

# **Treatwell Limited**

(formerly: Hotspring Ventures Limited)

**Annual Report and Consolidated Financial Statements**  
For the Year Ended 31 December 2020

**Registered Number 06457679**



## **Treatwell Limited**

### **Directors, officers and advisers**

#### **Directors**

Keisuke Kaji (appointed 1 January 2020, resigned 31 January 2021)  
Lauren Burns (appointed 1 January 2020, resigned 31 January 2021)  
Kazumasa Watanabe (resigned 24 June 2020)  
Hidetaka Kawashima (resigned 24 June 2020)  
Giampiero Marino (appointed 28 January 2021)  
Andrea Piccioni (appointed 31 January 2021)  
Michal Koszalkowski (appointed 9 December 2021)

#### **Registered Office**

Fairfax House  
15 Fulwood Place  
London WC1V 6HU

#### **Auditor**

BDO LLP  
55 Baker Street  
London W1U 7EU

## **Treatwell Limited**

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## **Treatwell Limited**

### **Strategic Report**

For the Year Ended 31 December 2020

#### **Introduction**

Treatwell Limited, formerly Hotspring Ventures Limited, (the 'parent company') and its subsidiaries (the 'group') operate 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.

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**

In June 2020 the group was acquired by the Real Web S.A. group, which owns the Uala group; previously, one of the group's largest competitors in Italy, France and Spain. The change in ownership led to an increased focus on EBITDA during 2020 as well as increasing the number of salons actively and regularly using the Treatwell software.

Revenues for the financial year decreased by £8.1m to £26.8m (2019 revenue: £34.8m), this was driven by the COVID-19 pandemic that severely impacted revenues from March 2020 through to year end and beyond. There were multiple lockdowns across the group's countries of operation, the impact of this was partially mitigated by the geographical diversity of the group's operations meaning that revenue was always being generated in at least one market at almost all times during the year.

The net loss after tax for the financial year was £13.7m (2019: £56.5m).

The operating loss for the year was £13.3m (2019: £56.4m). The impact of the COVID-19 pandemic on operating loss was significantly limited by aggressively cutting marketing expenditure and utilising various government grants to support staff costs.

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 €50m of initial investment, of which €15m was provided in the 2020 year, that will allow the group to accelerate growth in its existing markets and expand into new markets. The group's strong market position will be further consolidated through a planned merger with the Uala group which should see the onboarding of thousands of new salons and potential individual marketplace customers.

The parent company net loss after tax for the financial year was £17.9m (2019: £104.2m). In 2019, £58.4m and £10.1m of this loss related to an impairment of intercompany loans and investments in subsidiaries respectively and there were no similar charges in 2020 due to the impairment having been recognised in full in the prior year.

On 11 November 2021 the parent company changed its name to Treatwell Limited to align the company's registered name with the trading name.

## **Treatwell Limited**

### **Strategic Report**

For the Year Ended 31 December 2020

#### **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. Since the year end there have been ongoing merger discussions with the Uala group, a sister group of the Treatwell group, and this is expected to be executed during the 2022 year.

Subsequent to the year end, 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.

###### ***Brexit***

The UK exited from membership in the EU on 31 January 2020 ("Brexit") and then entered into a Transition Agreement whereby it continued utilising the full EU trading architecture until 31 December 2020. In December 2020 a Trade Deal was agreed between the UK and EU, which took effect from 1 January 2021. The trade deal included a free-trade agreement, i.e. no tariffs for sales between the UK and EU, but due to the UK leaving the Customs Union, such sales will result in increased regulatory complexity, in particular related to Customs declarations.

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 COVID-19 pandemic, also known as the coronavirus pandemic, is an ongoing pandemic of coronavirus disease (COVID-19). The disease was first identified in December 2019 and The World Health Organization declared the outbreak a Public Health Emergency of International Concern on 30 January 2020, and subsequently a pandemic on 11 March 2020.

The COVID-19 pandemic, with its associated lock-downs, has materially impacted business performance as all hair and beauty salons in the group's current markets have been closed on and off throughout various lockdowns. This has increased the group's business risk due to the reliance on the hair and beauty industry being open, however the risks have been mitigated by various cost saving measures put in place across the group, along with the diversification of our salons across multiple markets.

During the associated lock-downs, the group received government aid for employment costs in most markets, total savings from this support were £875k for the 2020 financial year. Along with the government aid received, the group brought forward planned restructuring and relocating of certain teams and a company wide review of all teams for efficiencies, resulting in reduced headcount and associated annual savings of ~£4.9m. The group also made impactful reductions to variable costs with a view to reduce costs as much as possible during this period and in the future.

The UK began a vaccination programme on 8 December 2020 and this has resulted in a significant reduction in the rate of the spread of COVID-19 as well as the rate of deaths and hospitalisations. As at 17 November 2021, 50.7m first doses, 46.1m second doses and 13.9m third doses of vaccine had been administered in the UK (coronavirus.data.gov.uk). In all other countries that the group operates vaccination programmes commenced during 2021 with a minimum of 130 doses administered per 100 population.

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 does not expect COVID-19 to have a material impact on the groups revenue or costs moving into the 2022 year. The group does recognise that there is still unknown risks relating to COVID-19 and uncertainty as to what extent this may impact the group.

## **Treatwell Limited**

### **Strategic Report**

For the Year Ended 31 December 2020

#### **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 £3.6m (2019: £nil). Subsequent to the year end, the repayment date of these loans has been extended to 31 December 2022, 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. As explained in the Business Review, intercompany receivables were impaired in full in the prior year and therefore no further impairment charge has been required in the current year.

## Treatwell Limited

### Strategic Report

For the Year Ended 31 December 2020

#### 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 2020, 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 2020 year the Directors made a number of cost cutting measures as a direct result of the impact of COVID-19, 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 2020 (£13.3m) in comparison to 2019 (£56.4m) but will mean that there will need to be a large increase in new hires in 2021 and 2022 to support the long term growth plans of the group.

Further investment was taken from the parent company in 2020 to help make up for the reduced cash inflow from revenue as a result of COVID-19, the increased investment will also help with the group's future growth plans.

## Treatwell Limited

### Strategic Report

For the Year Ended 31 December 2020

#### 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 marketplace both in terms of increasing the number of salon partners and 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.

Despite the above strategic decisions the effects of COVID-19 meant there was a 5% decrease (2019: 68% increase) in total marketplace orders in the 2020 year to 6.1m (2019: 6.4m).

##### *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 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 ran sustainability campaigns during the year encouraging both individuals and salons to consider the impact of single-use beauty products and actively partnered with an increasing number of vegan friendly salons. 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 2020

#### 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.

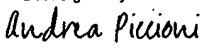
##### *f) The need to act fairly as between members of the group*

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 driving 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 2020.

This report was approved by the board on 23 December 2021 and signed on its behalf by

DocuSigned by:  
  
A76A4C6C16CC4EB...  
**A. Piccioni**  
Director

## Treatwell Limited

### Directors' Report

For the Year Ended 31 December 2020

#### 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 £13.7m (2019: £56.5m loss).

Net assets as at 31 December 2020 amounted to £1.6m (2019: net liabilities £4.6m) with cash reserves held of £13.0m (2019: £15.1m).

The directors did not recommend the payment of a dividend in 2020 (2019: nil).

#### Future developments

In 2020, 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*. 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 2021, the parent company received additional funding of €15m (in the form of shareholder loans) from the new owner Real Web Ventures Limited to support further growth and market development. The repayment date of all loans outstanding to Real Web were extended to 31 December 2022 and give the group the right to extend these by one additional year.. The directors remain confident that the company is in a secure position to meet the future demands of its business customers and consumers.

During 2021 the group acquired 50.1% of the share capital of Salonized Holdings BV and 1% of the share capital in Uala Italy, more details of these transactions are included in note 24.

#### Directors

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

Keisuke Kaji (appointed 1 January 2020, resigned 31 January 2021)  
Lauren Burns (appointed 1 January 2020, resigned 31 January 2021)  
Kazumasa Watanabe (resigned 24 June 2020)  
Hidetaka Kawashima (resigned 24 June 2020)  
Giampiero Marino (appointed 28 January 2021)  
Andrea Piccioni (appointed 31 January 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, regular team meetings and email newsletters 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 2020

#### Employment (continued)

The group has an equal opportunity employment policy and is opposed to all forms of discrimination. Our team operates in 11 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 company 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 24 of the consolidated financial statements.

#### Going concern

The group made a loss on activities after tax for the year of £13.7m (2019: 56.5m) and has net assets of £1.6m (2019: net liabilities of £4.6m). The group holds cash and cash equivalents of £13.0m (2019: £15.1m). During the period under review, the group changed its marketing and discounting strategy to be more efficient and put focus on its goal of being profitable in 2021.

In June 2020, the group was fully acquired by Real Web Ventures Limited, a wholly owned subsidiary of Real Web S.A. (hereinafter "Real Web Ventures & Real Web"). This change of ownership, along with the COVID-19 pandemic has driven an impactful change in the way the group is operating and approaching spend, with a focus on becoming profitable and self-sufficient in its own investment in the 2021 year. In November 2021 the group finalised the 2022 to 2023 budget, this returns focus back to growth which will require further investment from Real Web Ventures & Real Web in 2022.

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 does not expect COVID-19 to have a material impact on the group's revenue or costs moving into the 2022 year. The group does recognise that there are still unknown risks relating to COVID-19 and uncertainty as to what extent this may impact the group.

The group continued to benefit from support from investors throughout the period under review. In 2020, the parent company received additional funding of £20m from Recruit Co Limited in the period prior to its change of ownership. Following the change of ownership, the parent company has received additional funding of €6m in the form of a capital contribution, €5m for shares issued and €19m in loans from the new owner Real Web Ventures Limited to support further growth and market development. As at December 2021 all loans currently owed have a repayment date of 31 December 2022, the group has the right to extend the repayment date for all loans by an additional 1 year.

Upon Real Web Venture's acquisition of the group, Real Web Ventures and Real Web committed to €50m of initial funding, as at November 2021 €20m of this funding is still available. The Director's plan on drawing down a further €20m loan from Real Web Ventures in the first half of 2022 to support forecasted growth plans.

This additional investment will allow the group to maintain a minimum level of £10m cash through to the end of 2023, from Q2 2023 the group expect to be consistently profitable and self-sufficient with no further funding required. The directors have performed sensitivity analysis on forecast results and believe that the group will be able to survive any reasonable changes to key assumptions.

During 2021 the group's monthly management accounts have shown consistent positive EBITDA which gives assurance that the business model being pursued can be profitable and will be profitable in the future. Despite the substantial growth plans in all of its markets during the period under review and given the vast improvement to the group's results under the new management, the directors have a reasonable expectation that the company and the group have adequate resources to continue operating for the foreseeable future with the ongoing support of Real Web Ventures and Real Web, which has been confirmed in writing.

The directors have considered the ability of the parent company to provide the continued financial support that the group and company require, and, whilst the directors are confident that the required support will be provided, in light of the continued uncertainty relating to the COVID-19 pandemic and a lack of visibility across the completeness of liabilities and other financial commitments of the wider group as headed by Real Web S.A., the directors consider that there is material 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. 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 2020

#### Streamlined Energy & Carbon Reporting (SECR)

	kg CO <sub>2</sub> e	kg CO <sub>2</sub>	kg CH <sub>4</sub>	kg N <sub>2</sub> O
<b>Scope 1 - Direct emissions</b>				
UK - Vehicles	3,118	3,107	5.19	6.13
<b>Scope 2 - Indirect emissions</b>				
UK - Office space	43	42	0.13	0.25
<b>Total emissions</b>	<b>3,161</b>	<b>3,149</b>	<b>5.32</b>	<b>6.38</b>
<b>Energy consumption</b>	<b>mWh</b>			
UK - Vehicles	8			
UK - Office space	184			
<b>Total</b>	<b>192</b>			
<b>Intensity metrics</b>	<b>2020</b>			
mWh/FTE	0.84			
kg CO <sub>2</sub> e/FTE	13.92			

#### Methodologies used

The GHG emissions have been calculated in line with the 'UK Government GHG Conversion Factors for Company Reporting Version: 1.0, Year: 2020' 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 2020 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 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 UK Accounting Standards and IFRSs as adopted by the European Union have 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 company will continue in business.

## Treatwell Limited

### Directors' Report

For the Year Ended 31 December 2020

#### 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

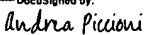
The directors confirm that:

- 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 23 December 2021 and signed on its behalf by

DocuSigned by:  
  
A. Piccioni  
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 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with 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 2020 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### **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 continued uncertainty relating to the COVID-19 pandemic and a lack of visibility across the completeness of liabilities and other financial commitments of the wider group as headed by the 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.

#### **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;

## Treatwell Limited

### Independent Auditor's Report to the members of Treatwell Limited

- 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.

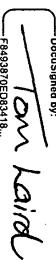
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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](http://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.

Designed by:

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

23 December 2021

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 2020

	<i>Notes</i>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Revenues</b>	<b>3</b>	<b>26,761</b>	<b>34,837</b>
Cost of sales		<u>(6,383)</u>	<u>(19,610)</u>
<b>Gross profit</b>		<b>20,378</b>	<b>15,227</b>
 Grant income received	 <b>4</b>	 <b>876</b>	 <b>-</b>
Administrative expenses: Other	<b>5</b>	<b>(34,555)</b>	<b>(63,716)</b>
Administrative expenses: Exceptional impairment of goodwill	<b>11</b>	<u>-</u>	<u>(7,879)</u>
<b>Operating loss</b>		<b>(13,301)</b>	<b>(56,368)</b>
 Finance costs	 <b>7</b>	 <b>(406)</b>	 <b>(297)</b>
Finance income	<b>7</b>	<u>-</u>	<u>138</u>
<b>Loss on ordinary activities before taxation</b>		<b>(13,707)</b>	<b>(56,527)</b>
 Taxation on ordinary activities	 <b>8</b>	 <u>-</u>	 <u>(1)</u>
<b>Loss for the year</b>		<b>(13,707)</b>	<b>(56,528)</b>
 <b>Other comprehensive income: Items that may be reclassified to profit and loss</b>			
Exchange differences on translating foreign operations		<u>(4,281)</u>	<u>2,000</u>
<b>Total comprehensive loss for the year</b>		<b>(17,988)</b>	<b>(54,528)</b>

The notes on pages 20 to 53 form part of these financial statements.

## Treatwell Limited

### Consolidated Statement of Financial Position

As at 31 December 2020

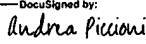
	Notes	2020 £'000	2019 £'000
<b>Non current assets</b>			
Intangible assets	11	3	95
Property, plant & equipment	12	537	654
Right-of-use assets	19	6,535	7,103
Investment property	10	767	-
		<u>7,842</u>	<u>7,852</u>
<b>Current assets</b>			
Trade and other receivables	13	3,991	4,815
Cash and cash equivalents	14	12,973	15,140
		<u>16,964</u>	<u>19,955</u>
<b>TOTAL ASSETS</b>		<u>24,806</u>	<u>27,807</u>
<b>EQUITY</b>			
Issued share capital	16	4,561	39
Share premium	16	223,182	223,182
Other capital contribution	16	5,393	-
Foreign currency translation reserve	16	(4,655)	(374)
Retained deficit		<u>(226,882)</u>	<u>(227,460)</u>
<b>Equity attributable to equity shareholders of the parent</b>		<u>1,599</u>	<u>(4,613)</u>
<b>TOTAL EQUITY</b>		<u>1,599</u>	<u>(4,613)</u>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Lease liabilities	19	7,191	6,575
		<u>7,191</u>	<u>6,575</u>
<b>Current liabilities</b>			
Trade and other payables	15	11,052	24,681
Loans and borrowings	20	3,642	-
Lease liabilities	19	1,322	1,164
		<u>16,016</u>	<u>25,845</u>
<b>TOTAL LIABILITIES</b>		<u>23,207</u>	<u>32,420</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>24,806</u>	<u>27,807</u>

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

A. Piccioni

23 December 2021

Registered company number: 06457679

DocuSigned by:  
  
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The notes on pages 20 to 53 form part of these financial statements.

## Treatwell Limited

### Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

		<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 shareholders equity</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>At 31 December 2018</b>		<b>34</b>	<b>183,193</b>	<b>-</b>	<b>(2,374)</b>	<b>(171,017)</b>	<b>9,836</b>
Loss for the year		-	-	-	-	(56,528)	(56,528)
Other comprehensive loss		-	-	-	2,000	-	2,000
Total comprehensive loss		-	-	-	2,000	(56,528)	(54,528)
Issue of shares	16	5	39,989	-	-	-	39,994
Share based payment charge	17	-	-	-	-	85	85
<b>At 31 December 2019</b>		<b>39</b>	<b>223,182</b>	<b>-</b>	<b>(374)</b>	<b>(227,460)</b>	<b>(4,613)</b>
Loss for the year		-	-	-	-	(13,707)	(13,707)
Other comprehensive loss		-	-	-	(4,281)	-	(4,281)
Total comprehensive (loss)/income		-	-	-	(4,281)	(13,707)	(17,988)
Issue of shares	16	4,522	-	-	-	-	4,522
Loan forgiveness	20	-	-	-	-	19,192	19,192
Other capital contribution	16	-	-	5,393	-	-	5,393
Share based payment charge	17	-	-	-	-	(4,907)	(4,907)
<b>At 31 December 2020</b>		<b>4,561</b>	<b>223,182</b>	<b>5,393</b>	<b>(4,655)</b>	<b>(226,882)</b>	<b>1,599</b>

The notes on pages 20 to 53 form part of these financial statements.

## Treatwell Limited

### Consolidated Statement of Cash Flows

For the Year Ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Operating activities</b>			
Loss for the year		(13,707)	(56,527)
Depreciation of Investment property	10	33	-
Depreciation of property, plant and equipment	12	460	511
Depreciation of right-of-use assets	19	1,274	1,073
Loss on disposal of property, plant and equipment	12	-	6
Impairment of investment property	10	570	-
Impairment of property, plant and equipment	12	12	416
Impairment of goodwill	11	-	7,879
Amortisation of intangible assets	11	29	72
Share based (credit)/expense	17	(4,907)	85
Interest costs on lease commitments	7	347	297
Interest costs on borrowings	7	59	-
Interest income	7	-	(138)
Loss on lease modifications	19	-	1
Increase in trade and other receivables		824	(294)
Increase in trade and other payables		(13,629)	10,549
IFRS16 movements in trade and other receivables & payables		-	546
Tax paid		-	(1)
<b>Cash flows used in operating activities</b>		<b>(28,635)</b>	<b>(35,525)</b>
<b>Investing activities</b>			
Interest received	7	-	138
Purchase of property, plant & equipment	12	(340)	(576)
Purchase of intangible assets	11	-	(66)
Proceeds from disposal of property, plant & equipment	12	-	4
<b>Net cash flows used in investing activities</b>		<b>(340)</b>	<b>(500)</b>
<b>Financing activities</b>			
Proceeds from shareholder loans	20	30,942	-
Payment of principal portion of lease liabilities	19	(1,266)	(984)
Payment of interest on lease liabilities	19	(347)	(297)
Proceeds from issue of share capital	16	1,807	39,994
<b>Net cash flows from financing activities</b>		<b>31,136</b>	<b>38,713</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,161</b>	<b>2,688</b>
Effect of changes in foreign exchange rates		(4,328)	3,245
Cash and cash equivalents at 1 January	14	15,140	9,207
<b>Cash and cash equivalents at 31 December</b>		<b>12,973</b>	<b>15,140</b>

The notes on pages 20 to 53 form part of these financial statements.

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 1. Accounting policies

##### *General information*

Treatwell Limited (formerly Hotspring Ventures 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 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 2020.

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 23 December 2021. 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 loss on activities after tax for the year of £13.7m (2019: 56.5m) and has net assets of £1.6m (2019: net liabilities of £4.6m). The group holds cash and cash equivalents of £13.0m (2019: £15.1m). During the period under review, the group changed its marketing and discounting strategy to be more efficient and put focus on its goal of being profitable in 2021.

In June 2020, the group was fully acquired by Real Web Ventures Limited, a wholly owned subsidiary of Real Web S.A. (hereinafter "Real Web Ventures & Real Web"). This change of ownership, along with the COVID-19 pandemic has driven an impactful change in the way the group is operating and approaching spend, with a focus on becoming profitable and self-sufficient in its own investment in the 2021 year. In November 2021 the group finalised the 2022 to 2023 budget, this returns focus back to growth which will require further investment from Real Web Ventures & Real Web in 2022.

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 does not expect COVID-19 to have a material impact on the group's revenue or costs moving into the 2022 year. The group does recognise that there are still unknown risks relating to COVID-19 and uncertainty as to what extent this may impact the group.

The group continued to benefit from support from investors throughout the period under review. In 2020, the parent company received additional funding of £20m from Recruit Co Limited in the period prior to its change of ownership. Following the change of ownership, the parent company has received additional funding of €6m in the form of a capital contribution, €5m for shares issued and €19m in loans from the new owner Real Web Ventures Limited to support further growth and market development. As at December 2021 all loans currently owed have a repayment date of 31 December 2022, the group has the right to extend the repayment date for all loans by an additional 1 year.

Upon Real Web Venture's acquisition of the group, Real Web Ventures and Real Web committed to €50m of initial funding, as at November 2021 €20m of this funding is still available. The Director's plan on drawing down a further €20m loan from Real Web Ventures in the first half of 2022 to support forecasted growth plans.

This additional investment will allow the group to maintain a minimum level of £10m cash through to the end of 2023, from Q2 2023 the group expect to be consistently profitable and self-sufficient with no further funding required. The directors have performed sensitivity analysis on forecast results and believe that the group will be able to survive any reasonable changes to key assumptions.

## **Treatwell Limited**

### **Notes to the Financial Statements**

For the Year Ended 31 December 2020

#### **1. Accounting policies (continued)**

##### ***Going concern (continued)***

During 2021 the group's monthly management accounts have shown consistent positive EBITDA which gives assurance that the business model being pursued can be profitable and will be profitable in the future. Despite the substantial growth plans in all of its markets during the period under review and given the vast improvement to the group's results under the new management, the directors have a reasonable expectation that the company and the group have adequate resources to continue operating for the foreseeable future with the ongoing support of Real Web Ventures and Real Web, which has been confirmed in writing.

The directors have considered the ability of the parent company to provide the continued financial support that the group and company require, and, whilst the directors are confident that the required support will be provided, in light of the continued uncertainty relating to the COVID-19 pandemic and a lack of visibility across the completeness of liabilities and other financial commitments of the wider group as headed by Real Web S.A., the directors consider that there is material 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. 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 2020

#### 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.

##### *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 2020

### 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	3 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 2020

#### 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 2020

#### 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 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 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 2020

#### 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 11. 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 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 2020

#### 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. The amounts incurred for the year are disclosed in note 19.

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 2020

#### 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 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 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.

##### *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 2020

#### 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 2020 not materially impacting the group:

- Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after 1 January 2020, this revised the definition of a business for acquisitions occurring on or after 1 January 2020.
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS39 and IFRS 7)
- COVID-19 related rent concessions (Amendments to IFRS 16)
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material)
- Revisions to the Conceptual Framework for Financial Reporting

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 1. Accounting policies (continued)

##### *New standards and interpretations (continued)*

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 Contracts (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)

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

#### 2. Significant accounting estimates, judgements and assumptions

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 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 rental values of subletting the properties at the date of impairment review.

In 2019 management performed an impairment assessment of the group's non-financial assets by comparing the carrying amount of each CGU against its fair value less costs of disposal. The group changed ownership in June 2020 and the sale price was used to determine fair market value less costs of disposal. The key estimates involved in the group impairment review for 2019 were:

- Management estimated the fair value less costs of disposal of individual assets, assessing assets based on their NBV against similar assets of a similar age being marketed for sale. Individual assets were only impaired down to their individual fair value less costs of disposal.
- Management have assumed that the sale of the group in 2020 was made in line with fair market conditions.

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 2. Significant accounting estimates, judgements and assumptions (continued)

##### *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 19.

##### *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 13.

##### *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 2020

#### 2. Significant accounting estimates, judgements and assumptions (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 19 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 2019 the group identified the sale to Real Web Ventures as an impairment indicator for all assets held by the group.

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 3. Revenue

##### *Analysis of group revenue*

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

	2020 £'000	2019 £'000
Commission revenue	23,981	31,466
Subscription revenue	2,746	3,126
Other revenue	34	245
	<b>26,761</b>	<b>34,837</b>

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

	2020 £'000	2019 £'000
UK & Ireland	9,136	16,691
Rest of Europe	17,625	18,146
	<b>26,761</b>	<b>34,837</b>

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

	2020 £'000	2019 £'000
Services transferred at a point in time	24,015	31,711
Services transferred over time	2,746	3,126
	<b>26,761</b>	<b>34,837</b>

Balance sheet items associated with revenue include the following:

	2020 £'000	2019 £'000
Trade receivables	2,379	2,193
Expected credit loss provision	(1,850)	(1,354)
Deferred revenue	(3,724)	(1,932)
Accrued revenue (included in other receivables)	422	8

Set out below is the amount of revenue recognised from:

	2020 £'000	2019 £'000
Amounts included in contract liabilities at the beginning of the year	1,932	1,205
Performance obligations satisfied in previous years	(8)	(27)

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 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.

#### 4. Grant income received

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

	2020 £'000	2019 £'000
Restricted grants for support of payroll	590	-
Other grants received	286	-
	<u>876</u>	<u>-</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

	2020 £'000	2019 £'000
<i>Included in operating loss:</i>		
Share based (credit)/charge	(4,907)	85
Depreciation of investment property	33	-
Depreciation of owned property, plant & equipment	460	511
Depreciation of right-of-use assets	1,274	1,073
Loss on disposal of owned property, plant & equipment	(1)	6
Foreign Exchange (gains)/losses	(4,233)	3,252
Amortisation of intangible assets	29	72
Impairment of goodwill	-	7,879
Impairment of property, plant & equipment	12	416
Impairment of investment property	570	-
Impairment of trade receivables including debts written off	442	337
<i>Auditor remuneration:</i>		
Audit	98	110

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 6. Employee costs

<i>Employee benefits expense</i>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>

*Included in administration expenses:*

Wages and salaries	<b>26,189</b>	<b>32,241</b>
Social security costs	<b>3,965</b>	<b>4,852</b>
Pension costs	<b>489</b>	<b>501</b>
	<b>30,643</b>	<b>37,594</b>

<i>Number of people employed</i>	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>

Number of full time equivalent (FTE) employees	<b>498</b>	<b>528</b>
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*Average number of people (including executive directors) employed:*

Operational	<b>460</b>	<b>498</b>
Administration	<b>44</b>	<b>37</b>

<b>Total average headcount</b>	<b>504</b>	<b>535</b>
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<i>Directors remuneration</i>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>

Aggregate remuneration in respect of qualifying services	<b>1,068</b>	<b>5,268</b>
Aggregate contributions to pensions in respect of qualifying services	<b>4</b>	<b>4</b>
Aggregate remuneration in respect of the highest paid director	<b>584</b>	<b>3,795</b>
Aggregate contributions to pensions in respect of the highest paid director	<b>1</b>	<b>1</b>

#### 7. Finance income / (costs)

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest costs on lease commitments	<b>(347)</b>	<b>(297)</b>
Interest on borrowings	<b>(59)</b>	<b>-</b>
Interest income	<b>-</b>	<b>138</b>
	<b>(406)</b>	<b>(159)</b>

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 8. Income tax

##### *Tax credit on ordinary activities for the year*

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

	2020 £'000	2019 £'000
<i>Current tax:</i>		
Corporation tax credit on profit/loss for the year	-	1
Adjustments in respect of consortium relief for prior years	-	-
Total current tax credit	-	1
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Recognition of previously unrecognised tax assets	-	-
Total tax credit on ordinary activities	-	1

##### *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% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Loss on ordinary activities before tax	(13,707)	(56,527)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK: 19% (2019: 19%)	(2,604)	(10,740)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(1,874)	1,498
Amounts not recognised in deferred tax	5,491	10,793
Impact of different overseas tax rates	(1,013)	(1,550)
Total tax credit for the year	-	1

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 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% (2019: 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.

2020	2019
£'000	£'000

The deferred tax asset, using a rate of 19% (2019: 19%) comprises the following:

##### *Unrecognised deferred tax assets*

Tax losses carried forward	(42,104)	(40,235)
Total unrecognised deferred tax asset	<u>(42,104)</u>	<u>(40,235)</u>

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 2020

#### 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	Registered address
Treatwell BNL B.V.	Ordinary shares	100%	Trading entity	Nieuwezijds Voorburgwal 120-126 1012 SH Amsterdam, Netherlands
Treatwell DACH GmbH	Ordinary shares	100%	Trading entity	Greifswalder Str. 212 10405 Berlin, Germany
Treatwell FR SAS	Ordinary shares	100%	Trading entity	52 rue de la Chaussée d'Antin 75009 Paris, France
Treatwell IT s.r.l.	Ordinary shares	100%	Trading entity	Milano Via G. B. Pirelli 11 20124 Milano, Italy
Treatwell LT UAB	Ordinary shares	100%	Trading entity	Jono Basanavičiaus g. 15 Vilnius 03108, Lithuania
Treatwell Spain s.l.	Ordinary shares	100%	Trading entity	En la Calle Labastida, 10-12 28034 Madrid, Spain
Treatwell US Inc	Ordinary shares	100%	Dormant	111 Eighth Avenue New York, NY, USA

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 10. Investment property

	<i>Office Premises</i>
	<i>£'000</i>
<b>Cost:</b>	
At 31 December 2019	-
Transfers	<u>1,615</u>
<b>At 31 December 2020</b>	<u><b>1,615</b></u>
<b>Depreciation &amp; Impairment:</b>	
At 31 December 2019	-
Transfers	<u>243</u>
Charge for the year	<u>33</u>
Impairment	<u>570</u>
Effect of translation to presentation currency	<u>2</u>
<b>At 31 December 2020</b>	<u><b>848</b></u>
<b>Net Book Value:</b>	
31 December 2019	<u>-</u>
<b>31 December 2020</b>	<u><b>767</b></u>

In the 2020 year the group ended owner occupation of two office leases that had previously been disclosed within ROU assets (note 19) 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. 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 £570k (2019: £nil), 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).

The lease liability associated with the above investment property is included in note 19.



## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 11. 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>
<b>Cost:</b>					
At 31 December 2018	38,654	644	825	370	40,493
Additions	-	-	66	-	66
Effect of translation to presentation currency	(2,013)	-	(2)	-	(2,015)
<b>At 31 December 2019</b>	<b>36,641</b>	<b>644</b>	<b>889</b>	<b>370</b>	<b>38,544</b>
Additions	-	-	-	-	-
Disposals	-	-	(63)	-	(63)
Effect of translation to presentation currency	2,040	-	2	-	2,042
<b>At 31 December 2020</b>	<b>38,681</b>	<b>644</b>	<b>828</b>	<b>370</b>	<b>40,523</b>
<b>Amortisation &amp; Impairment:</b>					
At 31 December 2018	29,549	644	724	370	31,287
Charge for the year	-	-	72	-	72
Impairment for the year	7,879	-	-	-	7,879
Effect of translation to presentation currency	(787)	-	(2)	-	(789)
<b>At 31 December 2019</b>	<b>36,641</b>	<b>644</b>	<b>794</b>	<b>370</b>	<b>38,449</b>
Charge for the year	-	-	29	-	29
Impairment for the year	-	-	-	-	-
Effect of translation to presentation currency	2,040	-	2	-	2,042
<b>At 31 December 2020</b>	<b>38,681</b>	<b>644</b>	<b>825</b>	<b>370</b>	<b>40,520</b>
<b>Net Book Value:</b>					
31 December 2019	-	-	95	-	95
<b>31 December 2020</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>

Goodwill is denominated in EUR and was revalued using the year end foreign exchange rate. Of the movement in other comprehensive income, £nil loss (2019: £1.2m loss) relates to this revaluation.

At 2020 year end the goodwill had a nil net book value and so no impairment review was required.

The 2019 carrying value of the goodwill was tested for impairment during the 2019 financial year by way of comparing the recoverable amount of each CGU with the carrying value of its net assets including goodwill. Based on the market value of the group which was established through the sale price to its new shareholders, impairment of £7.9m goodwill was recorded in 2019.

Refer to note 21 for further information of the impairment review.

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 12. Property, plant and equipment

	<i>Leasehold Improvements</i>	<i>Computer Equipment &amp; Other</i>	<i>Furniture &amp; Office Equipment</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
<b>Cost:</b>				
At 31 December 2018	781	1,589	648	3,018
Additions	171	362	43	576
Disposals	-	(1)	(23)	(24)
Transfers	6	-	-	6
Effect of translation to presentation currency	(19)	(42)	(16)	(77)
<b>At 31 December 2019</b>	<b>939</b>	<b>1,908</b>	<b>652</b>	<b>3,499</b>
Additions	40	240	60	340
Disposals	-	(2)	(4)	(6)
Transfers	-	-	-	-
Effect of translation to presentation currency	23	50	17	90
<b>At 31 December 2020</b>	<b>1,002</b>	<b>2,196</b>	<b>725</b>	<b>3,923</b>
<b>Depreciation &amp; Impairment:</b>				
At 31 December 2018	441	1,113	430	1,984
Charge for the year	91	325	95	511
Disposals	-	(1)	(13)	(14)
Transfers	6	-	-	6
Impairment	416	-	-	416
Effect of translation to presentation currency	(15)	(31)	(12)	(58)
<b>At 31 December 2019</b>	<b>939</b>	<b>1,406</b>	<b>500</b>	<b>2,845</b>
Charge for the year	6	360	94	460
Disposals	-	(2)	(4)	(6)
Transfers	-	-	-	-
Impairment	12	-	-	12
Effect of translation to presentation currency	23	38	14	75
<b>At 31 December 2020</b>	<b>980</b>	<b>1,802</b>	<b>604</b>	<b>3,386</b>
<b>Net Book Value:</b>				
31 December 2019	-	502	152	654
<b>31 December 2020</b>	<b>22</b>	<b>394</b>	<b>121</b>	<b>537</b>

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 13. Trade and other receivables

	2020	2019
	£'000	£'000
Trade receivables	2,379	2,193
Expected credit loss provision	(1,850)	(1,354)
Other receivables	2,286	1,707
Other taxes receivable	76	166
Amounts owed by related parties	53	710
Prepayments	1,047	1,393
	<u>3,991</u>	<u>4,815</u>

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
2020	57	17	85	120	107	1,993	2,379
2019	499	28	89	78	61	1,438	2,193

See note 22 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.

#### 14. Cash and cash equivalents

	2020	2019
	£'000	£'000
Cash and cash equivalents	<u>12,973</u>	<u>15,140</u>

#### 15. Trade and other payables

	2020	2019
	£'000	£'000
Trade payables	2,947	8,138
Accrued expenses	2,717	10,398
Deferred revenue	3,724	1,932
Other taxes and social security costs	1,664	4,213
	<u>11,052</u>	<u>24,681</u>

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 16. Issued share capital and reserves

<i>Ordinary shares called up and fully paid</i>	<i>As at 31 December 2020</i>		<i>As at 31 December 2019</i>	
	<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	3,905,766	39

#### *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 2020 the group's parent company, Real Web Ventures Limited, forgave £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.

#### *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.

#### *Loan forgiveness*

During the year until 24 June 2020 the group had access to a cash pooling facility provided by the old parent company, Recruit. £19.2m was drawn down from this facility in 2020, on 24 June 2020, as part of the sale agreement, Recruit forgave the amounts owed in full, this has been recognised as a credit to the group's retained deficit.

#### 17. Share based payments

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

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Hurdle shares	(4,907)	85

#### *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 2020, no new Hurdle shares were issued and none were cash settled during the period (2019: 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 2020

#### 17. Share based payments (continued)

##### *Employee share option plans (continued)*

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.

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 2019 the estimated valuation was expensed over the vesting period of the Hurdle shares resulting in a charge to the statement of comprehensive income in 2019 of £0.1m. The credit entry corresponding to the Hurdle share expense was credited directly to retained earnings.

##### *Share based payments assumptions*

Management engaged an independent valuation expert to prepare the valuation of these awards at grant date using a binomial model. A discount rate of 40% (2019: 40%) has been 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 2020, no new C shares were granted to employees of the company (2019: nil).

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 18. 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:

	2020 £'000	2019 £'000
<i>Short term employee benefits</i>		
Salaries including bonuses	3,001	10,040
Social security costs	327	1,170
Other benefits	23	29
Fees	-	728
	<u>3,351</u>	<u>11,967</u>
<i>Post employment benefits</i>		
Defined contribution pension plans	<u>24</u>	<u>24</u>
<b>Total remuneration</b>	<u>3,375</u>	<u>11,991</u>

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 19. 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 &amp; motor vehicles</i>
	<i>£'000</i>
<b>Cost:</b>	
At 1 January 2019	5,845
Additions	2,446
Lease modifications	(67)
Effect of translation to presentation currency	(62)
<b>At 31 December 2019</b>	<b>8,162</b>
Additions	1,569
Disposals	(9)
Lease modifications	426
Transfers (note 10)	(1,615)
Effect of translation to presentation currency	62
<b>At 31 December 2020</b>	<b>8,595</b>
<b>Depreciation:</b>	
At 1 January 2019	-
Charge for the year	1,073
Disposals	(14)
<b>At 31 December 2019</b>	<b>1,059</b>
Charge for the year	1,274
Disposals	(9)
Transfers (note 10)	(243)
Effect of translation to presentation currency	(21)
<b>At 31 December 2020</b>	<b>2,060</b>
<b>Net Book Value:</b>	
31 December 2019	7,103
<b>31 December 2020</b>	<b>6,535</b>

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 19. Leases (continued)

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

	<b>£'000</b>
At 1 January 2019	6,389
Additions	2,450
Interest charges	297
Payments	(1,281)
Lease modifications	(66)
Effect of translation to presentation currency	(50)
<b>At 31 December 2019</b>	<b>7,739</b>
Additions	1,569
Interest charges	347
Payments	(1,613)
Lease modifications	426
Effect of translation to presentation currency	46
<b>At 31 December 2020</b>	<b>8,514</b>
Current	1,322
Non-current	7,191
<b>At 31 December 2020</b>	<b>8,513</b>

The maturity analysis of lease liabilities are as follows:

	<b>2020</b>
	<b>£'000</b>
Within one year	1,323
In two to five years	5,282
In over five years	1,909
	<b>8,514</b>

The following are the amounts recognised in profit or loss:

	<b>2020</b>
	<b>£'000</b>
Depreciation expense of right-of-use assets	1,274
Interest expense on lease liabilities	347
<b>Total amount recognised in profit or loss</b>	<b>1,621</b>

The group had total cash outflows for leases of £1.6m (2019: £1.3m). The group also had non-cash additions to right-of-use assets of £1.6m (2019: £8.3m) and lease liabilities of £1.6m (2019: £8.3m). 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 2020

#### 19. Leases (continued)

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	<i>Within 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Extension options expected not to be exercised	481	35	516
Termination options expected to be exercised	-	-	-
	<u>481</u>	<u>35</u>	<u>516</u>

#### 20. Loans and Borrowings

The book value of loans and borrowings is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current</i>		
Loans from parent entity	<u>3,642</u>	<u>-</u>

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 £9m (2019: £nil). On 31 December 2020 £5.4m of the loan was capitalised (2019: £nil), this resulted in the creation of the other capital contribution reserve.

The loan bears an interest rate of 1%, interest is capitalised and along with the principal is repayable at the end of the loan period.

Post year end the repayment date of the loan was extended to 31 December 2022.

During the year until 24 June 2020 the group had access to a cash pooling facility provided by the old parent company, Recruit. £19.2m was drawn down from this facility in 2020, on 24 June 2020, as part of the sale agreement, Recruit forgave the amounts owed in full, this has been recognised as a credit to the group's retained deficit.

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Euro	<u>3,642</u>	<u>-</u>

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 21. Impairment review

During the prior year annual impairment review goodwill was impaired in full, at the 2020 year end the carrying amount of goodwill was nil and so no impairment of goodwill was performed, the below explains how the impairment review was performed in 2019 and the results of this review.

The group performed its annual impairment test in December 2019. The group considers the relationship between the trading performance of each CGU and their book value when reviewing for indicators of impairment. Each operating subsidiary represents a cash generating unit (CGU). Goodwill is allocated to the subsidiary on which it arose.

The recoverable amount of each segment was determined as its value-in-use. In 2019, value-in-use was reviewed using the current market value based on the recent sale of the group.

To assess for impairment, the value-in-use of the CGU is compared to the carrying value of the assets of that CGU including any attributed goodwill. If the resultant net present value of the discounted cash flows is less than the carrying value of the CGU including goodwill, the difference is written off through the consolidated statement of comprehensive income.

The impairment review conducted indicated that the goodwill was impaired and was therefore impaired in full at the reporting date.

The impairment review conducted indicated that the resultant net present value of the discounted cash flows was less than the carrying value of each CGU including goodwill and indicated that the goodwill was impaired and was therefore impaired in full at the 2019 reporting date.

The movement in goodwill during the 2019 year related to impairment of £7.9m and the retranslation of goodwill in European subsidiaries at the year end exchange rate. This resulted in a foreign exchange loss in other comprehensive income of £1.2m (see note 11).

#### 22. 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*

##### *Financial liabilities*

		2020	2019
		£'000	£'000
<b>Current liabilities</b>	<b>Maturity</b>		
Trade payables	Payable within 1 year	2,947	8,138
Other payables	Payable within 1 year	2,717	10,398
Lease liabilities	Payable within 1 year	1,322	1,164
Interest-bearing loans and borrowings	Payable within 1 year	3,642	-
		<u>10,628</u>	<u>19,700</u>
<b>Non-current liabilities</b>	<b>Maturity</b>		
Lease liabilities	Payable 2-10 years	7,191	6,575

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 22. Financial risk management (continued)

The group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

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 2020</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	2,717	-	2,717	-	-
Lease liabilities	8,513	-	1,322	5,282	1,908
Interest-bearing loans and borrowings	3,642	-	3,642	-	-

<i>As at 31 December 2019</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	8,138	-	8,138	-	-
Other financial liabilities	10,398	-	10,398	-	-
Lease liabilities	7,739	-	1,164	4,398	2,177

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>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
<i>Current assets</i>		
Trade and other receivables	2,868	3,256
Cash and cash equivalents	12,973	15,140
	<u>15,841</u>	<u>18,396</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 13.

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 22. 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 13.

##### *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:

	2020 EUR'000	2020 £'000	2019 EUR'000	2019 £'000
Cash and cash equivalents	11,509	10,389	6,510	5,562
Trade and other receivables	1,674	1,511	1,360	1,162
Trade payables	1,473	1,329	3,381	2,889
Other financial liabilities	5,139	4,639	7,302	6,239
Interest-bearing loans and borrowings	4,035	3,642	-	-

## Treatwell Limited

### Notes to the Financial Statements

For the Year Ended 31 December 2020

#### 22. 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.

	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
	EUR +10%	EUR -10%	EUR +10%	EUR -10%
Cash and cash equivalents	991	(1,078)	536	(573)
Trade and other receivables	144	(157)	112	(120)
Trade payables	128	(137)	277	(298)
Other financial liabilities	442	(481)	600	(643)
Interest-bearing loans and borrowings	348	(378)	-	-
Effect on pre-tax equity	218	(238)	(230)	249

#### 23. Ultimate parent undertaking and controlling party

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 Treatwell Limited to Real Web Ventures Limited on 24 June 2020.

At the year end, the parent company was Real Web Ventures Limited, the ultimate parent company is Real Web S.A., a company incorporated in Luxembourg. The controlling party of Real Web S.A. is Mr Andrea Piccioni.

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 2020

#### **24. Events after the reporting period**

##### *Acquisitions*

On 9 July 2021 the company acquired 1,004 ordinary shares (50.1% of the total share capital) of Salonized Holding B.V., an entity incorporated in the Netherlands, for €6.3m in cash. Previously Salonized had been one of the group's biggest competitors in the Netherlands. As at 23 December 2021 the acquisition accounting for this transaction was incomplete.

On 26 October 2021 the company acquired 1,000 ordinary shares (1.16% of the total share capital) of Uala S.R.L., a sister company incorporated in Italy, for €215k as well as contingent consideration of €105k payable if Uala S.R.L. is sold to a third party before 31 December 2023.

At the date of signing the financial statements there were no amounts outstanding in relation to the above acquisitions apart from the contingent consideration that may become payable in the future.

##### *Incorporation of a new subsidiary*

On 25 October 2021 the company incorporated a new 100% owned subsidiary in Portugal, Treatwell Sociedade Unipessoal LDA, with €1 share capital. This entity will facilitate the expansion of the group into Portugal.

##### *Loans with the parent entity*

From 1 January 2021 to the date of signing the financial statements the group received additional funding, in the form of interest bearing loans from Real Web Ventures Limited, totalling €15m.

In December 2021 the repayment date of all outstanding loans to Real Web Ventures Limited was extended to 31 December 2022 and gives the group the right to extend repayment date of all loans by one additional year.

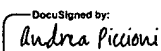
## Treatwell Limited

### Parent Company Statement of Financial Position

As at 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Non current assets</b>			
Investments	4	-	-
Intangible assets	5	3	95
Property, plant & equipment	6	301	372
		<u>304</u>	<u>467</u>
<b>Current assets</b>			
Trade and other receivables	7	10,809	9,596
Cash and cash equivalents		3,467	10,225
		<u>14,276</u>	<u>19,821</u>
<b>Current liabilities</b>			
Trade and other payables	8	7,612	23,236
Loans and borrowings	9	3,642	-
		<u>11,254</u>	<u>23,236</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>3,022</u>	<u>(3,415)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,326</u>	<u>(2,948)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>3,326</u>	<u>(2,948)</u>
<b>EQUITY</b>			
Issued share capital	10	4,561	39
Share premium	10	223,182	223,182
Other capital contribution	10	5,393	-
Retained deficit		(229,810)	(226,169)
<b>TOTAL EQUITY</b>		<u>3,326</u>	<u>(2,948)</u>

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

DocuSigned by:  
  
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A. Piccioni

23 December 2021

Registered company number: 06457679

The notes on pages 56 to 69 form part of these financial statements.

## Treatwell Limited

### Parent Company Statement of Changes in Equity

For the year ended 31 December 2020

		<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>
<b>At 31 December 2018</b>		<b>34</b>	<b>183,193</b>	<b>-</b>	<b>(122,032)</b>	<b>61,195</b>
Issue of shares	10	5	39,989	-	-	39,994
Share based payments charge		-	-	-	85	85
Loss for the year		-	-	-	(104,222)	(104,222)
<b>At 31 December 2019</b>		<b>39</b>	<b>223,182</b>	<b>-</b>	<b>(226,169)</b>	<b>(2,948)</b>
Issue of shares	10	4,522	-	-	-	4,522
Loan forgiveness	9	-	-	-	19,192	19,192
Other capital contribution	10	-	-	5,393	-	5,393
Share based payments charge		-	-	-	(4,907)	(4,907)
Loss for the year		-	-	-	(17,926)	(17,926)
<b>At 31 December 2020</b>		<b>4,561</b>	<b>223,182</b>	<b>5,393</b>	<b>(229,810)</b>	<b>3,326</b>

The notes on pages 56 to 69 form part of these financial statements.



## Treatwell Limited

### Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2020

#### 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 £17.9m (2019: £104.2m). 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 £17.9m (2019: 104.2m). The company holds cash and cash equivalents of £3.5m (2019: £10.2m). During the period under review, the company changed its marketing and discounting strategy to be more efficient and put focus on its goal of being profitable in 2021.

In June 2020, the company was fully acquired by Real Web Ventures Limited, a wholly owned subsidiary of Real Web S.A. (hereinafter "Real Web Ventures & Real Web"). This change of ownership, along with the COVID-19 pandemic has driven an impactful change in the way the company is operating and approaching spend, with a focus on becoming profitable and self-sufficient in its own investment in the 2021 year. In November 2021 the company finalised the 2022 to 2023 budget, this returns focus back to growth which will require further investment from Real Web Ventures & Real Web in 2022.

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 company does not expect COVID-19 to have a material impact on the company's revenue or costs moving into the 2022 year. The company does recognise that there are still unknown risks relating to COVID-19 and uncertainty as to what extent this may impact the company.

The company continued to benefit from support from investors throughout the period under review. In 2020, the parent company received additional funding of £20m from Recruit Co Limited in the period prior to its change of ownership. Following the change of ownership, the parent company has received additional funding of €6m in the form of a capital contribution, €5m for shares issued and €19m in loans from the new owner Real Web Ventures Limited to support further growth and market development. As at December 2021 all loans currently owed have a repayment date of 31 December 2022, the company has the right to extend the repayment date for all loans by an additional 1 year.

Upon Real Web Venture's acquisition of the company, Real Web Ventures and Real Web committed to €50m of initial funding, as at November 2021 €20m of this funding is still available. The Director's plan on drawing down a further €20m loan from Real Web Ventures in the first half of 2022 to support forecasted growth plans.

This additional investment will allow the company to maintain a minimum level of £10m cash through to the end of 2023, from Q2 2023 the company expect to be consistently profitable and self-sufficient with no further funding required. The directors have performed sensitivity analysis on forecast results and believe that the company will be able to survive any reasonable changes to key assumptions.

During 2021 the company's monthly management accounts have shown consistent positive EBITDA which gives assurance that the business model being pursued can be profitable and will be profitable in the future. Despite the substantial growth plans in all of its markets during the period under review and given the vast improvement to the company's results under the new management, the directors have a reasonable expectation that the company and the company have adequate resources to continue operating for the foreseeable future with the ongoing support of Real Web Ventures and Real Web, which has been confirmed in writing.

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, in light of the continued uncertainty relating to the COVID-19 pandemic and a lack of visibility across the completeness of liabilities and other financial commitments of the wider group as headed by Real Web S.A., the directors consider that there is material uncertainty regarding the ability of the parent company to provide the future funding required for the company 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 2020

#### 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
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## Treatwell Limited

### Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2020

#### 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 2020

#### 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 11 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 2020

#### 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 2020

#### 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 2020

#### **2. Significant accounting estimates, judgements and assumptions**

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 21 to the group accounts. Non-financial assets are within notes 4, 5 and 6.

###### ***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.

## Treatwell Limited

### Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2020

#### 3. Employee costs

<i>Employee benefits expense</i>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<i>Included in administration expenses:</i>		
Wages and salaries	<b>15,445</b>	19,678
Social security costs	<b>1,984</b>	2,596
Pension costs	<b>336</b>	338
	<b>17,765</b>	<b>22,612</b>
<i>Number of people employed</i>	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Number of full time equivalent (FTE) employees	<b>226</b>	217



## Treatwell Limited

### Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2020

#### 4. Investments

	2020	2019
	£'000	£'000
<b>Investments in subsidiary companies</b>		
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	-	-
	<u>-</u>	<u>-</u>
	-	-
<b>Cost:</b>		<b>£'000</b>
At 31 December 2018		32,885
Additions in year		5,044
Disposals in year		(5,044)
<b>At 31 December 2019</b>		<b>32,885</b>
Additions in year		5,119
Disposals in year		(5,119)
<b>At 31 December 2020</b>		<b>32,885</b>
<b>Accumulated impairment:</b>		
At 31 December 2018		24,166
Impairment loss		10,111
<b>At 31 December 2019</b>		<b>34,277</b>
Impairment loss		-
<b>At 31 December 2020</b>		<b>34,277</b>
<b>Accumulated FX gain:</b>		
At 31 December 2018		1,928
FX gain		(536)
<b>At 31 December 2019</b>		<b>1,392</b>
FX loss		-
<b>At 31 December 2020</b>		<b>1,392</b>
<b>Net Book Value:</b>		
At 31 December 2019		-
<b>At 31 December 2020</b>		<b>-</b>

On 24 June 2020, Treatwell FR SAS completed a debt for equity swap of £5.1m (2019: £5.0m).

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

On 31 December 2019, management conducted an impairment review of the carrying value of its investments. This review considered the recoverable amount of the investments after deducting their liabilities to external suppliers and the liabilities owed to the parent company. This review resulted in all investments being impaired in full £10.1m.

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 2020

### 5. Intangible assets

	<i>Software</i>
	<i>£'000</i>
<i>Cost:</i>	
At 31 December 2018	202
Additions	67
Effect of translation to presentation currency	-
<b>At 31 December 2019</b>	<b>269</b>
Additions	-
Disposals	(63)
Effect of translation to presentation currency	-
<b>At 31 December 2020</b>	<b>206</b>
<i>Amortisation &amp; Impairment:</i>	
At 31 December 2018	102
Charge for the year	72
<b>At 31 December 2019</b>	<b>174</b>
Charge for the year	29
<b>At 31 December 2020</b>	<b>203</b>
<i>Net Book Value:</i>	
At 31 December 2019	95
<b>At 31 December 2020</b>	<b>3</b>

## Treatwell Limited

### Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2020

#### 6. Property, plant and equipment

	<i>Leasehold Improvements</i>	<i>Computer Equipment &amp; Other</i>	<i>Furniture &amp; Office Equipment</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Cost:</b>				
At 31 December 2018	492	760	347	1,599
Additions	86	172	21	279
<b>At 31 December 2019</b>	<b>578</b>	<b>932</b>	<b>368</b>	<b>1,878</b>
Additions	13	157	51	221
<b>At 31 December 2020</b>	<b>591</b>	<b>1,089</b>	<b>419</b>	<b>2,099</b>
<b>Depreciation &amp; Impairment:</b>				
At 31 December 2018	229	472	220	921
Charge for the year	32	184	52	268
Impairment	317	-	-	317
<b>At 31 December 2019</b>	<b>578</b>	<b>656</b>	<b>272</b>	<b>1,506</b>
Charge for the year	2	217	62	281
Impairment	11	-	-	11
<b>At 31 December 2020</b>	<b>591</b>	<b>873</b>	<b>334</b>	<b>1,798</b>
<b>Net Book Value:</b>				
At 31 December 2019	-	276	96	372
<b>At 31 December 2020</b>	<b>-</b>	<b>216</b>	<b>85</b>	<b>301</b>

#### 7. Trade and other receivables

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade and other receivables	2,418	2,899
Amounts due from company undertakings	8,391	6,057
Amounts owed by related parties	-	640
	<b>10,809</b>	<b>9,596</b>

At year end, amounts due from company undertakings were reviewed for impairment. This review resulted in £nil being taken up as a provision (2019: £58.4m).

Amounts due from company undertakings are interest bearing and repayable on demand. Amounts owed by related parties are non-interest bearing and repayable on demand.

Amounts due from company undertakings 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 2020

#### 8. Trade and other payables

	2020	2019
	£'000	£'000
Trade payables	1,751	5,439
Accrued expenses	3,802	10,558
Deferred revenue	1,612	830
Other taxes and social security costs	190	24
Amounts due to company undertakings	257	6,385
	<u>7,612</u>	<u>23,236</u>

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

#### 9. Loans and borrowings

The book value of loans and borrowings is as follows:

	2020	2019
	£'000	£'000
<i>Current</i>		
Loans from parent entity	<u>3,642</u>	<u>-</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 £9m (2019: £nil). On 31 December 2020 £5.4m of the loan was capitalised (2019: £nil), this resulted in the creation of the other capital contribution reserve.

The loan bears an interest rate of 1%, interest is capitalised and along with the principal is repayable at the end of the loan period.

Post year end the repayment date of the loan was extended to 31 December 2022.

On 24 June 2020 the company had outstanding loans owed to Recruit, the previous parent company, of £19.2m. As part of the sale agreement Recruit forgave these loans in full, this has been recognised as a credit to the company's retained deficit.

The currency profile of the company's loans and borrowings is as follows:

	2020	2019
	£'000	£'000
Euro	<u>3,642</u>	<u>-</u>

## Treatwell Limited

### Notes to the Parent Company Financial Statements

For the Year Ended 31 December 2020

#### 10. Issued share capital and reserves

Ordinary shares called up and fully paid	As at 31 December 2020		As at 31 December 2019	
Ordinary shares issued and fully paid	Number	£'000	Number	£'000
Series C2 shares at £0.01 each	456,148,167	4,561	3,906,766	39

#### 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 2020 the group's parent company, Real Web Ventures Limited, forgave £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.

#### Loan forgiveness

On 24 June 2020 the company had outstanding loans owed to Recruit, the previous parent company, of £19.2m. As part of the sale agreement Recruit forgave these loans in full, this has been recognised as a credit to the company's retained deficit.

#### 11. Commitments

##### Operating lease commitments

Total minimum lease payments under non-cancellable operating leases are as follows:	2020	2019
	£'000	£'000
Operating leases payment due:		
Within one year	982	982
In two to five years	3,929	3,929
In over five years	1,227	2,210
	<u>6,138</u>	<u>7,121</u>

#### 12. Ultimate parent undertaking and controlling party

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.

At the year end, the parent company was Real Web Ventures Limited, the ultimate parent company is Real Web S.A., a company incorporated in Luxembourg. The controlling party of Real Web S.A. is Mr Andrea Piccioni.

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 2020

#### **13. Events after the reporting period**

##### *Acquisitions*

On 9 July 2021 the company acquired 1,004 ordinary shares (50.1% of the total share capital) of Salonized Holding B.V., an entity incorporated in the Netherlands, for €6.3m in cash. Previously Salonized had been one of the group's biggest competitors in the Netherlands. As at 23 December 2021 the acquisition accounting for this transaction was incomplete.

On 26 October 2021 the company acquired 1,000 ordinary shares (1.16% of the total share capital) of Uala S.R.L., a sister company incorporated in Italy, for €215k as well as contingent consideration of €105k payable if Uala S.R.L. is sold to a third party before 31 December 2023.

At the date of signing the financial statements there were no amounts outstanding in relation to the above acquisitions apart from the contingent consideration that may become payable in the future.

##### *Incorporation of a new subsidiary*

On 25 October 2021 the company incorporated a new 100% owned subsidiary in Portugal, Treatwell Sociedade Unipessoal LDA, with €1 share capital. This entity will facilitate the expansion of the group into Portugal.

##### *Loans with the parent entity*

From 1 January 2021 to the date of signing the financial statements the company received additional funding, in the form of interest bearing loans from Real Web Ventures Limited, totalling €15m.

In December 2021 the repayment date of all outstanding loans to Real Web Ventures Limited was extended to 31 December 2022 and gives the company the right to extend repayment date of all loans by one additional year.