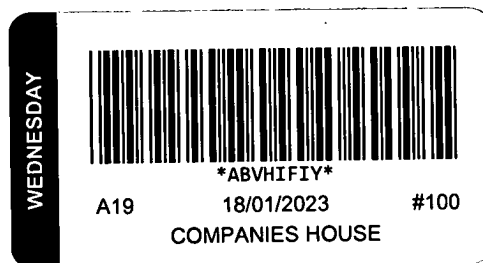


Treatwell Limited

(formerly: Hotspring Ventures Limited)

Annual Report and Consolidated Financial Statements
For the Year Ended 31 December 2021

Registered Number 06457679



Treatwell Limited

Directors, officers and advisers

Directors

Giampiero Marino (appointed 28 January 2021)

Michal Koszalkowski (appointed 9 December 2021)

Secretary

James Hanlon (appointed 4 October 2022)

Registered Office

Fairfax House
15 Fulwood Place
London WC1V 6HU

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Treatwell Limited

Table of contents

	<i>Page</i>
Directors, officers and advisers	1
Table of contents	2
Strategic Report	3-8
Directors' Report	9-12
Independent Auditor's Report	13-15
Consolidated Statement of Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Consolidated Financial Statements	20-57
Parent Company Statement of Financial Position	58
Parent Company Statement of Changes in Equity	59
Notes to the Parent Company Financial Statements	60-73

Treatwell Limited

Strategic Report

For the Year Ended 31 December 2021

Introduction

Treatwell Limited (the 'parent company') and its subsidiaries (the 'group') provide software to hair and beauty salons to help them manage their businesses. They can manage all of their appointments using the software, which then represents real time availability to customers on the marketplace. The software also allows salons to manage stock, employee rotas and communicate with their customers via marketing emails and SMS.

The group also operates an online marketplace for hair and beauty services by providing a booking platform by which customers can discover, book, manage and pay for appointments at hair and beauty salons and spas in the UK & Europe.

The group, which trades under the brand name Treatwell, is transforming how the hair and beauty industry connects with its clients and how customers discover and book hair and beauty services.

Business Review

Revenues for the financial year increased by £11.9m to £38.7m (2020 revenue: £26.8m) £8.9m of this revenue increase was driven by the marketplace with the relaxation of covid restrictions across all markets in 2021 driving significant growth in the number of orders being booked on the Treatwell marketplace. SaaS revenue increased by £2.9m, of which £1.3m was from the acquisition of Salonized, the rest of this was primarily driven by an increased number of salons using the Treatwell connect software.

The net loss after tax for the financial year was £5.8m (2020: £13.7m).

The operating loss for the year was £5.1m (2020: £13.3m). The loss for the year includes unrealised losses from foreign currency of £5.4m (2020: £4.2m gain) when excluding unrealised foreign exchange movements the group generated an operating profit for the year of £0.3m (2020: £17.5m loss). The group continued to significantly reduce direct marketing costs and staff costs while increasing revenue which have driven improvements in profitability.

The group's goal continues to be being the world's leading online marketplace for hair and beauty services as well as the leading provider of bookings management software for salons. The Real Web group have committed to making a further investment of €19m (2020: €15m) which will allow the group to accelerate growth in its existing markets and expand into new markets. The group's strong market position has been consolidated with the Uala group and TDLS group both acquired in 2022, which has resulted in onboarding thousands of new salons and potential individual marketplace customers, strengthening the group's position in the market abroad.

The parent company net loss after tax for the financial year was £7.2m (2020: £17.9m).

Treatwell Limited

Strategic Report

For the Year Ended 31 December 2021

Principal Risks and Uncertainties

Business Risks

Competition risk

There is competition in some markets in which the group operates, but it is fragmented. There are still a significant number of salons that still do not have a meaningful online presence and/or do not have effective software for managing bookings as such, the potential growth opportunities are considered significant regardless of competition.

In July 2021, the group acquired 50.1% of the share capital of Salonized Holding B.V., a company incorporated in the Netherlands. Salonized were previously one of the biggest competitors of the group in the Netherlands, this acquisition will help to expand the groups Dutch operations while reducing competition risk. On 25 October 2021 the group also incorporated a new 100% owned subsidiary in Portugal, Treatwell Sociedade Unipessoal LDA to facilitate the expansion of the group into Portugal.

Subsequent to the year end, there has been a reorganisation of the group which has resulted in a merger with the UALA group, a sister group of the Treatwell group, which has strengthened our position abroad. There has also been an acquisition of the TDLS group (Wavy), one of the top SaaS providers for hairdressers in France which is set to reinforce Treatwell's expertise in the hair salon segment and consolidate its presence in France.

Brexit

Whilst the UK was a member of the EU, the group benefited from the interest and royalties directive and the parent subsidiary directive, the UK continued to benefit from these directives until 30 June 2021 but from 1 July 2021 other reliefs will need to be obtained in order to mitigate the impact of withholding tax on both intercompany royalty payments and interest payments on intercompany loans. It is expected that the group will be able to apply for double tax treaties in all countries of operation to reduce any impact of withholding tax to an immaterial amount, though there will be increased regulatory and administrative work required for this.

The largest risk around Brexit is the impact on the foreign exchange rate, though this is mitigated by the groups treasury function that keeps cash reserves in local currencies, this allows the group to settle the vast majority of transactions in the same currency as the original transaction.

COVID-19

The impact of COVID-19 has continued to have a significant impact on the group's revenue and costs in the 2021 year however, towards the latter half of the year the business was on the path of recovery as restrictions had eased due to the success of the vaccination programmes across all countries. The group does not expect COVID-19 to have a material impact on the groups revenue or costs moving into the 2022 year.

Economic slowdown

The Russian invasion of Ukraine has increased geopolitical risks which has adversely impacted global economic conditions throughout 2022. Such effects are estimated to reduce GDP and boost inflation significantly, exacerbating the policy trade-offs facing central banks around the world. The UK does not have significant direct trade links with either Russia or Ukraine, so our economy's most direct exposure to Russia's invasion of Ukraine is via its impact on the global price of energy. The increase in inflation is expected to result in a recession with interest rates rising. The rising costs will result in some costs being passed on to customers. Due to the cost of living issues being faced across all countries of operation the group may see decreased demand on the marketplace but the significant expansion in SaaS revenue streams that provide more consistent revenue should help to mitigate this risk.

Treatwell Limited

Strategic Report

For the Year Ended 31 December 2021

Principal Risks and Uncertainties (continued)

Financial Instrument Risks

Liquidity risk

The group has no external outstanding debts to third parties outside of the Real Web group. The group does have loans outstanding to Real Web Ventures Limited at year end of £16.3m (2020: £3.6m). Subsequent to the year end, a significant balance of these loans have been waived and the repayment date of the remaining balance has been extended to 31 December 2024, and, as further explained in the going concern section in The Directors' Report, the group continues to be reliant on Real Web SA for future funding.

Foreign exchange risk

The group's activities expose it to foreign exchange risk as the parent company's funding is denominated in Euros whereas the functional and presentational currency of the group is sterling. The group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency.

The group aims to fund expenses and investments in the respective currency and therefore to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. The group holds significant cash reserves in both euros and sterling in order to support this.

Credit risk

As the group continues to grow, its credit risk, primarily attributable to trade receivables due from salon partners, is also expected to grow. Generally, the group benefits from a favourable working capital cycle, as when bookings are prepaid the payment received by the group reduces any trade receivable position between the group and the relevant salon partner. A provision for Expected Credit Losses is included on a monthly basis in respect of aged trade receivables and the appropriateness of the level of the provision is reviewed regularly.

For the parent company, credit risk also arises from loans receivable from group companies. These are reviewed for impairment annually, or whenever indicators of impairment are identified, with any impairment recorded in the statement of comprehensive income.

Treatwell Limited

Strategic Report

For the Year Ended 31 December 2021

Stakeholder engagement and s.172(1) statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the directors' statement required under section 414CZA, of the Companies Act 2006.

All large companies must include a separate statement within their strategic report that explains how directors considered the interests of key stakeholders and the broader matters set out in section 172 ("s172") of the Companies Act 2006 when performing their duty to promote the success of the company. This includes considering the interests of other Stakeholders who will have an impact on the long-term success of the company. The directors of the company are aware of and acknowledge their duty under section 172 of the Act. This s172 statement, for the year ended 31 December 2021, explains how the Directors considered the following matters:

- a) the likely consequences of any decision in the long term,
- b) the interests of the group's employees,
- c) the need to foster the group's business relationships with suppliers, customers and others,
- d) the impact of the group's operations on the community and the environment,
- e) the desirability of the group maintaining a reputation for high standards of business conduct,
- f) the need to act fairly as between members of the group

The s172 statement focuses on matters of strategic importance and the level of information disclosed is consistent with the size and complexity of the business.

Stakeholders and General Confirmation of Directors' Duties

Stakeholders are at the heart of the group's strategy and business model. Engaging with them helps us understand their evolving needs and improves our strategic decision-making process. We have identified six key stakeholder groups critical to the group's future success: employees, salons, individual marketplace users, suppliers/strategic partners, communities (and the environment), and shareholders. We take pride in the fact that our products and services are helping thousands of small businesses across Europe to create a more efficient and sustainable working practice in the health and beauty industry.

a) The likely consequences of any decision in the long term

The group's purpose is to make booking beauty, styling and wellness appointments simple, effortless and fast – around the clock. With this purpose, the focus of the group and the Directors is on the following key strategic choices:

- Support the growth of and empower all employees
- Frictionless payments for any appointment
- Conveniently and fairly manage any appointment
- Empower salons with online retention tools
- Make 'Connect', Treatwell's online booking management software for salons, the most popular tool for salon owners
- Partners can start using Connect anytime, anywhere

The Directors have a clear delegation of authority framework for determining the matters within their remit and has approved limits for the matters delegated to their executive and management teams. When making decisions each Director ensures that he/she acts in the way that he/she considers, in good faith, would most likely promote the group's success for the benefit of the stakeholders. The Directors are constantly conscious of their responsibilities to both the salons and individuals who are a part of the Treatwell community and make strategic decisions with the best interests of both parties in mind.

During the 2021 year the Directors made a number of cost cutting measures as a direct result of the shift in focus on the software, these measures were carefully considered and made to ensure the long term viability and growth of the group. Marketing costs and staff costs were the costs that were most heavily reduced, this enabled the group to significantly reduce operating loss in 2021 (£5.1m) in comparison to 2020 (£13.3m) but will mean that there will need to be a large increase in new hires in 2022 to support the long term growth plans of the group.

Further investment was taken from the parent company in 2021 to help with continued market expansion including the acquisition of Salonized and incorporation of a new subsidiary on Portugal as well as investment in the SaaS product to help with the group's future growth plans.

Treatwell Limited

Strategic Report

For the Year Ended 31 December 2021

Stakeholder engagement and s.172(1) statement (continued)

b) The interests of the group's employees (continued)

The Directors recognise that the group's employees are fundamental and core to the group's business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees.

From ensuring that we remain a responsible employer to pay and benefits and our health, safety and workplace environment, the Directors factor the implication of decisions on employees and the wider workforce where relevant and feasible.

The Directors and management review the findings of the group's annual employment survey each year and run more regular surveys seeking specific employee feedback throughout the year. These surveys are a key tool to measure employee engagement, motivation and commitment to the group. It provides insight into employee views and is used by the Directors and management team to strengthen the group's culture and values.

The group runs monthly meetings in which the Directors and management provide all employees a strategic update and information on any matters of concern. Employees have the opportunity to participate in open Q&A on the call with Directors and management, these calls are typically recorded and are available to employees for playback on demand.

In connection with the COVID-19 pandemic, the group implemented a variety of workplace changes in an effort to protect the health and safety of its employees including, at all locations, permitting remote working options to the extent feasible and by equipping employees and locations with relevant safety supplies. A number of furlough schemes were used across the group, employees were all asked to agree to the terms in advance and employee salaries were topped up where feasible. When making the decision to offer furlough to employees the Directors did so taking into account the financial position and forecasts of the group as well as the unknown future impacts that COVID-19 could have on the group.

c) The need to foster the group's business relationships with suppliers, customers and others

Fostering business relationships with key stakeholders, such as customers and suppliers, is also important to the success of the group. The group considers customers to be the salon partners, suppliers are made up of a number of various vendors, the group also has a key business relationship with the individual users of the Treatwell marketplace. These relationships are largely delegated to the management of the group, while the Directors closely monitor metrics and engage with the leadership team if performance is not meeting expectations.

Management set, review and monitor sales team incentives in order to achieve the group's strategic objectives. During the year emphasis was placed on the software in terms of increasing the number of salon partners using the software and increase in individual users of the marketplace. The group's salon partners are one of its most important stakeholders, in an environment where needs are rapidly evolving, we consider salon engagement as a key element for success of the group and have a dedicated CX team to engage with and resolve issues for partner salons. Management regularly review CX team performance, monitoring numbers of tickets raised by salon partners and how quickly these are resolved.

The above strategic decisions helped to drive a 52% increase (2020: 5% decrease) in total marketplace orders in the 2021 year to 9.3m (2020: 6.1m) as well as an increase in live venues using Treatwell SaaS to 34k (2020: 24k).

d) The impact of the group's operations on the community and the environment

The group is committed to operating its business throughout all regions in which the group conducts business in a manner that reflects the highest standards of ethics and integrity and meets or exceeds applicable environmental, health and safety laws and regulations. The group values continuous improvement in its ongoing efforts to implement and communicate effective management systems that help to protect environmental, health and safety interests.

The group's managers and employees and are all actively involved in sharing the responsibility to abide by its environmental, health and safety policies and practices and apply them to their jobs.

The group's high commitment to environmental, health and safety standards extend to its partner salons and the management team are selective over which salons the group partners with, to ensure that any partner salons hold the same high standards.

The group are proud to help thousands of small salon businesses move away from paper based systems to the Treatwell connect app, reducing paper waste and making it easier for small business owners to manage their company, customers and finances in a sustainable and efficient way.

Treatwell Limited

Strategic Report

For the Year Ended 31 December 2021

Stakeholder engagement and s.172(1) statement (continued)

e) The desirability of the group maintaining a reputation for high standards of business conduct

The group recognises the importance of complying with the letter and spirit of every applicable law or regulation in each country and locality that the group operates and this extends to all employees of the group. Each employee is responsible for understanding the laws and regulations that relate to their individual responsibilities.

The group prohibits forced labour, slavery and trafficking in persons. Employees, contractors, subcontractors, salon partners, suppliers and others whom the group conducts business must not engage in any practice that utilises child, slave, prisoner, or any other form of forced or involuntary labour, or engage in abusive, misleading or corrupt employment practices resulting in forced labour, slavery or human trafficking, including (i) destroying, concealing, confiscating or otherwise denying access to an individual's identity or immigration documents such as passports or drivers licenses and (ii) failing to disclose during the recruitment process, or making material misrepresentations concerning, key terms and conditions, including wages, benefits, work location, living conditions, housing, transportation and associated costs.

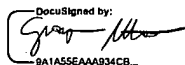
f) The need to act fairly as between members of the group

The group is committed to equal treatment of personnel. To achieve a well-functioning equal treatment method, the group aims to work from both qualitative and quantitative perspectives. The group's Directors, managers and employees work together to achieve equality across gender, race, sexual orientation, disability, socio-economic background and age. Each manager takes responsibility for the intentions of gender equality work carried out in his or her own function with support from the group people team.

Unconscious bias training is provided to all employees to help ensure that during both internal employee review process and the external recruitment process all individuals have an equal opportunity regardless of gender, race, sexual orientation, disability, socio-economic background and age.

Through the increased focus on the software and marketplace growth and the other strategic decisions outlined above, the Directors consider, both individually and together, that they have acted in a way that they consider, in good faith, would most likely promote the success of the group for the benefit for its stakeholders as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2021.

This report was approved by the board on 12 January 2023 and signed on its behalf by

DocuSigned by:

9A1A55EAA034CB...

Giampiero Marino
Director

Treatwell Limited

Directors' Report

For the Year Ended 31 December 2021

Principal activity

The principal activity of Treatwell Limited (the 'parent company') and its subsidiaries (the 'group') is:

- 1) operating an online marketplace for hair and beauty services by providing a booking platform by which customers can discover, book, manage and pay for appointments at hair and beauty salons and spas in the UK & Europe.
- 2) providing software to hair and beauty salons to help them manage their businesses. They can manage all of their appointments using the software, which then represents real time availability to customers on the marketplace. The software also allows salons to manage stock, employee rotas and communicate with their customers via marketing emails and SMS.

Results and Dividends

The group recorded a loss for the year, after taxation of £5.8m (2020: £13.7m loss).

Net assets as at 31 December 2021 amounted to £4.6m (2020: net assets £1.6m) with cash reserves held of £26.8m (2020: £13.0m).

The directors did not recommend the payment of a dividend in 2021 (2020: nil).

Future developments

In 2021, the group continued to focus on improving product market fit and scaling our customer and salon base, as well as pursuing operational excellence and efficiency. On 25 October 2021 the parent company incorporated a new 100% owned subsidiary in Portugal to easily enable the group to offer both marketplace and SaaS to Portuguese salons and individuals. The directors continue to believe that the industry as a whole will continue to move more online and that both B2C and B2B demand for the group's online marketplace and software will grow strongly over the coming years in all its markets.

In 2022, the parent company received additional funding of €32m (in the form of shareholder loans) from Real Web Ventures Limited to support further growth and market development both organically and through acquisition. On 29 April 2022 the group acquired 93% of the TDLS group (Wavy), one of the group's biggest competitors in France. On 28 February 2022 the group acquired 100% of the Uala S.R.L. group, a sister company incorporated in Italy, this acquisition has helped the group expand rapidly across Italy, Spain, France and Greece. All loans outstanding to Real Web Ventures at 31 December 2021 were either waived in full or the repayment date was extended to 31 December 2024. The directors remain confident that the company is in a secure position to meet the future demands of its business customers and consumers.

Directors

The directors who served during the year, up to the date of approving these financial statements for issue, were:

Keisuke Kaji (resigned 31 January 2021)

Lauren Burns (resigned 31 January 2021)

Giampiero Marino (appointed 28 January 2021)

Andrea Piccioni (appointed 31 January 2021, resigned 24 December 2021)

Michal Koszalkowski (appointed 9 December 2021)

Employment

The group has a flat operating structure, where employees enjoy the freedom and responsibility to take decisive actions every day. As part of this structure, procedures exist for employee communication, consultation, feedback and development. The group tries to ensure that the views of all employees are taken into account and that group strategies and goals are openly communicated. A monthly company meeting and regular team meetings are used to brief employees on company updates. The company sends out an engagement survey giving all employees the opportunity for anonymous feedback together with an internal email feedback channel and a whistle blower policy.

Treatwell Limited

Directors' Report

For the Year Ended 31 December 2021

Employment (continued)

The group has an equal opportunity employment policy and is opposed to all forms of discrimination. Our team operates in 12 countries across Europe and is made up of more than 30 nationalities; we believe diversity is our strength. Our selection processes are non-discriminatory and accessible. We give fair and full consideration for those applicants with disabilities and make the necessary adjustments in our process to accommodate all applicants. The group is committed to ensuring that training, career development and promotion opportunities are equally accessible to all employees. The health and safety of all employees is paramount and governed by policies and procedures ensuring a safe and suitable environment for all those attending our premises.

Foreign branches

The group operates branches in Ireland, Austria and Switzerland and the results of these branches are included in the results of the group. The results of the branch in Ireland are also included in the results of the parent company.

Post balance sheet events

Material post balance sheet events have been included in the Strategic report and note 26 of the consolidated financial statements.

Going concern

The group made a total comprehensive loss for the year of £0.5m (2020: £18.0m), and had net assets of £4.6m (2020: £1.6m) and held cash and cash equivalents of £26.8m (2020: £13.0m) at the reporting date. Subsequent to the year end, the group acquired Uala Italy and Wavy (TDLS) in order to consolidate market position across Italy, France, Spain and Greece. In order to drive this growth, the group took additional funding from the parent company Real Web Ventures. The group continues to focus heavily on SaaS revenue growth which is providing a consistent and reliable revenue stream.

The group has made considerable investment in continued growth during 2022 and management expects to recognise an increased loss in 2022 in comparison to 2021 however the intensified investment is expected to drive a significant growth in revenue. Management are committed to continue investing in growth during 2023 to achieve consistent profitability in 2024.

The impact of COVID-19 has continued to have a significant impact on the group's revenue and costs in the 2021 year however given the success of the vaccination programmes across all countries of operation the group has not experienced a material impact on the group's revenue or costs in the 2022 year and there is not expected to be any material impact in 2023.

The group continued to benefit from support from investors throughout the period under review. In 2021, the parent company received additional funding of €15m from Real Web Ventures Limited in the form of loans. During 2022 the group received additional loans from Real Web Ventures totalling €32m all repayable in 2025. During 2022 Real Web Ventures waived loans totalling €13.6m as a non-return capital contribution and extended repayment date of loans totalling €6m to 2024. As at the date of signing these financial statements, no loans are due for repayment until 31 December 2024.

Upon Real Web's acquisition of the group, Real Web committed to €50m of initial funding as at November 2022 of which €19m of this funding is still available. This commitment was reconfirmed with the directors of Real Web S.A. via a signed confirmation letter.

During 2022 the group has continued to invest in growth across all markets and this has resulted in an EBITDA loss but also significant increases in revenue. The directors expect to continue investing throughout 2023 to keep driving revenue growth and to then achieve consistent profitability in 2024. To support this growth, the directors plan on taking extra funding from Real Web Ventures during 2023 and have obtained signed letters from the immediate and ultimate parent companies of the group committing to providing the required funding.

The directors have considered the ability of the parent company to provide the continued financial support that the company requires, and, whilst the directors are confident that the required support will be provided, given the lack of visibility across the completeness of liabilities and other financial commitments of the wider group as headed by Real Web S.A., due to audited consolidated financial statements not being prepared for the wider group, the directors consider that there is uncertainty regarding the ability of the ultimate parent company to provide the future funding required for the group and company to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast doubt on the group and company's ability to continue as a going concern. The financial statements do not include any adjustments that would be necessary should the going concern basis of preparation be inappropriate.

Treatwell Limited

Directors' Report

For the Year Ended 31 December 2021

Streamlined Energy & Carbon Reporting (SECR)

	2021			
	kg CO ₂ e	kg CO ₂	kg CH ₄	kg N ₂ O
Scope 1 - Direct emissions				
UK - Vehicles	3,752	3,738	6.33	7.20
Scope 2 - Indirect emissions				
UK - Office space	39	38	0.15	0.25
Total emissions	3,791	3,776	6.48	7.45

	2020			
	kg CO ₂ e	kg CO ₂	kg CH ₄	kg N ₂ O
Scope 1 - Direct emissions				
UK - Vehicles	3,118	3,107	5.19	6.13
Scope 2 - Indirect emissions				
UK - Office space	43	42	0.13	0.25
Total emissions	3,161	3,149	5.32	6.38

Energy consumption (mWh)

	2021	2020
UK - Vehicles	9	8
UK - Office space	182	184
Total	191	192

Intensity metrics	2021	2020
mWh/FTE	1.25	0.84
kg CO ₂ e/FTE	24.78	13.92

Methodologies used

The GHG emissions have been calculated in line with the 'UK Government GHG Conversion Factors for Company Reporting Version: 2.0, Year: 2021' as published by the Department for Business, Energy & Industrial Strategy. Energy consumption has been calculated based on supplier statements for offices and based on mileage for company vehicles, miles per litre for an average petrol car as at 2019 was used to estimate petrol consumption for company vehicles and this was converted to kWh based on 1 litre of petrol to 9.6 kWh.

Energy efficiency action taken in the year

The group operates as a service provider between individuals and salons, the nature of the groups activities means that a relatively small amount of energy is used in the course of the group operations. In the 2021 year there were an average of 3 company vehicles and 1 office. The energy provider for the UK office is Green Energy UK, the UK's only supplier of real, completely green energy, this means that the UK office is powered purely by 100% renewable energy.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' for the parent company and UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 for the consolidated financial statements. 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 and profit or loss of the company and group for that period. In preparing these 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 the relevant reporting framework has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

Treatwell Limited

Directors' Report

For the Year Ended 31 December 2021

Directors' responsibilities statement (continued)

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.

Financial instruments

Details of financial instruments are provided in the strategic report.

Stakeholder engagement and s.172(1) statement

Details of stakeholder engagement and the s.172(1) statement are provided in the strategic report.

Disclosure of information to auditor

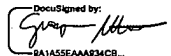
The directors confirm that:

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

Auditor

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting. This confirmation is given and should be interpreted in accordance with the provisions of s148 of the Companies Act 2006.

This report was approved by the board on 12 January 2023 and signed on its behalf by

DocuSigned by:


Giampiero Marino

Director

Treatwell Limited

Independent Auditor's Report to the members of Treatwell Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Treatwell Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, United Kingdom Accounting Standards including Financial Reporting Standard 102 applicable in the UK and the Republic of Ireland.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates the directors' considerations over going concern, including the need to seek additional funding from its parent company. In light of the lack of visibility over the completeness of liabilities and other financial commitments of the wider group, due to audited consolidated financial statements not being prepared for the wider group, as headed by the ultimate parent company, Real Web S.A., there is uncertainty regarding the ability of the parent company to provide the future funding required for the group and company to continue as a going concern. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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 directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

Treatwell Limited

Independent Auditor's Report to the members of Treatwell Limited

Other Companies Act 2006 reporting

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 Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

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.

Treatwell Limited

Independent Auditor's Report to the members of Treatwell Limited

Extent to which the audit was 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 obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (International Accounting Standards and United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006 and relevant tax compliance legislation;
- We understood how the group and parent company are complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and discussion with management;
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud;
- Our audit planning identified fraud risks in relation to management override and inappropriate or incorrect revenue recognition. We obtained an understanding of the processes and controls that the entity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls;
- With regards to the fraud risk in management override, our procedures included journal transaction testing, with a focus on large or unusual transactions based on our knowledge of the business. We also performed an assessment on the appropriateness of key judgements and estimates which are subject to management's judgement and estimation, and could be subject to potential bias; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

F8493870ED83418...
Tom Laird (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

12 January 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Treatwell Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenues	3	38,710	26,761
Cost of sales		(4,537)	(6,383)
Gross profit		34,173	20,378
Grant income received	4	510	876
Administrative expenses	5	(34,379)	(38,788)
Other (losses)/gains - net	5(b)	(5,375)	4,233
Operating loss		(5,071)	(13,301)
Finance costs	7	(703)	(406)
Loss on ordinary activities before taxation		(5,774)	(13,707)
Taxation on ordinary activities	8	-	-
Loss for the year		(5,774)	(13,707)
Other comprehensive income/(loss): Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		5,324	(4,281)
Total comprehensive loss for the year		(450)	(17,988)
Loss for the year attributable to:			
Owners of the parent		(5,283)	(13,707)
Non-controlling interest	10	(491)	-
		(5,774)	(13,707)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		133	(17,988)
Non-controlling interest	10	(583)	-
		(450)	(17,988)

The notes on pages 20 to 57 form part of these financial statements.

Treatwell Limited

Consolidated Statement of Financial Position

As at 31 December 2021

		2021	2020	2019
	Notes	£'000	restated*	restated*
		£'000	£'000	£'000
Non current assets				
Intangible assets	13	5,899	3	95
Property, plant & equipment	14	494	537	654
Right-of-use assets	21	6,246	6,535	7,103
Investment property	12	532	767	-
Fair value through profit and loss investments		178	-	-
Long term deposits*	15	1,476	1,468	864
		14,825	9,310	8,716
Current assets				
Trade and other receivables*	15	2,362	2,523	3,951
Cash and cash equivalents	16	26,828	12,973	15,140
		29,190	15,496	19,091
TOTAL ASSETS		44,015	24,806	27,807
EQUITY				
Issued share capital	18	4,561	4,561	39
Share premium	18	223,182	223,182	223,182
Other capital contribution	18	5,393	5,393	-
Foreign currency translation reserve	18	761	(4,655)	(374)
Retained deficit		(232,165)	(226,882)	(227,460)
Equity attributable to owners of the parent		1,732	1,599	(4,613)
Non-controlling interest		2,836	-	-
TOTAL EQUITY		4,568	1,599	(4,613)
LIABILITIES				
Non current liabilities				
Deferred tax liabilities		1,176	-	-
Lease liabilities	21	6,292	7,191	6,575
		7,468	7,191	6,575
Current liabilities				
Trade and other payables	17	14,195	11,052	24,681
Loans and borrowings	22	16,298	3,642	-
Lease liabilities	21	1,486	1,322	1,164
		31,979	16,016	25,845
TOTAL LIABILITIES		39,447	23,207	32,420
TOTAL EQUITY AND LIABILITIES		44,015	24,806	27,807

Restatements

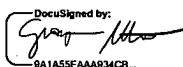
Other receivables and long-term deposits have been restated, please see note 2 for a detailed description of this restatement.

These consolidated financial statements have been approved by the Board of Directors and signed on its behalf by

Giampiero Marino

12 January 2023

Registered company number: 06457679

DocuSigned by:

 8A1A55EAAAR34CB...

The notes on pages 20 to 57 form part of these financial statements.

Treatwell Limited

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2021

		<i>Issued share capital</i>	<i>Share Premium</i>	<i>Other capital contribution</i>	<i>Foreign currency translation reserve</i>	<i>Retained deficit</i>	<i>Total attributable to equity holders of parent</i>	<i>Non-controlling interest (NCI)</i>	<i>Total equity</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 31 December 2019		39	223,182		(374)	(227,460)	(4,613)	-	(4,613)
Loss for the year		-	-	-	-	(13,707)	(13,707)	-	(13,707)
Other comprehensive loss		-	-	-	(4,281)	-	(4,281)	-	(4,281)
Total comprehensive loss		-	-	-	(4,281)	(13,707)	(17,988)	-	(17,988)
Issue of shares	18	4,522	-	-	-	-	4,522	-	4,522
Loan forgiveness	22	-	-	-	-	19,192	19,192	-	19,192
Other capital contribution	18	-	-	5,393	-	-	5,393	-	5,393
Share based payment charge	19	-	-	-	-	(4,907)	(4,907)	-	(4,907)
At 31 December 2020		4,561	223,182	5,393	(4,655)	(226,882)	1,599	-	1,599
Loss for the year		-	-	-	-	(5,283)	(5,283)	(491)	(5,774)
Other comprehensive income		-	-	-	5,416	-	5,416	(92)	5,324
Total comprehensive (loss)/income		-	-	-	5,416	(5,283)	133	(583)	(450)
NCI on acquisition of subsidiary		-	-	-	-	-	-	3,419	3,419
At 31 December 2021		4,561	223,182	5,393	761	(232,165)	1,732	2,836	4,568

The notes on pages 20 to 57 form part of these financial statements.

Treatwell Limited

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

		2021	2020
		£'000	restated*
	Notes		£'000
Operating activities			
Loss for the year		(5,774)	(13,707)
Depreciation of Investment property	12	128	33
Depreciation of property, plant and equipment	14	351	460
Depreciation of right-of-use assets	21	1,223	1,274
Impairment of investment property (credit)/charge	12	(91)	570
Impairment of property, plant and equipment	14	-	12
Amortisation of intangible assets	13	753	29
Share based (credit)	19	-	(4,907)
Interest costs on lease commitments	7	360	347
Interest costs on borrowings	7	343	59
Decrease in trade and other receivables		154	824
Increase/(decrease) in trade and other payables		3,143	(13,629)
Net foreign exchange losses/(gains)*	5(b)	5,375	(4,233)
Cash flows from/(used) in operating activities		5,965	(32,868)
Investing activities			
Acquisition of subsidiary, net of cash acquired	11	(1,844)	-
Purchase of property, plant & equipment	14	(351)	(340)
Purchases of fair value through p&l financial assets		(178)	-
Net cash flows used in investing activities		(2,373)	(340)
Financing activities			
Proceeds from shareholder loans	22	12,656	30,942
Payment of principal portion of lease liabilities	21	(1,470)	(1,266)
Payment of interest on lease liabilities	21	(360)	(347)
Proceeds from issue of share capital	18	-	1,807
Net cash flows from financing activities		10,826	31,136
Net increase in cash and cash equivalents		14,419	(2,072)
Effect of changes in foreign exchange rates*		(563)	(95)
Cash and cash equivalents at 1 January 2021	16	12,973	15,140
Cash and cash equivalents at 31 December 2021		26,829	12,973

Restatements

Net foreign exchange losses/(gains) within cash flows used in operating activities and effect of changes in foreign exchange rates have been restated, please see note 2 for a detailed description of this restatement.

The notes on pages 20 to 57 form part of these financial statements.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies

General information

Treatwell Limited is a private company, limited by shares incorporated and domiciled in England and Wales. Its registered address is Fairfax House, 15 Fulwood Place, London, WC1V 6HU.

The principal activity of Treatwell Limited (the 'parent company') and its subsidiaries (the 'group') is operating an online marketplace for hair and beauty services by providing a booking platform by which customers can discover, book, manage and pay for appointments at hair and beauty salons and spas in the UK & Europe.

The group also provides software to hair and beauty salons to help them manage their businesses. They can manage all of their appointments using the software, which then represents real time availability to customers on the marketplace. The software also allows salons to manage stock, employee rotas and communicate with their customers via marketing emails and SMS.

Basis of preparation

The group financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 as they apply to financial statements of the group for the year ended 31 December 2021.

The group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

These financial statements were approved and authorised for issue by the board on 12 January 2023. Amendments to the financial statements are not permitted after approval.

The group financial statements have been prepared under the historical cost convention.

Going concern

The group made a total comprehensive loss for the year of £0.5m (2020: £18.0m), and had net assets of £4.6m (2020: £1.6m) and held cash and cash equivalents of £26.8m (2020: £13.0m) at the reporting date. Subsequent to the year end, the group acquired Uala Italy and Wavy (TDLS) in order to consolidate market position across Italy, France, Spain and Greece. In order to drive this growth, the group took additional funding from the parent company Real Web Ventures. The group continues to focus heavily on SaaS revenue growth which is providing a consistent and reliable revenue stream.

The group has made considerable investment in continued growth during 2022 and management expects to recognise an increased loss in 2022 in comparison to 2021 however the intensified investment is expected to drive a significant growth in revenue. Management are committed to continue investing in growth during 2023 to achieve consistent profitability in 2024.

The impact of COVID-19 has continued to have a significant impact on the group's revenue and costs in the 2021 year however given the success of the vaccination programmes across all countries of operation the group has not experienced a material impact on the group's revenue or costs in the 2022 year and there is not expected to be any material impact in 2023.

The group continued to benefit from support from investors throughout the period under review. In 2021, the parent company received additional funding of €15m from Real Web Ventures Limited in the form of loans. During 2022 the group received additional loans from Real Web Ventures totalling €32m all repayable in 2025. During 2022 Real Web Ventures waived loans totalling €13.6m as a non-return capital contribution and extended repayment date of loans totalling €6m to 2024. As at the date of signing these financial statements, no loans are due for repayment until 31 December 2024.

Upon Real Web's acquisition of the group, Real Web committed to €50m of initial funding as at November 2022 of which €19m of this funding is still available. This commitment was reconfirmed with the directors of Real Web S.A. via a signed confirmation letter.

During 2022 the group has continued to invest in growth across all markets and this has resulted in an EBITDA loss but also significant increases in revenue. The directors expect to continue investing throughout 2023 to keep driving revenue growth and to then achieve consistent profitability in 2024. To support this growth, the directors plan on taking extra funding from Real Web Ventures during 2023 and have obtained signed letters from the immediate and ultimate parent companies of the group committing to providing the required funding.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Going concern (continued)

The directors have considered the ability of the parent company to provide the continued financial support that the company requires, and, whilst the directors are confident that the required support will be provided, given the lack of visibility across the completeness of liabilities and other financial commitments of the wider group as headed by Real Web S.A., due to audited consolidated financial statements not being prepared for the wider group, the directors consider that there is uncertainty regarding the ability of the ultimate parent company to provide the future funding required for the group and company to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. The financial statements do not include any adjustments that would be necessary should the going concern basis of preparation be inappropriate.

Basis of consolidation

The consolidated financial statements include the financial statements of Treatwell Limited and all of its subsidiaries for the periods reported.

For the purposes of preparing these consolidated financial statements, subsidiaries are those entities controlled by the group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities and is achieved through direct or indirect ownership of voting rights, by way of contractual agreement. The financial statements of subsidiaries, which are prepared for the same reporting period, are included in the consolidated financial statements from the date that control commences until the date control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from the intra-group transactions are eliminated in full on consolidation.

Subsidiary entity accounts are prepared in accordance with local accounting standards and have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

For each business combination, management makes an assessment of whether any intangible assets have been acquired, and how much goodwill arose as a result of the acquisition. Goodwill is initially measured at cost being the excess of the cost of the business combination over the group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

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 synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Business combinations and goodwill (continued)

The group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired.

The group recognises non-controlling interests in an acquired entity at either fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

Revenue recognition

Group revenue comprises of commissions earned from consumer bookings and vouchers purchased online through the Treatwell platform, subscription fees for the provision of salon management software and other income from various marketing partnerships.

Revenue is recognised in respect of commissions at the time of booking, which is the point in time the group considers it has performed its obligations under the contract. The group holds a provision for cancellations against these bookings.

Subscription revenue is recognised evenly over the period to which the subscription relates as the customer simultaneously receives and consumes benefits to them. The cost profile to the group remains consistent throughout the provision of the service.

Other revenue is recognised in line with the performance obligations of the contract and is assessed on a contract by contract basis.

The group has concluded that it is an agent in the commissions earned from consumer bookings and therefore recognises revenue net of any amounts owed to salons as opposed to the gross booking value. The group has concluded that it is a principal in the subscription revenue earned.

In determining the transaction price, the group considers the effects of variable consideration, constraining estimates of variable consideration, the existence of significant financing component in the contract, non-cash consideration and consideration payable to a customer.

Contract balances

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

Investment property

Investment property consists solely of right-of-use assets that meet the definition of investment property under IAS 40. Investment property are initially recognised at the lease liability amount adjusted for any payments made on or before the date that the asset met the definition of investment property.

Right-of-use assets that do not initially meet the definition of investment property are included in right-of-use assets on the balance sheet, at the date a change of use occurs that means a right-of-use asset subsequently meets the definition of investment property then the cost and accumulated depreciation to date in relation to that right-of-use asset is transferred to investment property.

After initial recognition, investment property is carried at cost less accumulated depreciation and impairment. All investment properties are depreciated over the life of their lease, this is currently 5-7 years.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable, and are written down immediately to the higher of their value in use, as determined by discounted expected future cashflows, and their fair value.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

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

Leasehold improvements	over lease term
Computer equipment	3 years
Furniture & office equipment	3-4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Intangible assets

Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the group intends to and has sufficient resources to complete the project
- the group has the ability to use or sell the software
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred. Only employee costs incurred on software development have been included as directly attributable costs.

All intangible assets with a finite life, including internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are used:

Salon Contracts	10 years
Software - other	3 years
Trade name	5 years

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Impairment of non-financial assets

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. For further information, see note 2.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income as a highlighted item in the period in which they are incurred. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating units, to which goodwill relates.

Where the recoverable amount of the cash generating units is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods. The group performs its annual impairment test of goodwill based on the final day of the financial year.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and short term deposits with a maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Foreign currency translation

The consolidated financial statements are presented in Sterling, which is also the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the respective group entity using the exchange rates prevailing at the dates of the transactions (spot exchange rates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year end and are measured at historical cost (translated using exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the group's financial statements, all assets, liabilities and transactions of group entities with a functional currency other than Sterling are translated into Sterling upon consolidation. The functional currency of the entities in the group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Sterling at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate. Income and expenses have been translated into Sterling at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Financial assets

Initial recognition and measurement

Financial assets classified and measured at amortised cost are held with the objective to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost includes trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Financial assets (continued)

Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are provided in note 15. The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages:

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified at amortised cost (loans and borrowings).

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Leased assets

For any new contracts entered into on or after 1 January 2019, the group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the group
- the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the group has the right to direct the use of the identified asset throughout the period of use. The group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

Group as a lessee

Measurement and recognition of leases as a lessee

At lease commencement date, the group recognises a lease liability and a right-of-use asset on the balance sheet.

At the commencement date, the group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to nil.

The right-of-use asset is measured at the same amount as the lease liability at the lease commencement date and any lease payments made in advance of the lease commencement date (net of any incentives received).

The group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

Leasehold property	1-10 years
Motor vehicles	4-5 years

The group also assesses the right-of-use asset for impairment when such indicators exist.

The group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-use assets and lease liabilities have been included on the face of the statement of financial position.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Provisions

Provisions are recognised when the group has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the group's best estimate of the transfer of benefits that will be required to settle the obligation as of the statement of financial position date. Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

Share-based payments

Equity-settled transactions

The costs of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date of grant and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value was determined using the binomial pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the parent company (market conditions). Any other conditions which are required to be met in order for the employee to become fully entitled to an award are considered non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

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

At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of service and non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement in cumulative expense since the previous statement of financial position date is recognised in the consolidated statement of comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the terms of the original award continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the consolidated statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value of the settled award being treated as an expense in the consolidated statement of comprehensive income.

The share based payment scheme ended in 2020, during 2021 there were no shared based payment schemes and the above accounting policy is only relevant to the comparative reporting period.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the consolidated statement of financial position date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Taxes (continued)

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the consolidated statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except: where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except: where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each consolidated statement of financial position date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Retirement benefits

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The assets of the plan are held separately from the group in independently administered funds.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Government grants

Grants relating to income are reported separately in the statement of comprehensive income and are not deducted from the related expense.

Grants are recognised only when there is reasonable assurance that the group will comply with any conditions attached to the grant and that the grant will be received. Any grant income received in relation to future expenditure is recognised in payables as deferred income.

New standards and interpretations

a) New standards, interpretations and amendments effective from 1 January 2021 not materially impacting the group:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

b) New standards, interpretations and amendments not yet effective:

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods the group has decided not to adopt early. The following standards are effective for the period beginning 1 January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3)

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

New standards and interpretations (continued)

b) New standards, interpretations and amendments not yet effective: (continued)

The Following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The group is currently assessing the impact of these new standards and amendments.

2. Significant accounting estimates, judgements and restatements

The preparation of the group's financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the consolidated statement of financial position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the group's accounting policies, management has made the following judgments and estimates which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

Impairment of non-financial assets and goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. Goodwill and other indefinite life intangible assets are tested for impairment annually and at other times when indicators of impairment may exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

In 2020 the carrying value of goodwill and other indefinite life intangible assets was nil and so no impairment review was performed. During 2021 the group acquired 50.1% of the share capital of Salonized Holdings and recognised £1,974k of goodwill as a result of this acquisition. The goodwill held at year end was tested for impairment at the 2021 year end by comparing the carrying value of goodwill held to a DCF valuation of Salonized, there were a number of significant estimates involved in the DCF valuation:

- Forecasted performance of Salonized
- Terminal growth rate
- Discount rate

During the 2020 year the group ended owner occupation of two office leases that were held as right-of-use assets, the end of owner occupation triggered an impairment review of these non-financial assets, the key estimates in the impairment review of these assets were:

- Fair value of the office leases was estimated by a professional third party estate agent, this was based on their estimated rent values of subletting the properties at the date of impairment review.

During 2021 the group identified no indication of further impairment of these non-financial assets.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

2. Significant accounting estimates, judgements and restatements (continued)

Business combinations - valuation of assets acquired

During 2021 the group acquired 50.1% of the share capital of Salonized Holdings B.V., in line with IFRS 3 the group fair valued all of the assets and liabilities of the acquired assets and liabilities, this included previously unrecognised intangible assets. The internally generated salon software was identified as a material intangible asset. A third party valuations firm was used to assist with the valuation of the Salonized assets and liabilities, the replacement cost model was used to value the salon software, this model included the following significant estimates:

- The time required to build the relevant components of the software
- Employee salaries
- Market rate mark-up

Leases - Estimating the incremental borrowing rate

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The group estimates the IBR using observable inputs from the jurisdiction in which the leasing entity operates (such as the country's national bank base rate) and then adjusts this based on the credit risk profile of the leasing entity (such as the subsidiary's stand-alone credit rating). Details of the leases can be found in note 21.

Provision for expected credit losses of trade receivables and contract assets

The group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for customer segments that have similar loss patterns. For the group, the customer segment used to assess this is the customer's status on the marketplace as either 'live' (i.e. active on the marketplace) or 'churned' (i.e. no longer active on the marketplace) as the risk of not recovering debt owed by 'churned' salons has historically been much higher.

The provision matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the group's trade receivables and contract assets is disclosed in Note 15.

Provision for booking cancellations

The group recognises commissions revenue at the point that the booking is made, the group provides for any cancellations that may be made from the point of booking and when the booking takes place. This provision is based on previous cancellation rates over the last 12 months and is updated on a rolling monthly basis, the provision also takes into account future expectations, during 2020 provisions were increased depending on current lockdowns across the group's markets of operation. In general the group assumes that future cancellation rates will be in line with historic cancellation rates.

Share-based payments

The group operated a "Hurdle shares" scheme whereby group employees were issued shares in the company's parent company, RGF Beauty UK Ltd. The fair value of the hurdle shares have been calculated using the binomial valuation model which requires a number of assumptions and estimates to be made, including the risk free interest rate, expected volatility of the share price and expected dividends payable over the life of the options. The discount rate applied to the shares is 40%, an independent third party expert was used to help assess this key estimate.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

2. Significant accounting estimates, judgements and restatements (continued)

Judgements

Determining the lease term of contracts with renewal and termination options – group as lessee

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The group has several lease contracts that include extension and termination options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to Note 21 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Revenue - principal or agent

The group receives commission from bookings made on the Treatwell marketplace, this involves the group, individuals and salons registered on the marketplace. There are various judgements made in determining whether the group is a principle or an agent, in line with IFRS 15, in particular a judgement is made that the group does not control the service before it is transferred to the customer and so operates as an agent in these transactions.

Revenue - point of recognition

A significant judgement is made around the point of recognition of commissions revenue from marketplace bookings. Per IFRS 15 the group must determine when all performance obligations have been satisfied. The group has made the judgement that all performance obligations are satisfied when the individual makes the booking on the marketplace as the group views its obligations to be that of providing the initial relationship between the individual and the salon.

Deferred tax assets

The group determines the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic uncertainties. When initially assessing whether the amount of any deferred tax assets that can be recognised the group considers profitability during the current year as well as the forecasted profits for the next two years, sensitivity analysis is performed on forecast results.

Impairment of tangible, intangible and right-of-use assets

The group determines whether there are indicators of impairment of tangible, intangible and right-of-use assets taking into consideration the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. During 2020 the group identified the end of owner occupation of two office leases as an impairment indicator of the underlying right-of-use assets. During 2021 the group did not identify any indicators of impairment.

Restatements

During the preparation of the 2021 financial statements the group discovered disclosure errors in relation to; (1) deferred revenue, (2) unrealised FX gain/(loss) and (3) long-term deposits.

1. When an individual prepays for a booking the group receives cash in advance and recognises any commission being charged to the salon as revenue, when the booking is completed the group will pay the salon their share of the gross booking value. Previously the group had recognised this cash received in advance that would become payable to the salon upon completion of the booking as deferred revenue. Notes 3, 17 and 24 have been restated, deferred revenue for the prior year decreased by £1,155k, other payables increased by £1,155k, other financial liabilities increased by £1,155k.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

2. Significant accounting estimates, judgements and restatements (continued)

Restatements (continued)

2. Unrealised foreign currency gain/(loss) had previously been included in 'Effect of changes in foreign exchange rates' within the statement of cash flows, this gain/(loss) should have been added back to loss for the year within cash flows used in operating activities. The statement of cash flows has been restated, cash flows used in operating activities has decreased by £4,233k.

3. Long-term deposits relate to deposits on office leases for which the lease term ends more than 1 year after the reporting date. In prior years long-term deposits had been disclosed within current assets. The prior year statement of financial position, note 15 and note 24 have been restated, other receivables decreased by £1,468k (2019: £864k) and long-term deposits increased by £1,468k (2019: £864k).

None of the above restatements have had any impact on the statement of comprehensive income.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

3. Revenue

Analysis of group revenue

The group's revenues from external customers are divided into the following revenue streams:

	2021 £'000	2020 £'000
Commission revenue	32,928	23,981
Subscription revenue	5,622	2,746
Other revenue	160	34
	<u>38,710</u>	<u>26,761</u>

The group's revenues from external customers are divided into the following geographical areas:

	2021 £'000	2020 £'000
UK & Ireland	14,119	9,136
Rest of Europe	24,591	17,625
	<u>38,710</u>	<u>26,761</u>

The group's revenues from external customers are divided into the following transaction types:

	2021 £'000	2020 £'000
Services transferred at a point in time	33,088	24,015
Services transferred over time	5,622	2,746
	<u>38,710</u>	<u>26,761</u>

Balance sheet items associated with revenue include the following:

	2021 £'000	2020 restated* £'000
Trade receivables	2,013	2,379
Expected credit loss provision	(1,348)	(1,850)
Deferred revenue*	(2,955)	(2,569)
Accrued revenue (included in other receivables)	223	422

Set out below is the amount of revenue recognised from:

	2021 £'000	2020 £'000
Amounts included in contract liabilities at the beginning of the year	3,724	1,932
Performance obligations satisfied in previous years	(422)	(8)

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

3. Revenue (continued)

Performance obligations

Information about the group's performance obligations are summarised below:

Revenue is recognised in respect of commissions at the time of booking, which is the point in time the group considers it has performed its obligations under the contract. The group holds a provision for cancellations against these bookings.

Subscription revenue is recognised evenly over the period to which the subscription relates as the customer simultaneously receives and consumes benefits to them. The cost profile to the group remains consistent throughout the provision of the service.

Other revenue is recognised in line with the performance obligations of the contract and is assessed on a contract by contract basis.

Restatements

Deferred revenue has been restated, please see note 2 for a detailed description of this restatement.

4. Grant income received

The following relates to government grants obtained relating to support during the ongoing COVID pandemic:

	2021 £'000	2020 £'000
Restricted grants for support of payroll	451	590
Other grants received	59	286
	<u>510</u>	<u>876</u>

The group have elected to present income from government grants separately, rather than reducing the related expense.

The group has committed to spending any restricted grants received on the support of payroll services. Other grants received relates to grant income that can be spent on any activities as determined by the group.

5. Operating expenses

	2021 £'000	2020 £'000
<i>Included in operating loss:</i>		
Share based (credit)	-	(4,907)
Depreciation of investment property	128	33
Depreciation of owned property, plant & equipment	351	460
Depreciation of right-of-use assets	1,223	1,274
Amortisation of intangible assets	753	29
Impairment of investment property (credit)/charge	(91)	570
Impairment of trade receivables including debts written off	639	442
<i>Auditor remuneration:</i>		
Audit	167	98

5(b) Other losses/(gains)

Net foreign exchange losses/(gains)	5,375	(4,233)
-------------------------------------	-------	---------

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

6. Employee costs

<i>Employee benefits expense</i>	2021	2020
	£'000	£'000
<i>Included in administration expenses:</i>		
Wages and salaries	17,431	26,189
Social security costs	3,049	3,965
Pension costs	370	489
	<u>20,850</u>	<u>30,643</u>

<i>Number of people employed</i>	2021	2020
	Number	Number
Number of full time equivalent (FTE) employees	365	498
<i>Average number of people (including executive directors) employed:</i>		
Operational	332	460
Administration	36	44
Total average headcount	<u>368</u>	<u>504</u>

<i>Directors remuneration</i>	2021	2020
	£'000	£'000
Aggregate remuneration in respect of qualifying services	165	1,068
Aggregate contributions to pensions in respect of qualifying services	1	4
Aggregate remuneration in respect of the highest paid director	124	584
Aggregate contributions to pensions in respect of the highest paid director		1

7. Finance (costs)

	2021	2020
	£'000	£'000
Interest costs on lease commitments	(360)	(347)
Interest on borrowings	<u>(343)</u>	<u>(59)</u>
	<u>(703)</u>	<u>(406)</u>

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

8. Income tax

Tax credit on ordinary activities for the year

Tax credit on ordinary activities for the year is made up of:

	2021	2020
	£'000	£'000
<i>Current tax:</i>		
Corporation tax credit on profit/loss for the year	-	-
Adjustments in respect of consortium relief for prior years	-	-
Total current tax credit	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Recognition of previously unrecognised tax assets	-	-
Total tax credit on ordinary activities	-	-

Factors affecting the tax credit for the year

The tax credit for the year is different from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£'000	£'000
Loss on ordinary activities before tax	(5,774)	(13,707)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK: 19% (2020: 19%)	(1,097)	(2,604)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	943	(1,874)
Amounts not recognised in deferred tax	191	5,491
Impact of different overseas tax rates	(37)	(1,013)
Total tax credit for the year	-	-

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

8. Income tax (continued)

Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020: 19%). The increase in the main rate of corporation tax to 25% was substantively enacted in May 2021. This new rate becomes effective from 1 April 2023.

2021	2020
£'000	£'000

The deferred tax asset, using a rate of 19% (2020: 19%) comprises the following:

Unrecognised deferred tax assets

Tax losses carried forward	(40,497)	(42,104)
Total unrecognised deferred tax asset	(40,497)	(42,104)

The tax losses carried forward relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the group. All of the countries that the group operates in, excluding the Netherlands, permit indefinite carry forward of tax losses, expired tax losses are deducted from the carried forward tax losses as and when they expire. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

On this basis, the group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

9. Investments and group structure

Details of the significant investments in which the company holds, directly or indirectly, 20% or more of the nominal value of any class of share capital can be found below.

Company name	Holding	Proportion of voting rights and shares held	Nature of business	Country of incorporation and principle place of business
Treatwell BNL B.V.	Ordinary shares	100%	Trading entity	Netherlands
Treatwell DACH GmbH	Ordinary shares	100%	Trading entity	Germany
Treatwell FR SAS	Ordinary shares	100%	Trading entity	France
Treatwell IT s.r.l.	Ordinary shares	100%	Trading entity	Italy
Treatwell LT UAB	Ordinary shares	100%	Trading entity	Lithuania
Treatwell Spain s.l.	Ordinary shares	100%	Trading entity	Spain
Treatwell PT Lda	Ordinary shares	100%	Trading entity	Portugal
Salonized Holding B.V.	Ordinary shares	50.1%	Trading entity	Netherlands
Salonized B.V.	Ordinary shares	50.1%	Trading entity	Netherlands
Salonized- Treatwell B.V.	Ordinary shares	50.1%	Trading entity	Belgium
Treatwell US Inc	Ordinary shares	100%	Dormant	USA

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

10. Non-controlling Interests

On 9 July 2021 the group acquired 50.1% of the share capital of Salonized Holding B.V., following this acquisition there are material non-controlling interests (NCI) in Salonized Holding B.V. All other subsidiaries are owned 100% by the group.

Summarised financial information in relation to Salonized, before intra-group eliminations, is presented below together with amounts attributable to NCI:

For the 6 months ended 31 December	2021 £'000
Revenues	1,253
Cost of sales	(81)
Gross profit	1,172
Administrative expenses	(2,148)
Operating loss	(976)
Finance costs	(8)
Loss on ordinary activities before taxation	(984)
Taxation on ordinary activities	-
Loss for the year	(984)
Other comprehensive income: Items that may be reclassified to profit and loss	
Exchange differences on translating foreign operations	(184)
Total comprehensive loss for the year	(1,168)
Loss allocated to NCI	(491)
Other comprehensive loss allocated to NCI	(92)
Other comprehensive loss allocated to NCI	(583)
As at 31 December	2021 £'000
Assets:	
Property, plant and equipment	37
Right-of-Use assets	104
Intangible assets	3,969
Trade and other receivables	112
Cash and cash equivalents	3,333
TOTAL ASSETS	7,555
Liabilities:	
Deferred tax liability	1,176
Trade and other payables	611
TOTAL LIABILITIES	1,787
TOTAL ASSETS LESS LIABILITIES	5,768
Accumulated non-controlling interests	2,836

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

11. Business Combinations

On 9th July 2021, the Group acquired 50.1% of the issued share capital of Salonized. The principal activity of the company is providing salon software for beauty professionals to manage appointments and administration. Details of the purchase consideration, the net assets acquired and goodwill are as followed:

	£'000
Purchase consideration	
Cash consideration	5,406
Total purchase consideration	<u>5,406</u>

The assets and (liabilities) as a result of the acquisition are as follows:

	Book value £'000	Fair value adjustment £'000	Fair Value £'000
Cash and cash equivalents	3,562	-	3,562
Trade and other receivables	99	-	99
Property, Plant and Equipment	33	-	33
ROU asset	106	-	106
Salon contracts	-	432	432
Salon Software	-	4,383	4,383
Trade and other payables	(454)	-	(454)
Lease liabilities	(106)	-	(106)
Deferred tax liability	-	(1,204)	(1,204)
Net identifiable assets acquired	<u>3,240</u>	<u>3,611</u>	<u>6,851</u>
Less Non-controlling interests			(3,419)
Add: Goodwill			<u>1,974</u>
Total purchase consideration			<u>5,406</u>

The goodwill is attributable to the expected synergies that will result from the combination of the Salonized and Treatwell groups. It will not be deductible for tax purposes.

There were no acquisitions in the year ending 31 December 2020.

Accounting policy choice for non-controlling interests

The group recognises non-controlling interests in an acquired entity at either fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests held in Salonized Holdings B.V., the group elected to recognise the non-controlling interests at its proportionate share of the net identifiable assets.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

11. Business Combinations (continued)

Revenue and profit contribution

The acquired business contributed revenues of £1,253k and net loss of £983k to the group for the period from 9 July 2021 to 31 December 2021. If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and loss for the year ended 31 December 2021 would have been £2,344k and £1,780k respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2021.

The cash outflow as a result of the acquisition is as follows:

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	5,406
Less cash acquired	(3,562)
Net outflow of cash - investing activities	<u>1,844</u>

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

12. Investment property

	<i>Office Premises</i> <i>£'000</i>
Cost:	
At 31 December 2019	-
Transfers	1,615
At 31 December 2020	<u>1,615</u>
Lease modification	(189)
Effect of translation to presentation currency	63
At 31 December 2021	<u>1,489</u>
Depreciation & Impairment:	
At 31 December 2019	-
Transfers	848
At 31 December 2020	<u>848</u>
Charge for the year	128
Impairment	(91)
Effect of translation to presentation currency	72
At 31 December 2021	<u>957</u>
Net Book Value:	
31 December 2020	<u>767</u>
31 December 2021	<u>532</u>

In the 2020 year the group ended owner occupation of two office leases that had previously been disclosed within ROU assets (note 21) in line with IFRS 16. The cessation of owner occupation was deemed a change in use and so the cost and accumulated depreciation of these ROU assets were transferred to investment property and were subsequently accounted for under the cost model in line with IAS 40.

The change in use also triggered an impairment review at the end of the 2020 year. The group contracted professional commercial property estate agents to assess the market value of the office space at year end if it were to be subleased, this was used as the fair value of the office leases and an impairment charge of £nil (2020: £570k), the difference between the carrying amount as at end of owner occupation and the valuation at the end of owner occupation, was recognised in the statement of comprehensive income (note 5).

In 2021 the group did not identify any indicators of impairment and so no impairment review was carried out.

The lease liability associated with the above investment property is included in note 21.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

13. Intangible assets

	<i>Goodwill</i>	<i>Salon Contracts</i>	<i>Software</i>	<i>Trade name</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost:					
At 31 December 2019	36,641	644	889	370	38,544
Additions	-	-	-	-	-
Disposals	-	-	(63)	-	(63)
Effect of translation to presentation currency	2,040	-	2	-	2,042
At 31 December 2020	38,681	644	828	370	40,523
Additions	1,974	432	4,383	-	6,789
Disposals	-	-	-	-	-
Effect of translation to presentation currency	(2,622)	(10)	(97)	-	(2,729)
At 31 December 2021	38,033	1,066	5,114	370	44,583
Amortisation & Impairment:					
At 31 December 2019	36,641	644	794	370	38,449
Charge for the year	-	-	29	-	29
Impairment for the year	-	-	-	-	-
Effect of translation to presentation currency	2,040	-	2	-	2,042
At 31 December 2020	38,681	644	825	370	40,520
Charge for the year	-	22	731	-	753
Impairment for the year	-	-	-	-	-
Effect of translation to presentation currency	(2,578)	(1)	(10)	-	(2,589)
At 31 December 2021	36,103	665	1,546	370	38,684
Net Book Value:					
31 December 2020	-	-	3	-	3
31 December 2021	1,930	401	3,568	-	5,899

Goodwill is denominated in EUR and was revalued using the year end foreign exchange rate.

On 9 July 2021 Treatwell Limited acquired 50.1% of the share capital of Salonized Holdings B.V. the addition to Goodwill of £1,974k shown above relates wholly to this acquisition.

At the end of 2021 an impairment review of goodwill was performed by comparing the carrying amount of goodwill to a discounted cashflow valuation of Salonized Holdings B.V., no impairment was identified in this review. At 2020 year end the goodwill had a nil net book value and so no impairment review was required.

On the acquisition date the group performed a review of previously unrecognised internally generated intangible assets held by Salonized Holding B.V., this review identified two material intangible assets relating to salon software and Salon contracts valued at £4,383k and £432k with useful lives of 3 years and 10 years respectively. Following the initial fair valuation of these assets these assets are accounted for under the cost model in line with IAS 38 and will be reviewed for impairment if and when the group identify indicators of impairment. During 2021 no indicators of impairment were identified.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

14. Property, plant and equipment

	<i>Leasehold Improvements</i>	<i>Computer Equipment & Other</i>	<i>Furniture & Office Equipment</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost:				
At 31 December 2019	939	1,908	652	3,499
Additions	40	240	60	340
Disposals	-	(2)	(4)	(6)
Effect of translation to presentation currency	23	50	17	90
At 31 December 2020	1,002	2,196	725	3,923
Additions	11	336	4	351
Disposals	-	-	-	-
Effect of translation to presentation currency	4	(185)	(8)	(189)
At 31 December 2021	1,017	2,347	721	4,085
Depreciation & Impairment:				
At 31 December 2019	939	1,406	500	2,845
Charge for the year	6	360	94	460
Disposals	-	(2)	(4)	(6)
Impairment	12	-	-	12
Effect of translation to presentation currency	23	38	14	75
At 31 December 2020	980	1,802	604	3,386
Charge for the year	6	280	65	351
Disposals	-	-	-	-
Impairment	-	-	-	-
Effect of translation to presentation currency	4	(146)	(4)	(146)
At 31 December 2021	990	1,936	665	3,591
Net Book Value:				
31 December 2020	22	394	121	537
31 December 2021	27	411	56	494

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

15. Trade and other receivables

	2021 £'000	2020 restated* £'000
Current		
Trade receivables	2,013	2,379
Expected credit loss provision	(1,348)	(1,850)
Trade receivables net of ECL	665	529
Other receivables*	772	818
Other taxes receivable	-	76
Amounts owed by related parties	-	53
Prepayments	925	1,047
	2,362	2,523
Non-current		
Long-term deposits*	1,476	1,468

Trade receivables are non-interest bearing and are payable on 30 day terms. All outstanding trade receivables that have not been provided for are considered to be recoverable.

As at 31 December, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired	<30 days	30-60 days	Past due but not impaired 61-90 days	91-120 days	>120 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2021	733	-	44	40	50	1,146	2,013
2020	57	17	85	120	107	1,993	2,379

See note 24 on credit risk of trade receivables, which explains how the group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Amounts owed by related parties are non-interest bearing and repayable on demand.

Restatement

Other receivables and long-term deposits have been restated, see note 2 for a detailed description of this restatement.

16. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents	26,828	12,973

17. Trade and other payables

	2021 £'000	2020 restated* £'000
Trade payables	5,645	2,947
Accrued expenses	2,423	2,717
Deferred revenue*	2,955	2,569
Other payables*	1,618	1,155
Other taxes and social security costs	1,554	1,664
	14,195	11,052

Other payables

The other payables balances relates to the liability for unfulfilled prepaid marketplace orders for which the group has collected the cash on prepaid bookings but the salon share is not yet owed to the salon as the booking has not been completed.

Restatement

Deferred revenue and other payables have been restated, please see note 2 for a detailed description of this restatement.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

18. Issued share capital and reserves

<i>Ordinary shares called up and fully paid</i>	As at 31 December 2021		As at 31 December 2020	
	<i>Number</i>	<i>£'000</i>	<i>Number</i>	<i>£'000</i>
Ordinary shares issued and fully paid				
Series C2 shares at £0.01 each	456,147,167	4,561	456,147,167	4,561

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other capital contributions

Amount of money or assets contributed to the Company by its parent company. During 2021 the group's parent company, Real Web Ventures Limited, forgave £nil (2020: £5.4m) of outstanding loans, this amount has been recognised in the 'other capital contribution' reserve.

Foreign currency translation reserve

Cumulative effect of translating foreign currency transactions and balances to the presentation currency.

19. Share based payments

The (income)/expense recognised for share based payments during the year is shown in the following table:

	2021	2020
	£'000	£'000
Hurdle shares	-	(4,907)

Employee share option plans

The group operated a "Hurdle shares" scheme whereby group employees were issued shares in the company's previous parent company, RGF Beauty UK Ltd. These shares came with put option rights whereby the employees concerned could sell their vested shares within certain pre-agreed liquidity windows to the ultimate parent company Recruit Holding Co. Ltd, as well as a call option in favour of Recruit Holding Co. Ltd that comes into effect at the end of the vesting period. The prices at which the put and call options can be exercised are as determined by an agreed formula as set out in RGF Beauty UK Limited's Articles of Association subject to the company achieving certain performance criteria. In 2021, no new Hurdle shares were issued and none were cash settled during the period (2020: nil).

Management assessed the expected value to employees of the Hurdle shares scheme using reasonable forecasts of future performance of the group and other reasonable estimates.

The costs of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date of grant and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

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

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

19. Share based payments (continued)

Employee share option plans (continued)

Fair value was determined using the binominal pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the company (market conditions). Any other conditions which are required to be met in order for the employee to become fully entitled to an award are considered non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of service and non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement in cumulative expense since the previous statement of financial position date is recognised in the consolidated statement of comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the terms of the original award continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the consolidated statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value of the settled award being treated as an expense in the consolidated statement of comprehensive income.

On 2 June 2020 the ultimate parent company at the time, Recruit Holdings Co. Ltd entered into an agreement for RGF Beauty Limited & RGIP LLC to sell 100% of the shares in Hotspring Ventures Limited to Real Web Ventures Limited on 24 June 2020. On the sale of Hotspring Ventures Limited the hurdle rate associated hurdle shares was not met and so the amount held in the share based payment reserve was released to the statement of comprehensive income in full on this date resulting in a credit of £4.9m in the comparative period.

Share based payments assumptions

Management engaged an independent valuation expert to prepare the valuation of these awards at grant date using a binomial model. In 2020 a discount rate of 40% was applied to the value of the C shares resulting from the binomial model to reflect the lack of marketability of the shares in the current market; this fell within the independent valuations expert appropriate range.

During 2021, no new C shares were granted to employees of the company (2020: nil).

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

20. Related party transactions

The group considers its key management personnel to be the directors of the parent company and members of the executive team. Key management personnel remuneration includes the following expenses:

	2021 £'000	2020 £'000
Short term employee benefits		
Salaries including bonuses	630	3,001
Social security costs	104	327
Other benefits	2	23
	<u>736</u>	<u>3,351</u>
Post employment benefits		
Defined contribution pension plans	24	24
	<u>24</u>	<u>24</u>
Termination benefits		
Other termination benefits	186	-
	<u>186</u>	<u>-</u>
Total remuneration	<u>946</u>	<u>3,375</u>

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

21. Leases

The group has lease contracts for various office premises and motor vehicles used in its operations. Leases of office premises generally have lease terms between 1 and 10 years, while motor vehicles generally have lease terms between 4 and 5 years. The group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the group is restricted from assigning and subleasing the leased assets.

The group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the period are set out below:

Right-of-use Assets

	<i>Office premises & motor vehicles</i>
	<i>£'000</i>
Cost:	
At 31 December 2019	8,162
Additions	1,569
Disposals	(9)
Lease modifications	426
Transfers	(1,615)
Effect of translation to presentation currency	62
At 31 December 2020	8,595
Additions	1,108
Lease modifications	7
Effect of translation to presentation currency	(259)
At 31 December 2021	9,451
Depreciation:	
At 31 December 2019	1,059
Charge for the year	1,274
Disposals	(9)
Transfers	(243)
Effect of translation to presentation currency	(21)
At 31 December 2020	2,060
Charge for the year	1,223
Effect of translation to presentation currency	(78)
At 31 December 2021	3,205
Net Book Value:	
31 December 2020	6,535
31 December 2021	6,246

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

21. Leases (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	£'000
At 1 January 2020	7,739
Additions	1,569
Interest charges	347
Payments	(1,613)
Lease modifications	426
Effect of translation to presentation currency	46
At 31 December 2020	8,514
Additions	1,108
Interest charges	360
Payments	(1,830)
Effect of translation to presentation currency	(374)
At 31 December 2021	7,778
Current	1,486
Non-current	6,292
At 31 December 2021	7,778

The maturity analysis of lease liabilities are as follows:

	2021	2020
	£'000	£'000
Within one year	1,486	1,323
In two to five years	5,530	5,282
In over five years	762	1,909
	7,778	8,514

The following are the amounts recognised in profit or loss:

	2021	2020
	£'000	£'000
Depreciation expense of right-of-use assets	1,223	1,274
Interest expense on lease liabilities	360	347
Total amount recognised in profit or loss	1,583	1,621

The group had total cash outflows for leases of £1.8m (2020: £1.6m). The group also had non-cash additions to right-of-use assets of £1.1m (2020: £1.6m) and lease liabilities of £1.1m (2020: £1.6m). The group incurred expenses in relation to both short-term leases and lease of low-value-assets, these are both included in administrative expenses and are immaterial and so not separately disclosed in the accounts.

The group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see note 2).

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

22. Loans and Borrowings

The book value of loans and borrowings is as follows:

	2021 £'000	2020 £'000
<i>Current</i>		
Loans from parent entity	16,298	3,642

The carrying value of loans and borrowings approximate the fair value.

During the year the group received funding in the form of a loan from the parent entity, Real Web Ventures Limited, in the amount of £12.7m (2020: £9m). During the year £nil (2020: £5.4m) of the loans were capitalised and credited to the other capital contribution reserve.

The loans bear interest rates of 1% or 3.3%, interest is capitalised and along with the principal is repayable at the end of the loan period.

Post year end a significant portion of the loans were waived and the repayment date was extended to 31 December 2024 on the remaining balance, see note 26 for more details.

The currency profile of the groups loans and borrowings is as follows:

	2021 £'000	2020 £'000
Euro	16,298	3,642

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

23. Impairment review

The group tests annually for impairment of goodwill, all other assets held do not require annual impairment testing and are instead only tested for impairment when indicators of impairment are identified.

During 2021 the group recognised £1,974k of goodwill as part of the acquisition of Salonized Holdings B.V. the carrying amount of this goodwill was tested for impairment at the 2021 year end. The group has treated the Salonized trading group as one individual cash-generating unit (CGU), a DCF valuation was used to measure the value in use of the CGU and this was compared to the carrying amount of the assets allocated to the CGU. There were a number of estimates involved in the DCF valuation model, these are outlined in note 2.

The group concluded that there was no impairment to the carrying amount of goodwill at the end of 2021. At the 2020 year end the carrying amount of goodwill was nil and so no impairment test was performed.

The group did not identify any external or internal indicators of impairment during the 2021 year and so no impairment review of other assets was performed in 2021.

During 2020 the group identified indicators of impairment for two investment properties, details of the impairment review performed are included in note 12.

24. Financial risk management

Financial risk management objectives and policies

The group uses financial instruments in its day to day operations. The group's financial instruments comprise cash and liquid resources, as well as various items such as trade receivables and trade payables that arise directly from its operations.

The group does not enter into derivatives or hedging transactions.

Risks the group is exposed to as a result of using financial instruments are explained below:

Liquidity risk

		2021	2020
<i>Financial liabilities</i>		2021	restated*
		£'000	£'000
<i>Current liabilities</i>	<i>Maturity</i>		
Trade payables	Payable within 1 year	5,645	2,947
Other financial liabilities*	Payable within 1 year	4,041	3,872
Lease liabilities	Payable within 1 year	1,486	1,322
Interest-bearing loans and borrowings	Payable within 1 year	16,298	3,642
		<u>27,470</u>	<u>11,783</u>
<i>Non-current liabilities</i>	<i>Maturity</i>		
Lease liabilities	Payable 2-10 years	6,292	7,191

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

24. Financial risk management (continued)

The group finances its operations and expansion through working capital and continued investment from the group's parent company.

The table below summarises the maturity profile of the group's financial liabilities as at 31 December based on contractual (undiscounted) payments.

<i>As at 31 December 2021</i>	<i>Total</i>	<i>On demand</i>	<i>Up to 1 year</i>	<i>2 - 5 years</i>	<i>More than 5 years</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade payables	5,645	-	5,645	-	-
Other financial liabilities	4,041	-	4,041	-	-
Lease liabilities	7,778	-	1,486	5,530	762
Interest-bearing loans and borrowings	16,298	-	16,298	-	-

<i>As at 31 December 2020 (restated*)</i>	<i>Total</i>	<i>On demand</i>	<i>Up to 1 year</i>	<i>2 - 5 years</i>	<i>More than 5 years</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade payables	2,947	-	2,947	-	-
Other financial liabilities*	3,872	-	3,872	-	-
Lease liabilities	8,513	-	1,322	5,282	1,908
Interest-bearing loans and borrowings	3,642	-	3,642	-	-

The group aims to mitigate liquidity risk by managing cash generation by its operations. Investment is carefully controlled, with authorisation limits operating up to board level and cash payback periods applied as part of the investment appraisal process.

Credit risk

Credit risk is a risk that one or more counterparties will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. There are no significant concentrations of credit risk within the group. The maximum credit risk exposure relating to financial assets is trade receivables, represented by the carrying value as at the statement of financial position date, as summarised below:

<i>Financial assets</i>	<i>2021</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>
<i>Current assets</i>		
Trade and other receivables*	1,437	1,400
Cash and cash equivalents	26,828	12,973
	<u>28,265</u>	<u>14,373</u>
<i>Non-current assets</i>		
Long-term deposits*	<u>1,476</u>	<u>1,468</u>

Loans and receivables are non-derivative financial assets. The carrying value may be affected by changes in the credit risk of the counterparties.

Management assessed that the carrying value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these instruments.

Credit risk is managed by each business unit, subject to the group's established policy, procedures and control relating to customer credit risk management. Outstanding receivables are regularly monitored and any services provided to major customers are approved by management. The group evaluates the concentration of risk with respect to trade receivables as low, due to its large and diverse customer base and the fact that its customers are often also suppliers to the business.

There is no material difference between the fair values and book values of the group's trade receivables. The aging profile of the group's trade receivables are set out in note 15.

Restatement

Other financial liabilities, trade and other receivables and long-term deposits have been restated, please see note 2 for a detailed description of this restatement.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

24. Financial risk management (continued)

Trade receivables and contract assets

Expected credit losses are recognised when receivables first come due and are updated on a monthly basis in line with the provision matrix. The provision rates are based on days past due for customer segments with similar loss patterns. For the group, the customer segment used to assess this is the customer's status on the marketplace as either 'live' (i.e. active on the marketplace) or 'churned' (i.e. no longer active on the marketplace).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables are impaired in full if the customer's status is 'churned' and are partially impaired if the customer's status is 'live' on the marketplace and past due for between 6 and 12 months. Receivables past due for more than 12 months are impaired in full.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15.

Capital management

The group manages its capital to ensure that entities within the group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt, cash and equity balances.

The group receives annual capital injections used to fund the growth of the business, however is not subject to any externally imposed capital requirements.

The company's board reviews the capital structure of the group on a regular basis.

Foreign currency risk

The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The group monitors future foreign cash flow requirements and purchases currencies as required.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

	2021	2021	2020	2020
			restated*	restated*
	EUR'000	£'000	EUR'000	£'000
Cash and cash equivalents	24,015	20,137	11,509	10,389
Trade and other receivables*	1,357	1,139	1,068	964
Long-term deposits*	658	552	606	547
Trade payables	3,239	2,715	1,473	1,329
Other financial liabilities*	3,197	2,681	2,775	2,504
Interest-bearing loans and borrowings	19,437	16,298	4,035	3,642

Restatement

Other financial liabilities, trade and other receivables and long-term deposits have been restated, please see note 2 for a detailed description of this restatement.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

24. Financial risk management (continued)

Market risk sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in EUR and GBP exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. The movement in the pre-tax effect is a result of the exchange difference on translating foreign operations.

	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
	EUR +10%	EUR -10%	EUR +10%	EUR -10%
Cash and cash equivalents	2,029	(2,002)	991	(1,078)
Trade and other receivables	113	(114)	92	(100)
Long-term deposits	55	(55)	52	(57)
Trade payables	275	(269)	128	(137)
Other financial liabilities	270	(267)	240	(259)
Interest-bearing loans and borrowings	1,642	(1,620)	348	(378)
Effect on pre-tax equity	(44)	40	420	(461)

25. Ultimate parent undertaking and controlling party

The parent company of Treatwell Limited is Real Web Ventures Limited, the ultimate parent company is Real Web S.A., a company incorporated in Luxembourg.

The smallest and largest group into which the results of Treatwell Limited are consolidated are those of Treatwell Limited.

Treatwell Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

26. Events after the reporting period

Acquisitions

On 28 February 2022 the company acquired the remaining 98.84% of the total share capital of Uala S.R.L, a sister company incorporated in Italy, for €3,252k fully paid in cash on completion as well as €18,429k deferred cash consideration due by 31 December 2023 accumulating interest at 1%. As at the date of signing the balance of deferred consideration payable was €14,469k.

On 28 April 2022 Treatwell FR s.a.s. acquired 100% of the share capital of TDLS s.a.s. a company incorporated in France for €13,522k fully paid in cash upon completion, €2,000k in cash consideration which is contingent based on TDLS meeting certain churn rate and marketplace performance targets by the end of 2022, partial share swap in exchange for 6.83% of the share capital of Treatwell FR s.a.s. As at the date of signing €666k of the contingent cash consideration is expected to be paid by 31 January 2023 with the remaining €1,334k to be paid by 31 December 2024.

As at the date of signing the acquisition accounting for the above transactions is yet to be completed.

Loans with the parent entity

From 1 January 2022 to the date of signing the group received additional funding, in the form of interest bearing loans from Real Web Ventures Limited totalling €32m.

On 30 November 2022 €13.6m of loans owed to Real Web Ventures Limited for waived in full as a non-return capital contribution and credited to the group other capital contribution reserve. On 8 December 2022 the repayment date of loans totalling €6.0m owed to Real Web Ventures Limited was extended from 31 December 2022 to 31 December 2024. As at the date of signing the total balance of loans owed to Real Web Ventures Limited was €39.1m, no repayments are due until 31 December 2024.

Treatwell Limited

Parent Company Statement of Financial Position

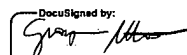
As at 31 December 2021

		2021	2020	2019
	Notes	£'000	restated* £'000	restated* £'000
Non current assets				
Investments	4	5,406	-	-
Fair value through profit and loss investments		179	-	-
Intangible assets	5	-	3	95
Property, plant & equipment	6	186	301	372
Long-term deposits*	7	924	921	544
		<u>6,695</u>	<u>1,225</u>	<u>1,011</u>
Current assets				
Trade and other receivables*	7	5,620	9,888	9,052
Cash and cash equivalents		8,819	3,467	10,225
		<u>14,439</u>	<u>13,355</u>	<u>19,277</u>
Current liabilities				
Trade and other payables	8	8,586	7,612	23,236
Loans and borrowings	9	16,298	3,642	-
		<u>24,884</u>	<u>11,254</u>	<u>23,236</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(10,445)</u>	<u>2,102</u>	<u>(3,959)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,750)</u>	<u>3,326</u>	<u>(2,948)</u>
NET (LIABILITIES)/ASSETS		<u>(3,750)</u>	<u>3,326</u>	<u>(2,948)</u>
EQUITY				
Issued share capital	10	4,561	4,561	39
Share premium	10	223,182	223,182	223,182
Other capital contribution	10	5,393	5,393	-
Retained deficit		(236,886)	(229,810)	(226,169)
TOTAL EQUITY		<u>(3,750)</u>	<u>3,326</u>	<u>(2,948)</u>
			2021	2020
			£'000	£'000
Loss for the year			<u>(7,076)</u>	<u>(17,926)</u>

Restatements

Long-term deposits and trade and other receivables have been restated, please see note 2 for a detailed description of this restatement.

These financial statements have been approved by the Board of Directors and signed on its behalf by

DocuSigned by:

 BA1AS5EAAAB3MGB
 Giampiero Marino

12 January 2023

Registered company number: 06457679

The notes on pages 60 to 73 form part of these financial statements.

Treatwell Limited

Parent Company Statement of Changes in Equity

For the year ended 31 December 2021

		<i>Issued share capital</i>	<i>Share premium</i>	<i>Other capital contribution</i>	<i>Retained deficit</i>	<i>Total shareholders equity</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 31 December 2019		39	223,182	-	(226,169)	(2,948)
Issue of shares	<i>10</i>	4,522	-	-	-	4,522
Loan forgiveness		-	-	-	19,192	19,192
Other capital contribution		-	-	5,393	-	5,393
Share based payments charge		-	-	-	(4,907)	(4,907)
Loss for the year		-	-	-	(17,926)	(17,926)
At 31 December 2020		4,561	223,182	5,393	(229,810)	3,326
Loss for the year		-	-	-	(7,076)	(7,076)
At 31 December 2021		4,561	223,182	5,393	(236,886)	(3,750)

The notes on pages 60 to 73 form part of these financial statements.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies

General information

Treatwell Limited (formerly Hotspring Ventures Limited) is a private company limited by shares and is incorporated in England and Wales. The registered office is Fairfax House, 15 Fulwood Place, London, WC1V 6HU.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the year was £7.1m (2020: £17.9m). The parent company has also taken advantage of the exemption which is conferred by FRS 102 that allows it not to present a parent company cash flow statement as well as to not disclose transactions with group undertakings.

Going concern

The company made a loss on activities after tax for the year of £7.1m (2020: £17.9m), and had net liabilities of £3.8m (2020: net assets of £3.3m) and held cash and cash equivalents of £8.8m (2020: £3.5m) at the reporting date. Subsequent to the year end, the company acquired the Uala group in order to consolidate market position across Italy, France, Spain and Greece. In order to drive this growth, the company took additional funding from the parent company Real Web Ventures. The company continues to focus heavily on SaaS revenue growth which is providing a consistent and reliable revenue stream.

The company has made considerable investment in continued growth during 2022 and management expects to recognise an increased loss in 2022 in comparison to 2021 however the intensified investment is expected to drive a significant growth in revenue. Management are committed to continue investing in growth during 2023 to achieve consistent profitability in 2024.

The impact of COVID-19 has continued to have a significant impact on the company's revenue and costs in the 2021 year however given the success of the vaccination programmes across all countries of operation the group has not experienced a material impact on the company's revenue or costs in the 2022 year and there is not expected to be any material impact in 2023.

The company continued to benefit from support from investors throughout the period under review. In 2021, the company received additional funding of €15m from Real Web Ventures Limited in the form of loans. During 2022 the company received additional loans from Real Web Ventures totalling €32m all repayable in 2025. During 2022 Real Web Ventures waived loans totalling €13.6m as a non-return capital contribution and extended repayment date of loans totalling €6m to 2024. As at the date of signing these financial statements, no loans are due for repayment until 31 December 2024.

Upon Real Web's acquisition of the company, Real Web committed to €50m of initial funding as at November 2022 of which €19m of this funding is still available. This commitment was reconfirmed with the directors of Real Web S.A. via a signed confirmation letter.

During 2022 the company has continued to invest in growth across all markets and this has resulted in an EBITDA loss but also significant increases in revenue. The directors expect to continue investing throughout 2023 to keep driving revenue growth and to then achieve consistent profitability in 2024. To support this growth, the directors plan on taking extra funding from Real Web Ventures during 2023 and have obtained signed letters from the immediate and ultimate parent companies of the company committing to providing the required funding.

The directors have considered the ability of the parent company to provide the continued financial support that the company requires, and, whilst the directors are confident that the required support will be provided, given the lack of visibility across the completeness of liabilities and other financial commitments of the wider group as headed by Real Web S.A., due to audited consolidated financial statements not being prepared for the wider group, the directors consider that there is uncertainty regarding the ability of the ultimate parent company to provide the future funding required for the company to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include any adjustments that would be necessary should the going concern basis of preparation be inappropriate.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Revenue recognition

Company revenue comprises of commissions earned from consumer bookings and vouchers purchased online through the Treatwell platform, subscription fees for the provision of salon management software and other income from various marketing partnerships.

Revenue is recognised in respect of commissions at the time of booking, which is the point in time the group considers it has performed its obligations under the contract. The company holds a provision for cancellations against these bookings.

Subscription revenue is recognised evenly over the period to which the subscription relates as the customer simultaneously receives and consumes benefits to them. The cost profile to the company remains consistent throughout the provision of the service.

Other revenue is recognised in line with the performance obligations of the contract and is assessed on a contract by contract basis.

The group has concluded that it is an agent in the commissions earned from consumer bookings and therefore recognises revenue net of any amounts owed to salons as opposed to the gross booking value. The group has concluded that it is a principal in the subscription revenue earned.

In determining the transaction price, the group considers the effects of variable consideration, constraining estimates of variable consideration, the existence of significant financing component in the contract, non-cash consideration and consideration payable to a customer in determining the transaction price.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the income statement as incurred.

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

Leasehold improvements	over lease term
Computer equipment & other	3 years
Furniture & office equipment	3-4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Intangible assets

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the group intends to and has sufficient resources to complete the project
- the group has the ability to use or sell the software
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred. Only employee costs incurred on software development have been included as directly attributable costs.

All intangible assets with a finite life, including internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The useful lives used are:

Software - Other	3 years
------------------	---------

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Investments

Investments are measured at cost less accumulated depreciation.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short term deposits with a maturity of three months or less.

Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. For further information, see note 2.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income as a highlighted item in the period in which they are incurred.

Where the recoverable amount of the cash generating units is less than the carrying amount, an impairment loss is recognised.

Financial assets

Initial recognition and measurement

Financial assets classified and measured at amortised cost are held with the objective to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Financial assets (continued)

Derecognition (continued)

When the company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are provided in note 15 of the group financial statements. The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages:

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other financial assets

Financial assets within the scope are classified as financial assets held at fair value through profit or loss, fair value through other comprehensive income or amortised cost, as appropriate.

The company currently holds no financial assets held at fair value through profit or loss or fair value through other comprehensive income. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

The company determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified at amortised cost (loans and borrowings).

Interest bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the company substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Operating lease rentals, together with lease incentives are charged to the income statement on a straight line basis over the term of the lease.

Provisions

Provisions are recognised when the company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the company's best estimate of the transfer of benefits that will be required to settle the obligation as of the statement of financial position date. Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

Share-based payments

Equity-settled transactions

The costs of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date of grant and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined using the binominal pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the company (market conditions). Any other conditions which are required to be met in order for the employee to become fully entitled to an award are considered non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies (continued)

Share-based payments (continued)

Equity-settled transactions (continued)

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

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of service and non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the terms of the original award continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value of the settled award being treated as an expense in the income statement.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except: where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except: where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

2. Significant accounting estimates, judgements and restatements

The preparation of the company's financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the company's accounting policies, management has made the following judgments and estimates which have the most significant effect on the amounts recognised in the financial statements:

Retirement benefits

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The assets of the plan are held separately from the company in independently administered funds.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Estimates

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to changes in expected future cash flows. The cash flows are derived from the budget and projections for the next five years. These projections are influenced by factors which are inherently uncertain such as website traffic and non-controllable costs such as rent, rates and license costs. They do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is also sensitive to the discount rate used for the discounted cash flow model and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are disclosed further in note 23 to the group accounts. Non-financial assets are within notes 12, 13 and 14.

Impairment of financial assets

Management assess whether there are indicators of impairment of investment balances on an annual basis. Where there are indicators of impairment of individual assets, management estimate the recoverable amount of each asset based on expected future cash flows and use an appropriate interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Management assess the recoverability of trade receivables, amounts due from group undertakings, amounts owed by related parties and other receivable balances and record a provision to the extent that the balances are not considered recoverable.

Judgements

Operating lease commitments

The company has entered into commercial property leases as a lessee. In doing so, it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risk and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Restatements

During the preparation of the 2021 financial statements the group discovered disclosure errors in relation to; (1) deferred revenue, and (2) long-term deposits.

1. When an individual prepay for a booking the company receives cash in advance and recognises any commission being charged to the salon as revenue, when the booking is completed the company will pay the salon their share of the gross booking value. Previously the company had recognised this cash received in advance that would become payable to the salon upon completion of the booking as deferred revenue. Note 8 has been restated, deferred revenue for the prior year decreased by £521k, other payables increased by £521k.

2. Long-term deposits relate to deposits on office leases for which the lease term ends more than 1 year after the reporting date. In prior years long-term deposits had been disclosed within current assets. The prior year statement of financial position and note 7 have been restated, trade receivables decreased by £921k (2019: £524k) and long-term deposits increased by £921k (2019: £524k).

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

3. Employee costs

<i>Employee benefits expense</i>	2021	2,020
	£'000	£'000
<i>Included in administration expenses:</i>		
Wages and salaries	9,486	15,445
Social security costs	1,273	1,984
Pension costs	228	336
	10,987	17,765

<i>Number of people employed</i>	2021	2020
	Number	Number
Number of full time equivalent (FTE) employees	151	226

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

4. Investments

	2021	2020
	£'000	£'000
<i>Investments in subsidiary companies</i>		
Treatwell BNL B.V.	-	-
Treatwell DACH GmbH	-	-
Treatwell FR SAS	-	-
Treatwell IT s.r.l.	-	-
Treatwell LT UAB	-	-
Treatwell Spain s.r.l	-	-
Treatwell US Inc	-	-
Treatwell PT	-	-
Salonized Holdings B.V.	5,406	-
	<u>5,406</u>	<u>-</u>
<i>Cost:</i>		£'000
At 31 December 2019		32,885
Additions in year		5,119
Disposals in year		(5,119)
At 31 December 2020		<u>32,885</u>
Additions in year		5,406
Disposals in year		-
At 31 December 2021		<u>38,291</u>
<i>Accumulated impairment:</i>		
At 31 December 2019		32,885
Impairment loss		-
At 31 December 2020		<u>32,885</u>
Impairment loss		-
At 31 December 2021		<u>32,885</u>
<i>Net Book Value:</i>		
At 31 December 2020		-
At 31 December 2021		<u>5,406</u>

On 9 July 2021 the company acquired 1,004 shares (50.1%) of Salonized Holdings B.V. for €6.3m consideration in cash, this was fully paid at the year end.

During 2021, Treatwell FR SAS completed a debt for equity swap of £nil (2020: £5.1m).

On 31 December 2020 the carrying value of the investments held was £nil and so no impairment review was required.

For details of all direct and indirect subsidiaries of the company, refer to note 9 of the group financial statements.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

5. Intangible assets

	<i>Software</i>
	<i>£'000</i>
Cost:	
At 31 December 2019	269
Additions	-
Disposals	(63)
At 31 December 2020	206
Additions	-
Disposals	-
At 31 December 2021	206
Amortisation & Impairment:	
At 31 December 2019	174
Charge for the year	29
At 31 December 2020	203
Charge for the year	3
At 31 December 2021	206
Net Book Value:	
At 31 December 2020	3
At 31 December 2021	-

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

6. Property, plant and equipment

	<i>Leasehold Improvements</i>	<i>Computer Equipment & Other</i>	<i>Furniture & Office Equipment</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
Cost:				
At 31 December 2019	578	932	368	1,878
Additions	13	157	51	221
At 31 December 2020	591	1,089	419	2,099
Additions	-	85	-	85
At 31 December 2021	591	1,174	419	2,184
Depreciation & Impairment:				
At 31 December 2019	578	656	272	1,506
Charge for the year	13	217	62	292
At 31 December 2020	591	873	334	1,798
Charge for the year	-	155	45	200
At 31 December 2021	591	1,028	379	1,998
Net Book Value:				
At 31 December 2020	-	216	85	301
At 31 December 2021	-	146	40	186

7. Trade and other receivables

	2021	2020
	£'000	restated* £'000
Current		
Trade and other receivables*	928	1,497
Amounts due from company undertakings	4,692	8,391
	5,620	9,888
Non-current		
Long-term deposits	924	921

At year end, amounts due from company undertakings were reviewed for impairment. This review resulted in £nil being taken up as a provision (2020: £nil).

Amounts due from company undertakings are repayable on demand and accrue interest at 2.5% above the base rate of The Bank of England, payable in arrears.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

8. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	2,924	1,751
Accrued expenses	1,955	3,802
Deferred revenue*	849	1,091
Other payables*	636	521
Other taxes and social security costs	1,207	190
Amounts due to company undertakings	1,015	257
	<u>8,586</u>	<u>7,612</u>

Amounts due to company undertakings are non-interest bearing and repayable on demand.

Restatement

Deferred revenue and other payables have been restated, please see note 2 for a detailed description of this restatement.

9. Loans and borrowings

The book value of loans and borrowings is as follows:

	2021 £'000	2020 £'000
Current		
Loans from parent entity	<u>16,298</u>	<u>3,642</u>

The carrying value of loans and borrowings approximate the fair value.

During the year the company received funding in the form of a loan from the parent entity, Real Web Ventures Limited, in the amount of £12.7m (2020: £9m). During the year £nil (2020: £5.4m) of the loans were capitalised and credited to the other capital contribution reserve.

The loans bear interest rates of 1% or 3.3%, interest is capitalised and along with the principal is repayable at the end of the loan period.

Post year end a significant portion of loans were waived and the repayment date was extended to 31 December 2024 on the remainder.

The currency profile of the groups loans and borrowings is as follows:

	2021 £'000	2020 £'000
Euro	<u>16,298</u>	<u>3,642</u>

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

10. Issued share capital and reserves

Ordinary shares called up and fully paid	As at 31 December 2021		As at 31 December 2020	
Ordinary shares issued and fully paid	Number	£'000	Number	£'000
Series C2 shares at £0.01 each	456,147,167	4,561	456,147,167	4,561

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other capital contributions

Amount of money or assets contributed to the Company by its parent company. During 2021 the group's parent company, Real Web Ventures Limited, forgave £nil (2020: £5.4m) of outstanding loans, this amount has been recognised in the 'other capital contribution' reserve.

Shares issued in the year

On 24 June 2020, the company issued 452,241,401 Series C2 shares for total consideration of £4,522k to Real Web Ventures Limited, the ultimate beneficiary was Real Web S.A. The shares were issued at £0.01 each. Consideration was received was partly in cash, £1,807k, and partly in the form of the conversion of a bridge loan to equity shares, £2,715k.

11. Commitments

Operating lease commitments

Total minimum lease payments under non-cancellable operating leases are as follows:	2021	2020
	£'000	£'000
Operating leases payment due:		
Within one year	982	982
In two to five years	3,929	3,929
In over five years	246	1,227
	<u>5,157</u>	<u>6,138</u>

12. Ultimate parent undertaking and controlling party

The parent company of Treatwell Limited is Real Web Ventures Limited, the ultimate parent company is Real Web S.A., a company incorporated in Luxembourg.

The smallest and largest group into which the results of Treatwell Limited are consolidated are those of Treatwell Limited.

Treatwell Limited

Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2021

13. Events after the reporting period

Acquisitions

On 28 February 2022 the company acquired the remaining 98.84% of the total share capital of Uala S.R.L, a sister company incorporated in Italy, for €3,252k fully paid in cash on completion as well as €18,429k deferred cash consideration due by 31 December 2023 accumulating interest at 1%. As at the date of signing the balance of deferred consideration payable was €14,469k.

Loans with the parent entity

From 1 January 2022 to the date of signing the company received additional funding, in the form of interest bearing loans from Real Web Ventures Limited totalling €32m.

On 30 November 2022 €13.6m of loans owed to Real Web Ventures Limited were waived in full as a non-return capital contribution and credited to the company's other capital contribution reserve. On 8 December 2022 the repayment date of loans totalling €6.0m owed to Real Web Ventures Limited was extended from 31 December 2022 to 31 December 2024. As at the date of signing the total balance of loans owed to Real Web Ventures Limited was €39.1m, no repayments are due until 31 December 2024.

Loans to subsidiaries

On 1 July 2022 the company waived loans totalling €1,280 due from Treatwell IT S.r.l., a 100% owned subsidiary of the company.