	18	1,161,038	3,300,000
Deferred revenue		339,133	264,248
Contract liabilities		42,713	-
TOTAL CURRENT LIABILITIES		197,411,517	114,516,117
NON-CURRENT LIABILITIES			
Lease liabilities	17	11,721,015	8,643,722
Deferred tax liabilities	9	1,295,918	141,739
Other long-term liabilities		1,492,622	1,444,382
TOTAL NON-CURRENT LIABILITIES		14,509,555	10,229,843
TOTAL EQUITY AND LIABILITIES		427,583,668	346,256,022

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

These Financial Statements of Vinted Limited (Company number: 07874344) were approved by the Board and authorised for issue on 20 April 2023. They were signed on its behalf by:

DocuSigned by:

Thomas Plantenga

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Thomas Lodewijk Plantenga

CEO

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

For the year ended 31 December 2022

		Share capital	Share premium account	Share-based payment reserve	Foreign exchange reserve	Accumulated losses	Total equity
	Note	EUR	EUR	EUR	EUR	EUR	EUR
Balance at 1 January 2021		744	204,646,532	16,192,617	(55,626)	(140,420,291)	80,363,976
Loss for the year		-	-	-	-	(118,376,009)	(118,376,009)
Other comprehensive income for the year		-	-	-	257,983	-	257,983
Total comprehensive income / (expense)		-	-	-	257,983	(118,376,009)	(118,118,026)
Option exercise	20	7	988,230	(945,963)	-	-	42,274
Option forfeiture	20	-	-	(1,577,004)	-	-	(1,577,004)
Share-based payments	20	-	-	11,502,476	-	-	11,502,476
Issue of shares		62	249,296,304	-	-	-	249,296,366
Balance at 31 December 2021		813	454,931,066	25,172,126	202,357	(258,796,300)	221,510,062
Loss for the year		-	-	-	-	(27,251,015)	(27,251,015)
Other comprehensive income for the year		-	-	-	111,331	-	111,331
Total comprehensive income / (expense)		-	-	-	111,331	(27,251,015)	(27,139,684)
Option exercise	20	-	71,636	(69,762)	-	-	1,874
Option forfeiture	20	-	-	(2,768,949)	-	-	(2,768,949)
Share-based payments	20	-	-	24,059,293	-	-	24,059,293
Issue of shares		-	-	-	-	-	-
Balance at 31 December 2022		813	455,002,702	46,392,708	313,688	(286,047,315)	215,662,596

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

VINTED LIMITED**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 EUR	Year ended 31 December 2021 EUR
Operating activities			
Loss before income tax		(47,084,478)	(118,178,745)
Adjustments for:			
Amortisation of intangible assets	11	2,563,402	1,333,722
Depreciation of plant, property and equipment and right-of-use assets	12	9,597,080	8,134,247
Impairment of goodwill	10	-	1,223,573
Share-based payment expenses		21,290,344	9,925,472
Finance income	8	16	-
Finance cost	8	894,797	1,261,808
Change in fair value of investments		6,878,147	232,753
(Decrease) / Increase in provision	18	(2,197,708)	2,874,770
Increase in other long-term liabilities		48,240	987,811
Gain on disposal of property, plant and equipment		16,042	530
Write down of intangible asset and PPE		811,877	612,120
Income tax		-	-
Other gains		43,723	220,934
Operating cash flows before movements in working capital		(7,138,518)	(91,371,005)
Movement in working capital			
Increase in trade and other payables		78,074,351	40,817,591
Increase in trade and other receivables		(14,010,828)	(5,504,256)
Increase in contract fulfilment assets		(2,080,572)	-
Decrease in inventories		17,497	-
Increase in deferred revenue		73,998	264,213
Decrease in contract liabilities		(4,904)	-
Cash generated by / (used in) operations		54,931,024	(55,793,457)
Interest received		523,817	55,000
Interest paid		(826,137)	(1,261,808)
Income tax paid		-	-
Net cash from / (used in) operating activities		54,628,704	(57,000,265)

VINTED LIMITED**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 EUR	Year ended 31 December 2021 EUR
Investing activities			
Purchase of intangible assets	11	(5,718,785)	(3,093,340)
Purchase of plant, property and equipment	12	(6,296,737)	(1,898,429)
Proceeds on disposal of property, plant and equipment		64,399	2,210
Acquisition of subsidiary	21	(18,505,959)	-
Convertible loan investment		-	300,000
Purchases of financial asset		(170,058,627)	(48,886,828)
Proceeds from sale of financial assets		50,548,531	-
Purchases of derivative financial instruments		(88,488)	-
Net cash used in investing activities		(150,055,666)	(53,576,387)
Financing activities			
Issue of preferred shares		1,874	250,042,585
Convertible loan proceeds		-	-
Repayment of loans and borrowings	21, 22	-	-
Principal elements of lease payments	22	(7,719,679)	(6,891,166)
Share issue transaction costs		-	(703,945)
Net cash (used in) / from financing activities		(7,717,805)	242,447,474
Net (decrease) / increase in cash and cash equivalents		(103,144,767)	131,870,822
Cash and cash equivalents at beginning of year		238,874,019	106,916,549
Effect of movements in exchange rates on cash		43,688	86,648
Cash and cash equivalents at end of the year	15	135,772,940	238,874,019

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

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Basis of preparation

General information

Vinted Limited (hereinafter referred to as "Vinted" or the "Company") is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales, the registered number being 07874344. Vinted Limited is the ultimate parent of the Group.

Information about the composition of the Group is as follows:

Name of the entity	Principal activity	Registered address	Functional currency	Ownership interest
Vinted Limited (parent)	Holding company	5 New Street Square London EC4A 3TW, United Kingdom	EUR	-
Rebelle AB ⁽¹⁾	Interim holding company	c/o Intertrust (Sweden) AB Box 16285 103 25 Stockholm, Sweden	SEK	99.99 % ⁽²⁾
StyleRemains GmbH ⁽¹⁾	Rebelle marketplace and software development services	Brooktor Kai 4 20457 Hamburg, Germany	EUR	99.99 % ⁽²⁾
Vinted B.V.	Headquarter/administrative and software development services	Herengracht 54 1015BN Amsterdam, Netherlands	EUR	100 %
Vinted Canada Limited	Provision of a local presence services to Vinted, UAB	Suite 2300, Bentall 5, 550 Burrard Street Vancouver BC V6C 2B5, Canada	CAD	100 %
Vinted GmbH	Headquarter/ administrative, marketing and software development services	Unter den Linden 14 10117 Berlin, Germany	EUR	100 %
Vinted Go, SASU ⁽³⁾	Locker services	5 rue de l'Arc de Triomphe 75017 Paris, France	EUR	100 %
Vinted Go, UAB ⁽⁴⁾	Freight forwarding services	Švitrigailos st. 13 LT-03228 Vilnius, Lithuania	EUR	100 %
Vinted Inc.	Provision of a local presence services to Vinted, UAB	5716 Corsa Ave Suite 110 Westlake Village, Los Angeles CA 91362-7354, United States	USD	100 %
Vinted Sp. z o.o.	Headquarter/ administrative services	ul. Chłodna 52 00-872 Warszawa, Poland	PLN	100 %
Vinted s.r.o.	Customer support services	Zenklova 32/28 180 00 Praha - Libeň, Czech Republic	CZK	100 %
Vinted, SASU ⁽⁵⁾	Headquarter/ administrative and customer support services	5 rue de l'Arc de Triomphe 75017 Paris, France	EUR	100 %
Vinted Systems, UAB	Software services	Švitrigailos st. 13 LT-03228 Vilnius, Lithuania	EUR	100 %
Vinted, UAB	Principal entity / Headquarters	Švitrigailos st. 13 LT-03228 Vilnius, Lithuania	EUR	100 %
VSPV 2, UAB ⁽⁶⁾	No services during the financial year	Švitrigailos st. 13 LT-03228 Vilnius, Lithuania	EUR	100 %

⁽¹⁾ Rebelle AB was acquired by the Group on 25 August 2022. StyleRemains GmbH is a wholly owned subsidiary of Rebelle AB.⁽²⁾ The non-controlling interest for these subsidiaries is not being disclosed in the Financial Statements as it is deemed to be immaterial. The Group will obtain 100% ownership of these subsidiaries in the beginning of 2023 and management believes that disclosing such non-controlling interest as at 31 December 2022 would obscure the understandability of these Financial Statements.

⁽³⁾ Incorporated on 9 June 2022

⁽⁴⁾ Name changed from VSPV, UAB to Vinted Go, UAB during the financial year.

⁽⁵⁾ Incorporated on 4 November 2022

⁽⁶⁾ Incorporated on 4 April 2022

The consolidated Financial Statements include the results of Vinted Limited and all its direct and indirect subsidiaries, hereafter referred to as "the Group". These Financial Statements are presented in Euro because that is the currency of the primary economic environment in which the majority of the Group operates, and euro is the currency of the countries whose competitive forces determine the sale prices of services provided and so it is determined as the Company's functional currency and the Group's presentation currency.

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

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Basis of preparation (continued)

Basis of accounting

The consolidated Financial Statements are being prepared on accrual basis in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards as issued by the IASB.

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

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

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Basis of consolidation

When the Company has power, either directly or indirectly, to govern the financial and operating policies of an investee so as to obtain benefits from its activities, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect the investee's returns, it has control over the investee and therefore such investee is classified as a subsidiary. The Company reassesses whether it has control over an investee if facts and circumstances indicate that there are changes to any of the elements of control listed above.

Consolidation of an investee begins from the date the Company obtains control over the investee and ceases when the Company loses control of the investee. Specifically, the revenue and expense of subsidiaries acquired or disposed of during the financial year are included in the profit or loss of the Group from the date the Company gains control until the date when the Company ceases to control the investee.

Business combinations, if any, in the Consolidated Financial Statements are accounted for by applying the acquisition method that measures the investee's assets and liabilities at their fair value at acquisition date. The excess of the consideration transferred over the fair value of the investee's net identifiable assets acquired and liabilities assumed is recognised as goodwill. In case the consideration transferred is lower than the fair value of the net assets, the resulting gain is recognised in profit or loss on the acquisition date as a bargain purchase.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies in line with those used by the Group.

Intragroup assets and liabilities, equity, income, expenses, unrealised gains or losses, and cash flows relating to transactions between entities of the Group are being eliminated on consolidation.

If part of the equity in a subsidiary is not attributable, directly, or indirectly, to a parent, non-controlling interest is disclosed. In such cases the Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests.

For the financial period presented, an exemption is applied to the disclosure of the non-controlling interest of Rebelle AB and its subsidiary StyleRemains GmbH (the Rebelle Sub-group). The Company has control over the Rebelle Sub-group by virtue of owning 99.99% of Rebelle AB as of 31 December 2022. It has obtained 100% ownership in February 2023. Please see Note 21 for further details. Upon issuance of these Financial Statements the Group has a 100% ownership of the Rebelle Sub-group and the amount of the non-controlling interest is negligible. Therefore, management considers that attributing the profit or loss and each component of other comprehensive income to the non-controlling interest would obscure the understandability of these Financial Statements.

Foreign currency

Items included in the separate financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The functional currency is the currency that mainly influences sales prices of services sold.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Basis of preparation (continued)

Foreign currency (continued)

Foreign currency transactions are translated into the functional currency of each of the subsidiaries using the currency exchange rates at the dates of such transactions. At the end of each reporting period:

- foreign currency monetary items are translated using the currency exchange rates of the reporting period end date;
- foreign currency non-monetary items that are measured in terms of historical cost are kept translated using the exchange rate at the date of the transaction; and
- foreign currency non-monetary items that are measured at fair value are being translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

The consolidated Financial Statements are presented in euro, which is the Group's presentation currency and the functional currency of the parent Company.

The Financial Statements of subsidiaries having functional currencies other than euro are translated into euro on the following basis:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement presenting profit or loss and other comprehensive income are translated at the average exchange rates for the financial period presented;
- equity items other than retained earnings are translated at historic rates in line with IAS 21.

Exchange differences arising from translation of net investment in foreign subsidiaries are recognised in the Statement of Comprehensive Income.

Going concern

The Group suffered losses during the year ended 31 December 2022 as it continued to invest heavily in platform development, new business lines, and advertising in order to grow the business. The ongoing war in Ukraine does not have a direct impact on the Group's financial results, as the Group does not operate in either Ukraine or Russia. The Directors expect a profit in 2023 and a positive cash flow from operating activities in 2023 is planned.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the Financial Statements. This has been based on detailed cash flow forecasting performed and monitored by the Directors. Key assumptions in the forecast include customer retention and new customer growth due to marketing spend, as well as investments in new business lines. The Directors monitor cash levels on a monthly basis after receiving regular monthly financial updates and adjust the spending plans if needed. In the future, depending on the pricing and availability of additional funding, the Directors might choose to implement a less aggressive marketing strategy which would result in higher cash projections compared to the latest cash flow forecast.

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

Critical judgments and accounting estimates

The preparation of the Group's consolidated Financial Statements requires management to make estimates and assumptions regarding the future and make some significant judgments in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including management's reasonable expectations of future events.

Where the assumptions the Group makes about the future and other major sources of estimation uncertainty at the end of the reporting period have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, their nature and their carrying amount as at the end of the reporting period are disclosed.

The Group may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate is based or as a result of new information, new developments or more experience. The effect of a change in an accounting estimate is recognised prospectively as described in IAS 8.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Basis of preparation (continued)

Critical judgments and accounting estimates (continued)

If changes occur in the circumstances on which the accounting policy is based, the Group may need to change such accounting policy if, by doing so, reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows is presented. When a change in accounting policy is applied, the Group adjusts each affected component retrospectively as if the new accounting policy had always been applied, as described in IAS 8.

Critical judgements in applying the Group's accounting policies:

- Business model assessment: classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest ("SPPI") and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.
- The recognition of deferred tax assets and liabilities requires that judgement is exercised. Vinted recognises deferred tax assets on its balance sheet when it has been deemed adequately probable that the operations of the individual subsidiaries will generate a taxable profit that the tax loss carried forward can be used to offset. The main part of the recognised deferred tax asset of EUR 20,259,707 as of 31 December 2022 is related to the tax losses carried forward in the main operational marketplace and shipping subsidiaries in Lithuania. Vinted considers the future taxable profit as probable and tax loss carried forward is expected to be utilised within 4 years. No deferred tax asset was recognised as of 31 December 2021.

Key sources of estimation

The key assumptions and estimates concerning the future and other key sources of estimation uncertainty are as follows:

- Intangible assets acquired in a business combination and recognised separately from goodwill, as disclosed in Note 21, are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.
- Determining whether Goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculations requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These assumptions are disclosed in detail in Note 10.
- The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Refer to Note 17 for further details.
- Share-based payment fair value is determined at grant date and expensed over the vesting period based on the estimate of the proportion of the shares that will vest. Refer to Note 20 for further details.
- Some of the Group's financial assets are measured at fair value. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Refer to Note 13 for further details.
- Estimates were used to recognise legal provisions, please see further details in Note 18.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

2. Adoption of new and revised Standards

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

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

Title	Subject	Effective date per IASB
Amendment to IFRS 16	Covid-19-Related Rent Concessions	1 Apr 2021
Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"	Annual Improvements to IFRS Standards 2018–2020	1 Jan 2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	1 Jan 2022
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 Jan 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 Jan 2022
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	The Amendments may be used by eligible entities for financial years beginning before 1 January 2023

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

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

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

Title	Subject	Effective date per IASB
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting policies	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	Deferred until not earlier than 1 January 2024
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9—Comparative Information	1 January 2023
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2023

Adoption of new and revised but not yet effective standards are not expected to have any material impact on the Group's financial results in the periods of initial application.

3. Summary of significant accounting policies

Revenue recognition

Revenue is recognised when performance obligations are met and over the period in which the services are provided. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer net of refunds associated with cancelled or failed transactions, discounts, and deferred amounts, and excludes amounts collected on behalf of third parties. There are no variable considerations and no critical judgments in revenue recognition.

Vinted marketplaces are platforms through which individuals can buy, sell, exchange and give-away items and communicate with one another. The Group does not act as an intermediary between the buyer and the seller, but rather offers certain additional services subject to charges.

Vinted charges a service fee in addition to an item purchase price agreed between a buyer and a seller, which consists of a fixed fee and a variable fee expressed as a percentage of the value of the item sold. Vinted also earns revenue from shipping services by reselling shipping labels for various shipping methods through the platform. The revenue related to the Group shipping services consists of the price of the shipping labels purchased, net of the cost incurred, where the Group only acts as an agent in the shipping arrangements.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

The revenue is recognised when the buyer confirms a successful purchase or after two days following the order delivery, whichever happens earlier. A refund is given to the buyer and revenue is not recognised if, within two days after receiving the order, the buyer declares an issue.

As a part of Vinted marketplace services, users can give more visibility and promote their items within Vinted portals for a defined period of time for additional fees. Revenues from additional visibility services are recognised when the service is acquired net of deferred amounts.

Revenue from advertising is earned when an advertisement is displayed on Vinted platforms and recognised on a net basis.

Finance income and expense

Interest income remitted or expense charged on the cash and cash equivalents is recognised on accrual basis. The fair value gains or losses, which also include underlying interest income, on corporate and government bonds, investment fund units and option contracts acquired by the Group are recognised based on the fair value of such financial instruments measured using quoted prices in active markets on the reporting period end date. Interest income or expense on loans and lease liabilities is recognised as it accrues in profit or loss, using the effective interest method.

Costs to fulfil a contract with a customer

The Group incurs shipping costs when arranging shipping through the platforms and providing postage options for the online marketplace users. Such costs relate directly to specific customer transactions, they generate the resources of the Group that are used in satisfying performance obligations and such costs are expected to be recovered. Therefore, the portion of such costs incurred that will be used in satisfying the performance obligations in the future is recognised as a contract fulfilment asset in the balance sheet, in accordance with IFRS 15. General and administrative costs and costs that relate to past performance are recognised as expenses when incurred.

Such contract fulfilment assets are amortised to profit or loss when all performance obligations, related to the specific marketplace customer transactions, are met.

For costs incurred in fulfilling a contract with a customer that are within the scope of IAS 2 Inventories, please see the accounting policy for Inventories.

Income tax

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

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

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

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

Income tax effect on items recognised in other comprehensive income or equity is also recognised in the consolidated statement of comprehensive income or equity respectively.

Business combinations

The acquisition method of accounting is used to account for all business combinations. The acquisition date is the date on which the Company obtains direct or indirect control of the acquiree. In certain situations, the Company may designate a "convenience date" (i.e., a date other than the actual acquisition date) as a practical matter when recognizing a business combination. The convenience date, if used, is no more than a few days after control has transferred and does not have a material effect on the financial statements.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Business combinations (continued)

Identifiable net assets acquired (including internally developed intangible assets) and the liabilities assumed in a business combination are measured initially at fair value at the acquisition date, with some limited exceptions, some of which are:

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

At the acquisition date the Group recognises any non-controlling interest in the acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of

- the consideration transferred;
- the amount of any non-controlling interest; and
- in case a business combination is achieved in stages, acquisition-date fair value of any Group's previous equity interest in the acquired entity

over the fair value of the identifiable assets acquired and liabilities assumed are recognised as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquired entity and the equity interests issued by the Group. Acquisition related costs are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

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

In case the Group has any pre-existing relationship or other arrangements with the acquiree before negotiations for a business combination or has entered into arrangements which are separate from the business combination, the Group recognises, as part of applying the acquisition method, only the consideration transferred for the acquiree and the assets acquired and liabilities assumed in the exchange for the acquiree. Separate transactions, if any, are accounted for in accordance with the relevant IFRSs.

Goodwill

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

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

An impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and value in use. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). When impairment has been identified for a cash-generating unit the impairment loss is primarily allocated to goodwill. Thereafter, a proportional impairment of other assets in the unit is made. An impairment loss recognised for goodwill is not reversed in a subsequent period.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Intangible assets

The Group recognises an intangible asset, as defined in IAS 38, only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of such asset can be measured reliably. Intangible assets initially are measured at cost, including any directly attributable cost of preparing the asset for its intended use. Costs other than the ones necessary for preparing the asset for its intended use are included in the profit or loss. If an intangible asset is recognised as a part of a business combination, the cost of that intangible asset is its fair value at the acquisition date.

Internally generated intangible assets

The development of the Vinted mobile and web application is capitalised as an intangible asset. Development expenditure is only capitalised if development costs can be measured reliably, the feature being built will be completed and the feature will generate future economic benefits in the form of cash flows to the Group. The cost is capitalised from the date when the asset meets the recognition criteria in accordance with IAS 38 and until the time the asset is capable of operating in the manner intended by management. Expenditure previously recognised as cost is not reinstated. Expenditure being capitalised is comprised of directly attributable staff costs and costs of external development services. Overheads are not being capitalised as the Group does not have sufficiently granular information in order to allocate overheads to the features being developed.

Internally generated brands, customer lists and items similar in substance are not recognised as intangible assets. Expenditure on research (it is a stage prior to development when the Group cannot demonstrate that an intangible asset exists and that it will generate probable future economic benefits) is recognised as an expense when it is incurred.

Internally generated goodwill is not recognised as an intangible asset. For goodwill acquired in a business combination, please see the accounting policy for Goodwill.

Subsequent measurement of intangible assets

After initial recognition, intangible assets, including intangible assets identified in business combinations, are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful life are amortised on a straight-line basis over their useful life. The residual value of such intangible assets is zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or there is an active market for the sale of asset.

The following groups of intangible assets and their respective useful life are identified by the Group:

Intangible asset group	Estimated useful life
Capitalised development cost	4 years
User base and trademark	4 years
Other	3 years

At least at each financial year-end the Group reviews the amortisation period for intangible assets and, if it is different from previous estimates, the amortisation period is changed accordingly and accounted for as changes in accounting estimates in accordance with IAS 8.

An intangible asset with an indefinite useful life is not amortised but recognised at cost less accumulated impairment. Such intangible assets are reviewed each financial period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change is accounted for as a change in an accounting estimate in accordance with IAS 8.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. Loss incurred due to asset write off is included within operating expense. Gain or loss on sale of assets is included in either other income or other expense.

Property, plant, and equipment

Initial recognition of property, plant, and equipment

Tangible items that are held for use in the supply of services or for administrative purposes and are expected to be used during more than one year are recognised as property, plant, and equipment. An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at cost. The measurement of cost includes asset's purchase price and expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Costs of day-to-day servicing, minor repairs, and maintenance are not considered as a part of asset cost and are recognised in profit or loss as incurred. Leasehold improvements that meet the definition of property, plant and equipment are recognised as asset at cost.

Subsequent measurement of property, plant, and equipment

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Property, plant, and equipment (continued)

After initial recognition, assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Each significant item of property, plant and equipment is depreciated separately and, based on the useful life and depreciation method assigned, such items are grouped in the financial statements.

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

Group of property, plant and equipment	Estimated useful life
Machinery & equipment	1 – 15 years
Fixtures and fittings	3 – 15 years
Right-of-use assets	2 – 6 years

Right-of-use assets and capitalised leasehold improvements are depreciated over the shorter of the remaining lease term or the economic life of the assets. In case the lease term is not defined, the capitalised leasehold improvements are depreciated over their useful lives.

The residual value and the useful life of assets is reviewed each financial period and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8.

Derecognition of property, plant, and equipment

The items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition is included in profit or loss when the item is derecognised and is measured as the difference between the net disposal proceeds and the carrying amount of the item (it is acquisition cost less any accumulated depreciation). Loss incurred due to asset write off is included within operating expense. Gain or loss on sale of assets is included in either other income or other expense.

Leases

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

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

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

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

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

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

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Leases (continued)

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

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the accounting policy for the Impairment of assets.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the profit or loss in the period in which the event or condition that triggers those payments occurs. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. Impairment indicators will typically be changes in market and macroeconomic developments, competitive situation, technological developments or, for tangible assets, evidence of physical damage. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is defined as the higher of the fair value less costs of disposal and its value in use. In case it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. The cash flow projections are also based on the most recent financial budgets and forecasts approved by management that normally cover a maximum period of five years. For further future periods, growth rates are used that do not exceed the long-term average rate of growth for the relevant markets. If there is no reason to believe that an asset's value in use materially exceeds its fair value less costs of disposal, the asset's fair value less costs of disposal may be used as its recoverable amount.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount in which case the impairment loss is treated as a revaluation decrease.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased, and, if any such indication exists, the impairment loss is reversed to the extent of the asset's recoverable amount. A reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

For impairment testing of goodwill acquired in a business combination, please see the accounting policy for Goodwill.

Financial instruments

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

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

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

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability and of allocating interest income or expense over the relevant period. Such interest income or expense is recognised in profit or loss and as finance income or finance expense.

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

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

Classification of financial assets

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

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Subsequent measurement of financial assets

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

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

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

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

Impairment of financial assets

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

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

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

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

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

Derecognition of financial assets

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

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

Significant increase in credit risk

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

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

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

Definition of default

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

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

Write-off policy

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

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification of financial liabilities

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Subsequent measurement of financial liabilities

Financial liabilities that are not (a) contingent consideration of an acquirer in a business combination, (b) held-for-trading, or (c) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method, as described in a previous paragraph. The financial liabilities of the Group meet the criteria to be measured at amortised cost.

Derecognition of financial liabilities

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

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

Foreign exchange gains and losses on financial assets and liabilities

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

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss as finance income or expense;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss as finance income or expense.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised as finance income or expense in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Inventories

Inventories encompass all goods purchased which are subsequently held for sale in the ordinary course of business as well as raw materials, consumables and services used in the rendering of services. The purchase and sale of goods through inventories is incidental and of low materiality to the Group, thus the management believes that further disclosures would obscure the understandability of these Financial Statements.

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is comprised of the purchase price including any costs of conversion and costs incurred in bringing the inventories to their present location and condition. The cost measurement is based on specific costs that are attributed to identified items of inventory. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on demand, net of outstanding bank overdrafts. Cash equivalents are considered as short-term, highly liquid investments that are convertible to known amounts of cash with an original maturity of three months or less and which are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalents is approximately equal to their fair value.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Provisions

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

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

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that it will be required to settle the obligation, the provision is reversed.

Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group does not recognise contingent assets in the balance sheet. When the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised in line with the accounting policies set by the Group.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is also a present obligation that arises from past events but it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably. The Group does not recognise contingent liabilities in the balance sheet. For the part of the obligation for which an outflow of resources is probable, except in the circumstances where no reliable estimate can be made, the Group recognises a provision as described in the accounting policy for Provisions.

Share capital

Ordinary and preference shares issued by the Company are classified as equity. Share capital represents the number of shares multiplied by the nominal value of each share.

Equity reserves

Share premium is the amount of capital contributed in excess of its nominal value net of costs directly attributable to the issuance of equity. Translation reserve represents gains and losses arising on translation of subsidiaries' financial statements from their functional currency to Group presentation currency. Share-based payment reserve is the reserve for share-based payments not yet exercised.

Share-based payments

The Group is using a share-based compensation plan, under which the employees provide services to the Group and, as a consideration, they are granted with equity instruments (share options) of the Company. Liabilities arising from such share-based payment transactions are classified as equity. The expense for the options granted is recorded in profit or loss at the fair value of the employee services received, which is measured by reference to the fair value of the options at grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated Income Statement and Statement of Comprehensive Income, with a corresponding adjustment to equity.

When the share option grant date occurs on the date later than the commencement of services by an employee, the Group recognises the related expense from the next financial month after the grant date to align with the vesting conditions.

When the options are exercised, the Group issues new shares which are reflected in the share capital by reference of the share nominal value. The proceeds received exceeding the nominal share value, net of any directly attributable transaction costs, are accounted for as share premium.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Share-based payments (continued)

Taxes arising from the exercise of the share options are costs incurred by the employees. The Group records a tax liability with no tax expense arising if there is a requirement to withhold such taxes on behalf of employees.

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

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Revenue

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

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Marketplace services	354,276,461	233,193,892
Advertising revenue	15,921,122	11,954,594
Total	370,197,583	245,148,486

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

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Western Europe	332,482,806	222,212,231
Central Europe	37,686,320	23,009,228
Other	28,457	(72,973)
Total	370,197,583	245,148,486

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

5. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Staff costs, excluding Share incentive plan expenses (note 6)	75,088,827	46,068,782
Share incentive plan expenses (note 20)	21,290,344	10,645,507
Depreciation of right-of-use assets	8,067,615	7,167,105
Amortisation of intangible assets	2,563,402	1,333,722
Depreciation of property, plant and equipment	1,529,465	967,142
Loss / (gain) on disposal of plant, property and equipment	15,968	530
Loss on fair value of financial instruments	6,878,147	232,753
Net foreign exchange (gains) / losses	(32,755)	(282,094)

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Loss for the year (continued)

Auditor's remuneration

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

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Fees payable to the Group's auditor and their associates for the audit of the Group's and Company's annual report and financial statements	209,820	124,000

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

6. Staff costs

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

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Wages and salaries	63,164,162	38,054,145
Share-based payments (note 20)	21,290,344	10,645,506
Social security	4,792,526	1,958,957
Employee benefits and other bonuses	3,877,293	1,417,889
Health insurance/benefits	804,415	406,310
Other staff costs	2,450,431	4,231,482
Total staff cost	96,379,171	56,714,289

The average monthly number of employees including executive Directors was:

	2022	2021
Product and marketing	703	460
Community support	335	228
Administration	275	161
Total	1,313	849

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

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Remuneration of Directors	411,476	514,633
Total	411,476	514,633

Remuneration of the highest paid Director:

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Emoluments	320,948	317,442
Total	320,948	317,442

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Staff costs (continued)

Short-term incentive programs

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

Benefits

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

Long-term incentive programs

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

As per 31 December 2022 the Company has one outstanding programs for the highest paid Director:

1. Stock options with a total value of EUR 5,556,260 with a 4-year vesting schedule were granted on 12 December 2019.

The number of Directors that exercised share options in the year was 0 (2021: 1). The highest paid Director did not exercise share options in 2022.

7. Other expenses

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

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Contracting and consulting	33,779,378	23,644,721
IT	16,261,473	10,316,392
Professional services	5,805,392	6,068,719
Facilities	4,300,072	3,062,198
Travel and entertainment	2,846,881	1,300,372
Other	5,089,787	6,049,996
Total other expenses	68,082,983	50,442,398

8. Finance income and finance costs

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

	Year ended 31 December 2022	Year ended 31 December 2021
	EUR	EUR
Foreign currency exchange differences	32,755	282,094
Interest income	16	-
Other financial income	692	9,514
Total finance income	33,463	291,608
Change in fair value of investments	(6,878,147)	(232,753)
Lease interest expenses	(560,491)	(590,984)
Interest expenses	(265,646)	(670,824)
Other financial costs	(11,063)	(21,257)
Total finance costs	(7,715,347)	(1,515,818)

Total lease expenses paid in cash amount to EUR 8,278,449 in 2022 (EUR 7,482,150 in 2021).

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

9. Tax

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

	Year ended 31 December 2022 EUR	Year ended 31 December 2021 EUR
Current income taxes	579,139	228,986
Prior year current income tax correction	-	-
Deferred tax-relating to origination and reversal temporary	(20,412,602)	(31,722)
Total tax (credit) expense	(19,833,463)	197,264

	Year ended 31 December 2022 EUR	Year ended 31 December 2021 EUR
Loss before tax on continuing operations	(47,084,478)	(118,178,745)
Tax at the UK corporation tax rate of 19% (2021: 19%)	(8,946,051)	(22,453,962)
Effect of income subject to different tax rates	5,233,173	3,556,808
Effect of changes in tax rates	(707,914)	-
Unrecognised deferred tax assets	315,972	16,690,997
Utilisation of previously unrecognised tax losses	(24,556,627)	(524,404)
Tax effect on non-tax deductible expenses and non-taxable	8,827,984	2,927,825
Total tax (credit) expense	(19,833,463)	197,264

	Year ended 31 December 2021 EUR	Charge/(credit) to profit or loss EUR	Acquisition of subsidiary EUR	Exchange differences EUR	Year ended 31 December 2022 EUR
Intangible assets	(141,739)	152,895	(1,307,074)	-	(1,295,918)
Provisions	494,985	(494,817)	-	-	168
Vacation accruals	9,038	2,656	-	-	11,694
Revaluation of financial assets	-	-	-	-	-
Tax losses	23,495,383	2,174,389	8,867,916	102,067	34,639,755
Tax assets (liabilities) before assessment	23,857,668	1,835,122	7,560,842	102,067	33,355,700
Deferred tax asset not recognised after assessment	(23,999,407)	18,577,479	(8,867,916)	(102,067)	(14,391,911)
Net tax assets (liabilities)	(141,739)	20,412,602	(1,307,074)	-	18,963,789

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

9. Tax (continued)

	Year ended 31 December 2022	
	Deferred tax asset	Deferred tax liability
	EUR	EUR
Intangible assets	-	(1,295,918)
Provisions	168	-
Vacation accruals	11,694	-
Revaluation of financial assets	-	-
Tax losses	34,639,755	-
Tax assets (liabilities) before assesment	34,651,618	(1,295,918)
Deferred tax asset not recognised after assessment	(14,391,911)	
Net tax assets (liabilities)	20,259,707	(1,295,918)

At the reporting date, the Group has unused tax losses of EUR 196,123,363 (2021: EUR 159,462,659) available for offset against future profits. A deferred tax asset has been recognised in respect of EUR 134,965,170 of such losses at the end of 2022 as management considers it probable that there will be future taxable profits available. Decision is supported by long term financial model and historical financial results. No deferred tax asset was recognised in respect of tax losses as of 31 December 2021. No deferred tax asset has been recognised in respect of the remaining EUR 61,158,193 (2021: EUR 159,462,659) as it is not considered probable that there will be future taxable profits available. Losses may be carried forward indefinitely.

The standard rate of corporation tax applied to reported profit is 19% (2021: 19%). The UK government announced in the 2021 March budget, an increase in the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. There is deferred tax re-measurement as of 31 December 2022 as deferred tax is measured using 25% tax rate.

There is no income tax effect related to other comprehensive income.

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. Goodwill

The movement of Goodwill is analysed as follows:

	Goodwill EUR
Cost	
At 1 January 2021	13,094,704
Recognised on acquisition of a subsidiary	-
At 31 December 2021	13,094,704
Recognised on acquisition of a subsidiary	17,766,652
At 31 December 2022	30,861,356
Accumulated impairment losses	
At 1 January 2021	-
Impairment losses for the year	1,223,573
At 31 December 2021	1,223,573
Impairment losses for the year	-
At 31 December 2022	1,223,573
Carrying amount	
At 1 January 2021	13,094,704
At 31 December 2021	11,871,131
At 31 December 2022	29,637,783

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purposes of impairment testing, goodwill has been allocated to the Group's Cash Generating Units (CGUs) as follows:

	2022 EUR	2021 EUR
Europe Marketplace	17,766,652	-
Netherlands Marketplace	11,871,131	-
Canada Marketplace	-	11,871,131
Closing balance	29,637,783	11,871,131

The Netherlands Marketplace

Goodwill from United Wardrobes B.V. acquisition in 2021 was allocated to Canada Marketplace due to the reason that acquired platform and workforce was dedicated to launch Vinted platform in Canada. However, after thorough review Management believes that decision to allocate goodwill from United Wardrobes B.V. to Canada Marketplace CGU was not accurate as most of the synergies from United Wardrobes B.V. acquisition is realised by the Netherlands Marketplace CGU. This statement is corroborated by the design of purchase consideration as earn-out payment is linked to the Netherlands Marketplace performance.

The recoverable amount of "The Netherlands Marketplace" CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and management projections for the upcoming 5 years and a pre-tax discount rate of 15.4 per cent per annum based on Weighted Average Cost of Capital (WACC method).

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

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. Goodwill (continued)

- Revenue growth in 2023-2025 is based on long term budget approved by the Board of Directors, while conservative forecasts for 2026-2027 is based on past growth experience in other markets.
- Operating profits are forecast based on historical experience of operating margins.

Europe Marketplace

As of December 31, 2022, the goodwill from the acquisition of Rebelle AB allocated to the 'Europe Marketplace' CGU was not tested for impairment since the acquisition and valuation were close to year-end. Please refer to Note 21 for further information on the acquisition of the subsidiary in 2022.

Sensitivity analysis

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

11. Intangible assets

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

	Capitalised development costs EUR	User base EUR	Trademark EUR	Other EUR	Total EUR
Cost					
At 1 January 2021	6,986,656	1,248,534	54,697	-	8,289,887
Additions from internal and external development	3,093,340	-	-	-	3,093,340
Acquired on acquisition of a subsidiary	-	-	-	-	-
Disposals / written-off assets	(593,516)	-	(1,600)	-	(595,116)
Reclassification	-	-	-	-	-
At 31 December 2021	9,486,480	1,248,534	53,097	-	10,788,111
Additions from internal and external development	5,718,785	-	-	-	5,718,785
Acquired on acquisition of a subsidiary	2,864,841	309,120	1,516,806	68,538	4,759,305
Disposals / written-off assets	(1,032,448)	-	-	-	(1,032,448)
Reclassification	-	-	-	-	-
At 31 December 2022	17,037,658	1,557,654	1,569,903	68,538	20,233,753
Amortisation					
At 1 January 2021	3,645,728	413,166	54,697	-	4,113,591
Charge for year	1,077,841	255,881	-	-	1,333,722
Disposals / written-off assets	(74,305)	-	(1,600)	-	(75,905)
Acquired on acquisition of a subsidiary	-	-	-	-	-
Reclassification	-	-	-	-	-
At 31 December 2021	4,649,264	669,047	53,097	-	5,371,408
Charge for year	2,153,139	281,641	126,400	2,222	2,563,402
Disposals / written-off assets	(323,744)	-	-	-	(323,744)
Acquired on acquisition of a subsidiary	333,853	-	-	15,925	349,778
Reclassification	-	-	-	-	-
At 31 December 2022	6,812,512	950,688	179,497	18,147	7,960,844
Carrying amount					
At 1 January 2021	3,340,928	835,368	-	-	4,176,296
At 31 December 2021	4,837,216	579,487	-	-	5,416,703
At 31 December 2022	10,225,146	606,966	1,390,406	50,391	12,272,909

VINTED LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. Property, plant, and equipment

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

	Machinery & equipment EUR	Fixtures and fittings EUR	Right-of-use assets			Total EUR
			Premises EUR	IT Equipment EUR	Other EUR	
Cost						
At 1 January 2021	2,292,518	301,679	10,229,345	13,641,798	-	26,465,340
Acquired on acquisition of a subsidiary	-	-	-	-	-	-
Additions	1,862,900	86,915	2,717,415	3,205,373	48,205	7,920,808
Disposals / written-off assets	(354,960)	(57,435)	-	-	-	(412,395)
Reclassification	-	-	-	-	-	-
Currency exchange adjustment	(39)	-	-	-	-	(39)
At 31 December 2021	3,800,419	331,159	12,946,760	16,847,171	48,205	33,973,714
Acquired on acquisition of a subsidiary	165,057	471,300	-	-	27,766	664,123
Additions	5,785,864	561,923	1,181,161	11,900,381	28,815	19,458,144
Disposals / written-off assets	(642,952)	(22,976)	-	-	-	(665,928)
Reclassification	1,074	(1,074)	-	-	-	-
Currency exchange adjustment	-	-	-	-	-	-
At 31 December 2022	9,109,462	1,340,332	14,127,921	28,747,552	104,786	53,430,053
Accumulated depreciation						
At 1 January 2021	744,801	153,467	1,729,667	6,418,296	-	9,046,231
Acquired on acquisition of a subsidiary	-	-	-	-	-	-
Charge for year	918,966	48,176	2,575,624	4,578,105	13,376	8,134,247
Disposals / written-off assets	(259,363)	(57,383)	-	-	-	(316,746)
Reclassification	-	-	-	-	-	-
Currency exchange adjustment	(8)	-	-	-	-	(8)
At 31 December 2021	1,404,396	144,260	4,305,291	10,996,401	13,376	16,863,724
Acquired on acquisition of a subsidiary	136,107	254,947	-	-	13,581	404,635
Charge for year	1,477,449	52,016	3,004,377	5,036,842	26,396	9,597,080
Disposals / written-off assets	(480,489)	(1,825)	-	-	-	(482,314)
Reclassification	54	(54)	-	-	-	-
Currency exchange adjustment	-	-	-	-	-	-
At 31 December 2022	2,537,517	449,344	7,309,668	16,033,243	53,353	26,383,125
Carrying amount						
At 1 January 2021	1,547,717	148,212	8,499,678	7,223,502	-	17,419,109
At 31 December 2021	2,396,023	186,899	8,641,469	5,850,770	34,829	17,109,990
At 31 December 2022	6,571,945	890,988	6,818,253	12,714,309	51,433	27,046,928

The Group leases several assets including premises, IT equipment and other equipment. The average lease term is 3 years (2021: 3 years).

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

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

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Depreciation expense on right-of-use-assets	8,067,615	7,167,105
Interest expense on lease liabilities	560,491	590,984
Total	8,628,106	7,758,089

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13. Investments in financial assets

As per 31 December 2022 the Group had EUR 137,238,557 invested into corporate and government bonds as well as EUR 23,468,634 into bond investment funds. The bonds have maturity dates ranging from 3 month to 12 years from the reporting date and return a fixed rate interest.

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Bonds - long term	72,929,507	48,599,075
Bonds - short term	64,309,050	-
Bond investment funds	23,468,634	-
Total	160,707,191	48,599,075

The bonds are held by the Group within a business model whose objective is to collect contractual cash flows, which consist solely of principal and interest payment, and to sell these financial assets. Bond fund units are held for the purpose of selling. The Group has chosen to classify bonds, investment funds, and future investments in equity instruments at FVTPL, as this eliminates or significantly reduces any measurement or recognition inconsistencies that may arise from measuring assets or recognising gains and losses on different bases.

14. Trade and other receivables

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

	Year ended 31 December 2022 EUR	Year ended 31 December 2021 EUR
Prepayments and deferred charges	20,062,307	16,759,234
Refundable VAT	15,413,882	3,423,987
Trade receivables	1,081,259	786,986
Other receivables	2,377,920	3,414,897
	38,935,368	24,385,104
Bad debt provision	(27,725)	-
Total	38,907,643	24,385,104

The increase in refundable VAT is related to a spin-off of one of the Group's subsidiaries. Shipping business was transferred from Vinted UAB to Vinted Go UAB during 2022 with a switch from abroad suppliers of shipping services (previously bought with reverse charge) to suppliers from the local market of the subsidiary, which resulted in the increase of refundable VAT.

The ageing analysis of trade receivables is as follows:

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Ageing of trade receivables due at reporting date:		
Not overdue	748,784	497,595
Up to 1 month	255,468	153,512
1 to 3 months	50,949	131,662
Over 3 months	26,058	4,217
Receivables	1,081,259	786,986

The historical level of customer default is low and, as a result, the credit quality of the trade receivable at the end of the period is considered to be high. Trade receivables are non-interest bearing and are typically settled within 30-120 days.

The Group determines if there is objective evidence of impairment for receivable amounts by considering factors such as the probability of debtor's insolvency or significant financial difficulties, and any defaults or significant delays in payments.

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14. Trade and other receivables (continued)

The movement of the bad debt provision for trade receivable is as follows:

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
At 1 January 2022	-	-
Additional bad debt provision in the year	(27,725)	-
Utilisation of bad debt provision	-	-
At 31 December 2022	(27,725)	-

15. Cash and cash equivalents

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

	Year ended 31 December 2022 EUR	Year ended 31 December 2021 EUR
Cash at banks	86,216,270	202,675,712
Cash at payment services providers	49,554,644	16,198,285
Cash in hand	-	22
Money in transit	2,026	-
Short term deposits	-	20,000,000
Total	135,772,940	238,874,019

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

Cash at payment services providers is not restricted and available on the request. EUR 170,915 of Cash at banks will be paid to platform users upon request (EUR 81,401 in 2021). EUR 1,569,552 of Cash at payment services providers will be paid to platform users upon request (EUR 124,974 in 2021).

16. Trade and other payables

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

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Trade payables:		
Vendor payables	10,951,007	2,617,550
Other payables	3,140,891	650,039
Vendor accruals	87,215,062	57,621,797
Indirect tax payables	74,737,686	35,947,973
Staff related payables	10,168,241	7,360,503
Total	186,212,887	104,197,862

Trade payables balances are non-interest bearing and are settled within 10-60 days from the date of the invoice. The Group has implemented financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

Other payables include amounts payable to the platform users.

Exposure to liquidity risk and its management are described in Note 23.

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17. Lease liabilities

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

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Amounts due for settlement within 12 months	8,847,828	6,525,021
Amounts due for settlement after 12 months	11,721,015	8,643,722
Total	20,568,843	15,168,743

Maturity analysis:

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Not later than 1 year	8,847,828	6,525,021
Later than 1 year and not later than 5 years	11,252,396	8,643,722
Later than 5 years	468,619	-
Total	20,568,843	15,168,743

Exposure to liquidity risk and its management are described in Note 23. The total cash outflow for leases amount to EUR 7,719,679 (2021: EUR 6,891,166). The interest rate contracted varies between 0.86% - 13.20% (2021: 1.81% - 13.20%) per annum.

18. Provisions

Provisions in the accompanying Financial Statements are analysed as follows:

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Voucher provisions	15,839	21,165
Other provisions	1,145,199	3,278,835
Total	1,161,038	3,300,000

Movement in provisions:

	Voucher provision EUR	Other provisions EUR	Total EUR
At 1 January 2022	21,165	3,278,835	3,300,000
Additional provision in the year	181,309	-	181,309
Utilisation of provision	(201,361)	(1,678,835)	(1,880,196)
Reduction of provision	-	(459,115)	(459,115)
On acquisition of subsidiary	14,719	-	14,719
Exchange difference	7	4,314	4,321
At 31 December 2022	15,839	1,145,199	1,161,038

Voucher provisions

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

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18. Provisions (continued)

Other provisions

Other provisions include legal and product related amounts. Legal provision is associated with the case identified below. These obligations are payable within 1 year, but the amounts and timing of these liabilities are uncertain.

In June 2021, the Polish Office of competition and consumer protection (UOKiK) initiated an investigation against Vinted, UAB based on alleged misleading commercial practices. On 9 May 2022, UOKiK issued a decision unfavourable to Vinted (EUR 1,143,000 fine). Vinted, UAB has appealed the decision. The pleading hearing before the Court is scheduled on 5 April 2023. The decision will then be rendered within one month.

19. Share capital

The movement of the Group's share as at 31 December 2022 and 2021 is analysed as follows:

	Share capital	Share premium account	Total
	EUR	EUR	EUR
At 1 January 2021	744	204,646,532	204,647,276
Option exercise	7	988,230	988,237
Issue of shares	62	249,296,304	249,296,366
At 31 December 2021	813	454,931,066	454,931,879
Option exercise	-	71,636	71,636
At 31 December 2022	813	455,002,702	455,003,515

The total number of shares is analysed as follows:

	Ordinary shares	Preferred shares	Deferred shares	Total number of shares
At 1 January 2021	48,194,306	55,346,817	-	103,541,123
Issue of F shares	-	7,617,316	-	7,617,316
Issue of ordinary shares	845,479	-	-	845,479
Increase option pool	2,260,755	-	-	2,260,755
At 31 December 2021	51,300,540	62,964,133	-	114,264,673
At 31 December 2022	51,300,540	62,964,133	-	114,264,673

Ordinary shares

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

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19. Share capital (continued)

Ordinary shares (continued)

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

	Authorised fully paid ordinary shares (issued)	Option pool - Authorised ordinary shares (not issued)	Total number of shares
At 1 January 2021	32,080,915	16,113,391	48,194,306
Option exercise	845,479	2,260,755	3,106,234
Issued ordinary shares	-	-	-
Increase option pool	-	-	-
At 31 December 2021	32,926,394	18,374,146	51,300,540
Option exercise	37,475	(37,475)	-
Issued ordinary shares	-	-	-
Increase option pool	-	-	-
At 31 December 2022	32,963,869	18,336,671	51,300,540

Preferred shares

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

Share premium account

	2022 EUR	2021 EUR
Balance at 1 January	454,931,066	204,646,532
Premium arising on issue of equity shares	71,636	250,988,479
Share issue costs	-	(703,945)
Balance at 31 December	455,002,702	454,931,066

20. Share-based payments

Share option plan

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

The movement of the Group's share-based payments as at 31 December 2022 and 2021 is analysed as follows:

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Balance at 1 January	25,172,126	16,192,617
Option exercise	(69,762)	(945,963)
Option forfeiture	(2,768,949)	(1,577,004)
Share-based payment	24,059,293	11,502,476
Balance at 31 December	46,392,708	25,172,126

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20. Share-based payments (continued)

Share option plan (continued)

Details of the share awards outstanding during the year are as follows (some amounts for 2021 were recalculated for the better estimation):

	2022		2021	
	Number of share options	Weighted average exercise price (EUR)	Number of share options	Weighted average exercise price (EUR)
Outstanding at the beginning of the year	10,145,899	1.68	10,488,046	1.60
Granted during the year	1,317,601	0.05	676,809	0.05
Lapsed during the year	-	0.05	-	0.05
Forfeited during the year	(143,939)	0.05	(173,477)	0.05
Exercised during the year	(37,475)	0.05	(845,479)	0.05
Effects of software implementation on prior year	(193,096)	0.05	-	0.05
Outstanding at the end of the year	11,088,990	1.51	10,145,899	1.68
Exercisable	8,398,902	1.50	9,952,803	1.68

Following the implementation of options software and as a result of improving the data accuracy, the effects on the previous year have been applied prospectively. The comparative amounts included in the Statement of Financial Position are reflected accurately and are not affected by the amendment of this disclosure. The weighted average share price at the date of exercise for share options exercised during the period was EUR 0.05. The options outstanding at 31 December 2022 had a weighted average exercise price of EUR 1.51, and a weighted average remaining contractual life of 3 years (2021: 2 years). In 2022, options were granted each financial month. The aggregate of the estimated fair values of the options granted on those dates is EUR 38.9 million (2021: EUR 18.2 million). The inputs into the Black-Scholes option-pricing model are as follows:

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Weighted average share price	29.52	26.90
Weighted average exercise price	0.05	0.05
Expected volatility	60%	56%
Expected life	2 years	2 years
Risk-free rate	2.53%	1.51%

The expected volatility was determined based on the observed volatility of the comparable companies during the calendar year 2022, taking into account the strategy of Group's venture capital investors an estimate of 2 years remaining until the exit event was made.

The Group recognised total expenses of EUR 21,290,344 and EUR 10,645,506 related to equity-settled share-based payment transactions in 2022 and 2021 respectively.

21. Acquisition of subsidiaries

On 25 July 2022, Vinted, UAB, announced a recommended public offer to the shareholders of Rebelle AB to tender all their shares in Rebelle AB to Vinted at a price of SEK 14.10 in cash per share. On 22 August 2022, Vinted announced that it had decided to complete the Offer and acquire the shares tendered.

On 25 August 2022 Vinted, UAB acquired 96.67% of Rebelle AB shares (Acquisition Date). 2.07% of shares were acquired on 8 September 2022, 1.25% of shares – on 6 December 2022. Vinted, UAB has acquired 99.99% of Rebelle AB shares as of 31 December 2022. The remaining 0.01% of shares were acquired in February 2023.

As non-controlling interest part of financial results for period from 25 August 2022 to 31 December 2022 is not significant 31 August 2022 was selected as Convenience Date.

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21. Acquisition of subsidiaries (continued)

Rebelle AB is a holding company registered in Sweden. The shares in Rebelle AB were listed on Nasdaq First North Growth Market. Rebelle AB owns 100% of StyleRemains GmbH – main operational company registered in Germany.

StyleRemains GmbH operates an online marketplace (<https://www.rebelle.com/>) for selling and buying premium second-hand fashion items and accessories. Rebelle takes control of the entire sales process and aims to deliver a superior selling and buying experience to its customers. Rebelle is offering products from the world's most sought-after fashion brands while also increasing customer's awareness of sustainability and circularity within the fashion industry. The main reason for business combination is to grow premium second-hand fashion items and accessories sales on Vinted online marketplace by providing verification and other elements of Rebelle's superior selling and buying experience.

At the end of 2022, Rebelle marketplace continued to operate as a separate platform, while Vinted and Rebelle teams were working on further integration plans. The employees of StyleRemains GmbH had been fully integrated to Vinted organisation and continue to work on both the Rebelle marketplace and authentication solution on Vinted platform. The Group had concluded that the acquired set is a business.

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

EUR	Rebelle AB
Acquisition date	25 August 2022
Convenience date	31 August 2022
Country	Sweden
Voting rights/ownership interest at acquisition date	96.7%

Consideration transferred:

EUR	Rebelle AB
Cash	29,852,219
Total consideration transferred	29,852,219

EUR	Rebelle AB
Cash consideration	29,852,219
Less: cash and cash equivalent balances acquired	(11,344,418)
Less: cash and cash equivalent for NCI not paid at the end of the year	(1,842)
Net cash outflow arising on acquisition	18,505,959

Acquisition-related costs

The Group incurred acquisition-related costs of EUR 2,520,734 on legal fees and due diligence costs. These costs have been included in "other expenses".

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21. Acquisition of subsidiaries (continued)

Identifiable assets acquired and liabilities assumed:

EUR	Rebelle AB
Intangible asset	4,409,527
Property, plant and equipment	245,302
Right of use asset	14,185
Inventories	166,352
Trade and other receivables	502,861
Bad debt provision	-
Contract fulfilment assets	729,312
Cash and cash equivalents	11,344,418
Trade and other payables	(3,903,538)
Provisions	(58,739)
Contract liabilities	(47,617)
Lease liabilities	(9,422)
Deferred tax liability	(1,307,074)
Total identifiable net assets acquired	12,085,567
Goodwill	17,766,652
Total consideration	29,852,219

The goodwill of EUR 17,766,652 arising from the acquisition consists of workforce and their competences in premium second-hand fashion items and accessories sales process. None of the goodwill is expected to be deductible for income tax purposes.

Rebelle AB contributed EUR 2,088,212 revenue and EUR 1,724,892 to the Group's operating loss for the period between the date of acquisition and the reporting date.

If the acquisition of Rebelle AB had been completed on the first day of the financial year, Group revenues for the year would have been EUR 374,177,350 and Group operating loss would have been EUR 48,165,063.

22. Notes to the cash flow statement

Changes in liabilities arising from financing activities

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

Non-cash changes					
	1 January 2022 EUR	Financing cash flows EUR	Acquisition of subsidiary (note 21) EUR	New lease EUR	31 December 2022 EUR
Lease liabilities (note 17)	15,168,743	(7,719,679)	9,422	13,110,357	20,568,843
Total liabilities from financing activities	15,168,743	(7,719,679)	9,422	13,110,357	20,568,843

Non-cash changes					
	1 January 2021 EUR	Financing cash flows EUR	Acquisition of subsidiary (note 21) EUR	New lease EUR	31 December 2021 EUR
Lease liabilities (note 17)	16,088,916	(6,891,166)	-	5,970,993	15,168,743
Total liabilities from financing activities	16,088,916	(6,891,166)	-	5,970,993	15,168,743

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23. Financial risk management

The Group's financial instruments comprise cash and cash equivalents, investments in financial assets, derivative financial instruments, and items such as trade payables (Note 16) and trade receivables (Note 14), which arise directly from its operations. The main purpose of these financial instruments is to provide financing for the Group's operations.

As at 31 December 2022	FVTPL - designated (Level 1) EUR	FVTPL - designated (Level 2) EUR	Amortized cost EUR	Total EUR
Financial assets				
Trade and other receivables	-	-	18,845,336	18,845,336
Cash and cash equivalents	-	-	135,772,940	135,772,940
Investments in financial assets	160,707,191	-	-	160,707,191
Derivative financial instruments	-	19,828	-	19,828
Financial liabilities				
Trade and other payables	-	-	186,212,887	186,212,887
Lease liabilities	-	-	20,568,843	20,568,843
As at 31 December 2021				
Financial assets				
Trade and other receivables	-	-	7,625,870	7,625,870
Cash and cash equivalents	-	-	238,874,019	238,874,019
Investments in financial assets	48,599,075	-	-	48,599,075
Financial liabilities				
Trade and other payables	-	-	104,197,862	104,197,862
Lease liabilities	-	-	15,168,743	15,168,743

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

The Group uses derivative financial instruments to manage its exposure to currency risk.

Credit risk

The carrying amount of financial asset represents the Group's maximum exposure to credit risk. As at 31 December 2022 and 31 December 2021 past due items were not significant (see Note 13).

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

The Group's investments in debt instruments are low credit risk as most of the counterparties have a minimum BBB- credit rating and only less than 6% of the portfolio have BB+ rating.

The credit risk on liquid funds is limited as the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Group minimises credit risk of payment service providers by actively managing funds and maintaining acceptable cash balances payment service provider accounts.

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23. Financial risk management (continued)

Liquidity risk

As regards liquidity, the Group's policy throughout the period has been to ensure continuity of funding. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Exposure to liquidity risk

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

	Less than 1 month EUR	1-3 months EUR	3 months to 1 year EUR	1-3 years EUR	3-5 years EUR	5+ years EUR	Total EUR
As at 31 December 2022							
Trade and other payable	179,815,027	6,391,362	6,498	-	-	-	186,212,887
Short term lease liabilities	959,254	1,545,244	6,851,449	-	-	-	9,355,947
Long term lease liabilities	-	-	-	11,328,018	292,080	503,790	12,123,888

	Less than 1 month EUR	1-3 months EUR	3 months to 1 year EUR	1-3 years EUR	3-5 years EUR	5+ years EUR	Total EUR
As at 31 December 2021							
Trade and other payable	68,839,345	35,269,842	-	88,675	-	-	104,197,862
Short term lease liabilities	640,008	1,854,756	4,459,629	-	-	-	6,954,393
Long term lease liabilities	-	-	-	8,951,641	-	-	8,951,641

Foreign exchange risk

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

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

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23. Financial risk management (continued)

As at 31 December 2022, EUR	Foreign currency risk			
	+10%		-10%	
	Effect on profit or loss	Other effects on equity	Effect on profit or loss	Other effects on equity
Financial asset items				
EUR	8,695	-	(8,695)	-
GBP	1,529,488	-	(1,529,488)	-
USD	82,584	-	(82,584)	-
PLN	1,096,357	-	(1,096,357)	-
CZK	210,737	-	(210,737)	-
CAD	1,334	-	(1,334)	-
SEK	136,808	-	(136,808)	-
HUF	90,152	-	(90,152)	-
Effect on financial assets before tax	3,156,155	-	(3,156,155)	-
Financial liability items				
EUR	(3,496)	-	3,496	-
GBP	(194,271)	-	194,271	-
USD	-	-	-	-
PLN	(365,694)	-	365,694	-
CZK	(26,204)	-	26,204	-
CAD	-	-	-	-
SEK	(72)	-	72	-
HUF	(19,053)	-	19,053	-
Effect on financial liabilities before tax	(608,790)	-	608,790	-
Net effect	2,547,365		(2,547,365)	

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

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group's exposure to interest rate risk is limited because entities in the Group have only and lease liabilities which is linked to fixed interest rate. In the first half of 2022 and in 2021 the Group was managing negative interest rate risk on cash balance by actively diversifying funds between different partner banks and payment service providers.

Capital risk

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

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

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24. Related party transactions

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

25. Contingent Liability

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

In November 2021, French, Polish, and Lithuanian Data Protection Authorities launched an investigation on Vinted's privacy compliance when dealing with users' personal data. The focus is on blocking users, minimization and retention periods of their personal data, and the relationship with Vinted's payment service providers. The potential fine of GDPR violation, if any, is up to 4% of global revenue. Investigation is still ongoing, and it is not possible to reliably estimate the certain financial effect of this investigation as the aforementioned areas of data protection compliance being investigated are relatively expansive and investigation into a specific area does not by default imply a violation or potential violation. Such an investigation is aimed to require Vinted to prove that its certain practices comply with the principles related to the processing of personal data and are based on the provisions of the legal acts governing the processing of personal data (principle of accountability). The financial calculation is further complicated by the lack of clear case law on issuing penalties in similar situations and the fact that any potential violation would not be straightforward, stemming from differing interpretations of the law between Vinted and the authorities. Given that these are ongoing claims, the Group does not provide further disclosures on the above.

In 2022 the Group issued guarantees worth 18,448,176 EUR to suppliers and partners on behalf of subsidiaries. There were no guarantees issued per 2021.

26. Events after the year end

The US regulator shut down Silicon Valley Bank's operations on 10 March 2023. On 13 March 2023, it was announced that the US Government had guaranteed to reimburse all deposits and funds in bank accounts to customers of Silicon Valley Bank US, while Silicon Valley Bank UK was acquired by HSBC and continues to operate.

Vinted Limited and its subsidiary Vinted Inc. had a combined total of EUR 935,028 in Silicon Valley Bank accounts on 10 March 2023 (combined amount of EUR 1,202,894 on 31 December 2022). All funds were made accessible for use after 13 March 2023. This had no impact on the Group's financial position as at 31 December 2022.

The Group continues to reduce its counterparty credit risk by diversifying cash and investments through investments in bonds and accounts at reliable banks and payment service providers.

On 23 February 2023 new Group Company Vinted (UK) Limited was established. There were no activities in the Company yet.

VINTED LIMITED

COMPANY INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	As at 31 December 2022 EUR	As at 31 December 2021 EUR
CONTINUING OPERATIONS			
Revenue	32	144,494	196,402
Cost of sales		-	-
GROSS PROFIT		144,494	196,402
OPERATING COSTS			
Staff costs		-	(697,638)
Other administrative expenses	33	(1,074,722)	(2,399,317)
OPERATING LOSS		(930,228)	(2,900,553)
Other losses		(14,449)	-
Finance income	32, 34	1,946,123	47,023
Finance costs	34	(6,871,984)	(693,699)
LOSS BEFORE TAX AND CHANGE OF FAIR VALUE OF PREFERRED SHARES		(5,870,538)	(3,547,229)
Change of fair value of preferred shares	19	-	-
LOSS BEFORE TAX		(5,870,538)	(3,547,229)
Tax	35	-	-
LOSS FOR THE YEAR		(5,870,538)	(3,547,229)
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		(5,870,538)	(3,547,229)

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

VINTED LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2022

	Note	As at 31 December 2022 EUR	As at 31 December 2021 EUR
NON-CURRENT ASSETS			
Investment in subsidiaries	28	230,746,996	195,846,996
Investments in financial assets	29	63,329,507	48,599,075
Share based payments		48,683,101	27,392,757
TOTAL NON-CURRENT ASSETS		342,759,604	271,838,828
CURRENT ASSETS			
Loans granted to subsidiaries	32	31,249,315	-
Investment in financial assets	29	53,336,634	-
Trade and other receivables	30	84,579	266,149
Trade receivables from subsidiaries	32	133,809	208,192
Cash		5,947,751	145,740,996
TOTAL CURRENT ASSETS		90,752,088	146,215,337
TOTAL ASSETS		433,511,692	418,054,165
Equity attributable to the owners of the parent			
Share capital	19	813	813
Share premium	19	455,002,702	454,931,066
Share-based payment reserve	20	46,392,708	25,172,126
Profit and loss account		(69,595,979)	(63,725,440)
TOTAL EQUITY		431,800,244	416,378,565
CURRENT LIABILITIES			
Trade and other payables	31	218,826	201,372
Trade payables to subsidiaries	32	-	29,846
TOTAL CURRENT LIABILITIES		218,826	231,218
NON-CURRENT LIABILITIES			
Provision		1,492,622	1,444,382
TOTAL NON-CURRENT LIABILITIES		1,492,622	1,444,382
TOTAL EQUITY AND LIABILITIES		433,511,692	418,054,165

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

These Financial Statements of Vinted Limited (Company number: 07874344) were approved by the Board and authorised for issue on 20 April 2023. They were signed on its behalf by:

DocuSigned by:

Thomas Plantenga

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Thomas Lodewijk Plantenga

CEO

VINTED LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital EUR	Share premium EUR	Share-based payment reserve EUR	Translation reserve EUR	Retained losses EUR	Total equity EUR
Balance at 1 January 2021		744	204,646,532	16,192,617	-	(60,178,210)	160,661,683
Income for the year		-	-	-	-	(3,547,229)	(3,547,229)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	(3,547,229)	(3,547,229)
Option exercise	20	7	988,230	(945,963)	-	-	42,274
Option lapse	20	-	-	(1,577,004)	-	-	(1,577,004)
Share-based payment	20	-	-	11,502,476	-	-	11,502,476
Issue of shares	62	249,296,304	-	-	-	-	249,296,366
Balance at 31 December 2021		813	454,931,066	25,172,126	-	(63,725,439)	416,378,566
Loss for the year		-	-	-	-	(5,870,538)	(5,870,538)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(5,870,538)	(5,870,538)
Option exercise	20	-	71,636	(69,762)	-	-	1,874
Option lapse	20	-	-	(2,768,949)	-	-	(2,768,949)
Share-based payment	20	-	-	24,059,293	-	-	24,059,293
Issue of ordinary shares		-	-	-	-	-	-
Balance at 31 December 2022		813	455,002,702	46,392,708	-	(69,595,977)	431,800,246

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

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2022

27. Summary of significant accounting policies

General information

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

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

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

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

Basis of preparation

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

Investments in subsidiaries are stated at cost less for impairment.

The preparation of the Company Financial Statements requires management to make estimates and assumptions regarding the future and make some significant judgement in applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including management's reasonable expectations of future events, as detailed in the Consolidated Financial Statements.

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

Key sources of estimation

The key assumptions and estimates concerning the future and other key sources of estimation uncertainty are as follows:

- At the end of each reporting period, the Company reviews the carrying amounts of its investments in subsidiaries to determine whether there is any indication that those investments may be impaired. As of 31 December 2022, there has been no such indications. Refer to Note 28 of the Company Financial Statements for further details.
- Share-based payment fair value is determined at grant date and accumulated over the vesting period based on the estimate of the proportion of the shares that will vest. Refer to Note 20 of the Group Financial Statements for further details.
- Some of the financial assets are measured at fair value. In estimating the fair value of an asset, the Company uses market-observable data to the extent it is available. Refer to Note 29 of the Company Financial Statements for further details.

28. Investments in subsidiaries

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

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Net book value at the beginning of the year	195,846,996	112,221,737
Additions	35,000,000	83,625,259
Disposals	(100,000)	-
Net book value at the end of the year	230,746,996	195,846,996

Details of the Company's subsidiaries as of 31 December 2022 are disclosed in Note 1. The increase in investments is related to the addition of VSPV 2, UAB, Vinted Go, SASU and Vinted SASU as well as the acquisition of Rebelle AB during 2022. Addition of Vinted Canada Ltd and VSPV, UAB during 2021, and share subscription increases executed in June 2021 account for the additions during 2021. The disposal relates to the sale of Vinted Go UAB to Vinted UAB on 28 January 2022 at its net book value.

Share based payments are disclosed in Note 20.

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2022

29. Investments in financial assets

As per 31 December 2022 the Company had 93,197,507 EUR invested into corporate and government bonds as well as 23,468,634 EUR into bond investment funds. The bonds have maturity dates ranging from 3 month to 12 years from the reporting date and return a fixed rate interest.

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

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Bonds - long term	63,329,507	48,599,075
Bonds - short term	29,868,000	-
Bond investment funds	23,468,634	-
Total	116,666,141	48,599,075

30. Trade and other receivables

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

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Prepayments	70,930	36,605
Refundable VAT	13,649	212,843
Other receivables	-	16,701
Total	84,579	266,149

31. Trade and other liabilities

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

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

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Vendor payables	218,826	201,372
Taxation and social security	-	-
Total	218,826	201,372

32. Related party transactions

Loans to other Group entities

The carrying amount of these assets approximates their fair value. There are no past due or impaired receivable balances. Loans given to Group entities are short-term and are expected to be settled within twelve months after balance sheet date. During 2022, loans granted to other Group entities were capitalized, by way of increase in the capital reserve of the subsidiary counterparties or repaid before the end of the loan term.

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2022

32. Related party transactions (continued)

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

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Transactions with related parties		
Revenues of services granted to subsidiaries	144,494	208,191
Total revenues	144,494	208,191

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Transactions with related parties		
Expenses from the purchase of services from subsidiaries	-	6,460
Total expenses	-	6,460

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Transactions with related parties		
Interest income from subsidiaries	1,944,507	-
Total finance income	1,944,507	-

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Receivables with related parties		
Loans granted to subsidiaries	31,249,315	-
Total receivables	31,249,315	-

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Receivables with related parties		
Trade receivables from subsidiaries	133,809	208,192
Total receivables	31,383,124	208,192

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
Payables to related parties		
Trade payables to subsidiaries	-	29,846
Total payables	-	29,846

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

In 2022 and 2021 the Company did not remunerate Directors.

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2022

33. Other administrative expenses

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

	As at 31 December 2022	As at 31 December 2021
	EUR	EUR
Professional services	811,101	1,339,934
Earn-out costs	48,240	987,811
Other	215,381	71,572
Total other administrative expenses	1,074,722	2,399,317

Earn-out costs relate to the acquisition of United Wardrobe B.V. in 2020.

The average monthly number of employees including executive Directors was nil (2021: nil).

34. Finance income and costs

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

	As at 31 December 2022	As at 31 December 2021
	EUR	EUR
Interest income from subsidiaries	1,944,507	-
Exchange differences	1,616	47,023
Total finance income	1,946,123	47,023
Cost of change of fair value of portfolio	(6,703,910)	(232,753)
Interest expense	(168,408)	(460,946)
Exchange differences	(138)	-
Other financial costs	472	-
Total finance costs	(6,871,984)	(693,699)

Cost of change of fair value of portfolio and interest expenses are costs related to the bond portfolio, as detailed in Note 3 and 28.

35. Tax

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

	As at 31 December 2022	As at 31 December 2021
	EUR	EUR
Current income taxes	-	-
Prior year current income tax correction	-	-
Deferred tax-relating to origination and reversal temporary differences	-	-
Total charge for taxes	-	-

VINTED LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2022

35. Tax (continued)

The charge for the year can be reconciled to the profit before tax as follows:

	As at 31 December 2022 EUR	As at 31 December 2021 EUR
(Loss) before tax	(5,870,538)	(3,547,229)
Tax at the UK corporation tax rate of 19% (2021: 19%)	(1,115,402)	(673,974)
Effect of changes in tax rates	(752,617)	-
Unrecognised deferred tax assets	612,249	673,974
Utilisation of previously unrecognised tax losses	-	-
Tax effect on non-tax deductible expenses and non-taxable income	1,255,770	-
Total charge for taxes	-	-

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Year ended 31 December 2021 EUR	Charge/(credit) to profit or loss EUR	Year ended 31 December 2022 EUR
Tax losses	2,523,655	(612,249)	3,135,904
Tax assets (liabilities) before assessment	2,523,655	(612,249)	3,135,904
Tax asset not recognised after assessment	(2,523,655)	612,249	(3,135,904)
Net tax assets (liabilities)	-	-	-

At the reporting date, the Company has unused tax losses of EUR 12,543,616 (2021: EUR 13,282,396) available for offset against future profits. No deferred tax asset has been recognised from these tax losses as it is not considered probable that there will be future taxable profits available. Losses may be carried forward indefinitely.

The standard rate of corporation tax applied to reported profit is 19% (2021: 19%). The UK government announced in the 2021 March budget, an increase in the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. There is deferred tax re-measurement as of 31 December 2022 as deferred tax is measured using 25% tax rate.

36. Control

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

37. Company Events after the year end

The US regulator shut down Silicon Valley Bank's operations on 10 March 2023. On 13 March 2023, it was announced that Silicon Valley Bank UK was acquired by HSBC and continues to operate.

Vinted Limited had EUR 144,944 in Silicon Valley Bank accounts on 10 March 2023 (EUR 470,919 on 31 December 2022). All funds were made accessible for use after 13 March 2023. This had no impact on the Company's financial position as at 31 December 2022.

The Company continues to reduce its counterparty credit risk by diversifying cash and investments through investments in bonds and accounts at reliable banks.