REGISTERED NUMBER: 10826193 (England and Wales)

Annual Report and Financial Statements

for the year ended

31 December 2024

Hack The Box Ltd

Registered Number: 10826193 (England & Wales)

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COMPANY INFORMATION

Company number	10826193
Directors	Nikos Fountas James Hooker Charalampos Antonios Pylarinos Ioannis Tsakatanis
Secretary	James Hooker
Registered office	Plexal Here East Queen Elizabeth Olympic Park Stratford London England E15 2GW
Independent auditor	KPMG LLP 2 Forbury Place 33 Forbury Road Reading RG1 3AD

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present the Strategic Report for Hack The Box Ltd and its subsidiaries ("the Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITY

Hack The Box Ltd is the parent of the Hack The Box Group ("the Group") whose principal activity is the development and sale of software that specialises in cybersecurity upskilling and talent assessment, offering a gamified software platform for individuals, businesses, and institutions. This software aims to enhance offensive and defensive cybersecurity skills, serving a diversified, global client base. The Group uses a Software-as-a-Service (SaaS) model selling monthly, semi-annual and annual plans to individual customers and organisations.

Hack The Box Ltd is the main trading company and holding company of all intellectual property of the Group. It receives support services from its fellow subsidiaries, which during 2024, provided marketing, administrative and R&D services to Hack The Box Ltd. The R&D activities are in respect of the development of the abovementioned software.

REVIEW OF BUSINESS

The Group has generated revenues of £24.78 million (year ended 31 December 2023: £15.53 million) cash generated from operations of (£2.28) million for the year ended 31 December 2024 (year ended 31 December 2023: (£6.50) million) which is in line with expectations of the directors and shareholders. The number of active subscribers / users that form its product community was approximately 3.2 million for the year ended 31 December 2024 (year ended 31 December 2023: 2.5 million).

The directors consider revenues and cash generated from operations as the Group's key performance indicators. Turnover for the year ended 31 December 2024 increased by £9.25 million, representing a 60% year-on-year growth compared to 2023. This significant uplift reflects the Group's continued success in scaling its operations and expanding its market presence.

The Group's cash from operations improved by £4.21 million or 65% compared to the prior year. This improvement is attributable to a combination of revenue growth and enhanced cost efficiencies achieved across the organisation. The positive impact reflects the effectiveness of ongoing strategic initiatives aimed at strengthening financial discipline while scaling operations. These key performance outcomes are consistent with the directors' expectations and indicative of the Group's focused execution of its growth and efficiency strategies.

The directors plan to further develop the software by seeking continuous product feature improvements to expand the Group's customer base and by refining its sales strategy. This will be funded by cash generated from receipts from external sales as well as the available funds following the Series B transaction in December 2022.

STRATEGY, OBJECTIVE AND BUSINESS MODEL

The main strategic focus of the Group is to achieve long term growth using its product as the main driver. The directors seek continuous improvements on the products offered, by monitoring competition, understanding market dynamics and adapting quickly to changes to maintain a competitive edge.

The 3.2 million Hack The Box community members, and the gamified experience offered by the Group's products is what differentiates Hack The Box products from the competition. This gamified environment of the Hack The Box products as well as being a part of a community offers a unique experience for the product users.

STRATEGY, OBJECTIVE AND BUSINESS MODEL *(continued)*

New customer acquisition and customer retention is part of the Group's strategic focus. The Group is focused on addressing customer needs, providing solutions that address the cybersecurity upskilling and talent assessment needs for individuals, businesses, and institutions and increasing customer satisfaction.

The expansion to new geographical markets and industries is another focus point of the Group. The Group is planning to undertake all necessary actions to increase cybersecurity awareness, to penetrate new geographical markets and industries so that all private and government organisations, as well as individuals increase their cybersecurity expertise through the Hack The Box cyber security upskilling platform and assisting organisations of any kind to attract talent relevant to this specific field.

The Group uses a SaaS (Software-as-a-Service) model. The software is hosted on a cloud infrastructure and Hack The Box product users pay monthly, semi-annual or annual fees to get access to this software. The users form an ethical hacking community sharing experiences and knowledge, interacting with each other, thus creating a unique training experience that is keeping users engaged. The Group invests heavily in research and development, keeping the software up to date and ahead of competition. The Hack The Box community is growing at a steady rate and is the most reputable ethical hacking community in the industry.

ADOPTION OF UK-ADOPTED INTERNATIONAL ACCOUNTING STANDARDS

During the reporting period, the Group transitioned from Financial Reporting Standard 102 (FRS 102) to UK-adopted International accounting standards for the preparation of its consolidated financial statements. This change reflects the Group's commitment to aligning its financial reporting with internationally recognised standards and enhancing comparability and transparency for stakeholders.

The adoption of the UK-adopted International accounting standards has been applied retrospectively in accordance with the relevant transitional provisions, where applicable. The strategic and financial implications of this change have been duly assessed by the directors, with the transition deemed appropriate for the Group's scale, operations, and future growth trajectory.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a range of risks that arise from its normal business operations, including foreign currency risk, credit risk, market risk, and competition risk. The Board regularly reviews these risk exposures and has implemented appropriate policies to mitigate them. The key risks are outlined below:

Foreign currency risk
The Group operates internationally and is exposed to foreign exchange fluctuations, particularly in relation to the Euro, British Pound, and US Dollar. These risks arise from forecast commercial transactions and the translation of recognised assets and liabilities. The Group actively monitors exchange rate movements and is prepared to deploy relevant hedging instruments where appropriate.

Credit risk
Credit risk represents the potential financial loss resulting from a customer's failure to fulfil contractual obligations. This primarily relates to trade receivables but is also influenced by broader macroeconomic conditions. The Group maintains robust credit management procedures and risk mitigation measures to reduce exposure to default.

Market risk
The Group's performance is influenced by general economic conditions and the growing awareness of cybersecurity needs. A significant economic downturn or reduced prioritisation of cybersecurity could adversely affect demand for the Group's services. To address this, the Group actively promotes cybersecurity awareness, highlights the necessity to build high quality cyber security skills and builds healthy relationships with its customers, both business and individual customers.

Competition risk
The Group is exposed to competition risk. Its product is based on cutting edge technology and has the largest ethical hacking community in the industry. Current or new competitors entering the industry may reduce the Group's market share. The Group invests heavily in research and development to stay ahead of competition and makes all necessary actions to preserve and expand its product community.

Climate change
Climate change is one of the greatest challenges of our time. The Group is committed to reducing its carbon footprint and has developed a comprehensive long-term strategy to sustainability. This strategy outlines a detailed roadmap to build sustainable workplaces, foster a company culture of environmental awareness, align to international environmental protocols and collaborate with global organisations to address environmental conversation, climate change and sustainability.

Approved and signed on behalf of the board

DocuSigned by:
Ioannis Tsakatanis
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Ioannis Tsakatanis
Director
15 September 2025

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2024.

Principal activities
Hack The Box Ltd specialises in cybersecurity upskilling and talent assessment, offering a gamified software platform for individuals, businesses, and institutions. Their principal activities focus on enhancing offensive and defensive cybersecurity skills, serving a diversified, global client base.

Directors
The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, were:

Nikos Fountas
James Hooker
Charalampos Antonios Pylarinos
Ioannis Tsakatanis

Charity donations and expenditure
During the year, the Group made charity donations totalling £1,880. These donations were made in the interest of supporting Think Pink Europe and Alma Zois. The Group believes in maintaining transparency in its financial dealings and ensures that all donations are made in compliance with relevant regulations and standards. No charity expenditure, other than the aforementioned donations, was incurred during the year.

Business overview
During the year ended 31 December 2024, Hack The Box Group delivered robust top-line growth and a marked improvement in profitability metrics, underscoring the Group's strong operational execution and market momentum.

The significant uplift in revenues reflects the continued success of the Group's commercial strategies, scalability of its cybersecurity upskilling platform, and deepening market penetration globally. At the same time, improvement in cash generated from operations from the prior year, highlights the combined impact of accelerated revenue growth and ongoing improvements in cost efficiency across functions.

These outcomes reflect the strategic emphasis on financial discipline while scaling operations, in line with the directors' expectations. During the year, the Group continued to deploy proceeds from its 2022 Series B funding to expand its product capabilities and enhance platform accessibility. A portion of the capital was strategically invested in the development of innovative AI-driven solutions aimed at further enriching the user experience and strengthening the adaptive capabilities of the platform.

These investments complemented broader initiatives focused on delivering cutting-edge upskilling tools and reinforcing Hack The Box's global reach. As of 31 December 2024, the Hack The Box community comprised approximately 3.2 million active users. The directors consider turnover and loss before tax as the key performance indicators of the business. The financial statements detail the impact of the strategic use of capital and provide further insight into the Group's strengthened balance sheet and future prospects.

Risk management
The Group is using the funds received from the Series B funding to mitigate operational and market risks while ensuring prudent utilisation of resources to drive sustainable growth and innovation.

Sustainability
Hack The Box Group is committed to fostering a sustainable cybersecurity ecosystem. The Group continues to promote cybersecurity awareness, upskilling, and responsible practices to contribute positively to the industry.

Future outlook
The Series B funding reinforces Hack The Box Group commitment to enhancing cybersecurity upskilling globally. The Company anticipates accelerated growth and market expansion, aiming to solidify its position as a leader in cybersecurity upskilling.

Series B
In December 2022, a Series B fundraise was completed, raising £43.6m. Investors included entities affiliated with the Carlyle Group, Paladin SPC II LLC, Marathon Venture Capital SVP I LLP, Osage University Partners III LLP, Ophelia International Investments SA, Endeavor Catalyst IV L.P and various individual investors.

As a result of the fundraise, Octachoron Topco Limited is the ultimate parent of Hack The Box Group.

Capital Expenditure – Leasehold Improvements
During the financial year, the Group undertook significant investment in its leased premises, incurring costs of £2.0 million on leasehold improvements. This expenditure was primarily focused on upgrading office and operational facilities to enhance functionality, improve energy efficiency, and provide a modern, safe, and productive working environment for employees. The investment forms part of the Group's long-term strategy to support business growth and operational resilience, ensuring that the premises are suitably equipped to meet evolving business needs. In line with the requirements of UK-adopted International Financial Reporting Standards, the costs have been capitalised and will be depreciated systematically over the remaining lease term, reflecting the anticipated period of benefit from these enhancements.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Effective 1 January 2023, the Group transitioned from FRS 102 to UK-adopted international accounting standards. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Statement of directors' responsibilities *(continued)*
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Statement as to disclosure of information to auditor
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor
The auditor, KPMG LLP, were appointed to audit the consolidated statutory accounts for the year ending 31 December 2024.

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to medium companies.
On behalf of the Board:

DocuSigned by:
Ioannis Tsakatanis
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Ioannis Tsakatanis
Director
15 September 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HACK THE BOX LTD

Opinion

We have audited the financial statements of Hack the Box Ltd ("the Group") for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance sheet, Company Balance sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cashflow statement and related notes, including the accounting policies in note 2.

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 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and other relevant meeting minutes.
- Considering remuneration incentive schemes and performance targets for management, directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group management may be in a position to make inappropriate accounting entries, the risk of bias in accounting estimates and the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and others management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Signed by:
Terri Coughlan
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Terri Coughlan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

15 September 2025

Consolidated statement of comprehensive income for the year ended 31 December 2024

	Note	2024 £	2023 £
Revenue	5	**24,780,713**	15,526,994
Cost of sales		**(3,251,944)**	(2,573,708)
Gross profit		**21,528,769**	12,953,286
Administrative expenses		**(29,312,115)**	(24,516,064)
Other operating income	8	**304,465**	-
Operating loss	9	**(7,478,881)**	(11,562,778)
Finance costs	10	**(168,666)**	(65,249)
Finance income	11	**799,876**	137
Loss before tax		**(6,847,671)**	(11,627,890)
Income tax expense	12	**(529,069)**	(127,173)
Loss for the year		**(7,376,740)**	(11,755,063)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		**33,407**	(82,287)
Other comprehensive income/(loss) for the year		**33,407**	(82,287)
Total comprehensive loss for the year		**(7,343,333)**	(11,837,350)

All activity in both the current and the prior year relates to continuing operations.

The notes on pages 16 to 49 form part of these consolidated financial statements.

Hack The Box Ltd (Registered number: 10826193)

Consolidated statement of financial position
at 31 December 2024

	Note	31 December 2024 £	31 December 2023 £	1 January 2023 £
Non-current assets				
Property, plant and equipment	13	**2,505,853**	240,999	234,649
Right-of-use assets	14	**1,924,450**	2,336,498	162,294
Intangible assets	15	**56,486**	61,418	66,336
		4,486,789	2,638,915	463,279
Current assets				
Inventories	16	**114,027**	75,387	1,422
Trade and other receivables	17	**8,346,540**	5,022,188	2,499,079
Cash and cash equivalents		**34,691,352**	39,661,456	46,755,084
Total current assets		**43,151,919**	44,759,031	49,255,585
Total assets		**47,638,708**	47,397,946	49,718,864
Current liabilities				
Trade and other payables	18	**(62,548,223)**	(55,571,469)	(49,452,843)
Lease liabilities	19	**(450,137)**	(385,529)	(42,732)
Total current liabilities		**(62,998,360)**	(55,956,998)	(49,495,575)
Non-current liabilities				
Lease liabilities	19	**(1,695,450)**	(2,097,534)	(119,562)
Deferred tax	20	**(498,895)**	(14,711)	-
Total non-current liabilities		**(2,194,345)**	(2,112,245)	(119,562)
Total liabilities		**(65,192,705)**	(58,069,243)	(49,615,137)
Net (liabilities)/assets		**(17,553,997)**	(10,671,297)	103,727
Equity				
Called up share capital	22	**1,633**	1,633	1,633
Share premium	23	**8,484,359**	8,484,359	8,484,359
Other reserves	23	**1,603,475**	1,109,435	129,396
Retained earnings	23	**(27,643,464)**	(20,266,724)	(8,511,661)
Shareholders' funds		**(17,553,997)**	(10,671,297)	103,727

The consolidated financial statements were approved and authorised for issue by the Board on 15 September 2025 and were signed on its behalf by:

DocuSigned by:
Ioannis Tsakatanis
Ioannis Tsakatanis
Director
Registered number: 10826193
The notes on pages 16 to 49 form part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2024

	Note	Called up share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2023		1,633	8,484,359	129,396	(8,511,661)	103,727
Loss for the year		-	-	-	(11,755,063)	(11,755,063)
Other comprehensive expense		-	-	(82,287)	-	(82,287)
Total comprehensive expense for the year		-	-	(82,287)	(11,755,063)	(11,837,350)
Share based payment equity	24	-	-	1,062,326	-	1,062,326
At 31 December 2023		1,633	8,484,359	1,109,435	(20,266,724)	(10,671,297)
Loss for the year		-	-	-	(7,376,740)	(7,376,740)
Other comprehensive income		-	-	33,407	-	33,407
Total comprehensive expense for the year		-	-	33,407	(7,376,740)	(7,343,333)
Share based payment equity	24	-	-	460,633	-	460,633
At 31 December 2024		**1,633**	**8,484,359**	**1,603,475**	**(27,643,464)**	**(17,553,997)**

Other reserves for the Group comprise of: £1,722,051 share-based payment reserve (31 December 2023: £1,261,418, 1 January 2023: £199,092) and (£118,576) foreign exchange reserve (31 December 2023: (£151,983), 1 January 2023: (£69,696)).

The notes on pages 16 to 49 form part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2024

	Note	2024 £	2023 £
Cash generated from operations	25	**(2,282,562)**	(6,496,329)
Income tax paid		**(296,720)**	(171,630)
Net cash outflow used in operating activities		**(2,579,282)**	(6,667,959)
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,572,958)**	(183,334)
Proceeds from sale of property, plant and equipment		**6,820**	637
Interest received		**799,876**	137
Net cash outflow used in investing activities		**(1,766,262)**	(182,560)
Cash flows from financing activities			
Payment of principal portion of lease liabilities	21	**(538,539)**	(73,307)
Interest paid		**(168,666)**	(65,249)
Net cash outflow used in financing activities		**(707,205)**	(138,556)
Net decrease in cash and cash equivalents		**(5,052,749)**	(6,989,075)
Cash and cash equivalents at the beginning of the financial year		**39,661,456**	46,755,084
Effects of exchange rate changes on cash and cash equivalents		**82,645**	(104,553)
Cash and cash equivalents at end of year		**34,691,352**	39,661,456

The notes on pages 16 to 49 form part of these consolidated financial statements.

1 General information

Hack The Box Ltd (the 'Company') is a private company limited by shares and is registered and incorporated in England and Wales (company number: 10826193). The registered office is Plexal Here East, Queen Elizabeth Olympic Park, Stratford, London, England, E15 2GW.

The principal activities, and nature of operations of the Company and its subsidiaries ('the Group'), is the development and sale of software that specialises in cybersecurity upskilling and talent assessment, offering a gamified software platform for individuals, businesses, and institutions. This software aims to enhance offensive and defensive cybersecurity skills, serving a diversified, global client base. The Group uses a SaaS (Software-as-a-service) model selling monthly, semi-annual and annuals plans to individual customers and organisations.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with UK-adopted International Accounting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

All amounts in the financial statements have been rounded to the nearest £1.

2.2 First time adoption of UK-adopted International Accounting Standards

For the year ended 31 December 2024, the Group has chosen to produce consolidated financial statements and these financial statements are the first the Group has prepared in accordance with UK-adopted International Accounting Standards. For periods up to and including the year ended 31 December 2023, the Group prepared financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102').

Accordingly, the Group has prepared financial statements that comply with IFRS (as described in the material accounting policy information in note 2) for the year ended 31 December 2024, together with the comparative information presented in these financial statements for the year ended 31 December 2023. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 January 2023, the Group's date of transition to UK-adopted International Accounting Standards.

The Group has identified adjustments from amounts reported previously and the effect of these transition adjustments have been detailed in note 4 of the consolidated financial statements.

2 Significant accounting policies *(continued)*

2.3 Basis of consolidation

The consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards and specifically IFRS 10 'Consolidated Financial Statements'.

The consolidation includes Hack The Box Ltd and the subsidiaries it controls. Subsidiaries are fully consolidated from the date of acquisition, being the date on which Hack The Box Ltd obtains control and continue to be consolidated until the date that such control ceases.

Control:

Under IFRS 10, control is established when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Hack The Box Ltd holds a 100% ownership interest of Hack The Box Inc. (US), Hack The Box SMPC (Greece) and Hack The Box Pty Ltd (AU), indicating full control.

For Parrot Security CIC (UK), Hack The Box Ltd holds a 50% ownership interest. In accordance with IFRS 11 'Joint Arrangements', this investment is classified as a joint venture and accounted for using the equity method.

Accounting for Subsidiaries:

Full consolidation is applied to Hack The Box Inc., Hack The Box SMPC and Hack The Box Pty Ltd, with all intercompany transactions, balances, and unrealized gains eliminated.

For Parrot Security CIC, the investment is accounted for using the equity method in accordance with IAS 28 'Investments in Associates and Joint Ventures'.

Non-controlling Interests:

Non-controlling interests are not applicable for Hack The Box Ltd, Hack The Box Inc., Hack The Box SMPC and Hack The Box Pty Ltd due to 100% ownership.

For Parrot Security CIC, the 50% interest not held by Hack The Box Ltd is accounted for as per the requirements of IFRS 11 and IAS 28.

Changes in Ownership Interests:

Any future changes in ownership interests that do not result in a loss of control will be treated as equity transactions between Hack The Box Ltd and non-controlling interest holders in accordance with IFRS 10.

Loss of Control:

In the event of a loss of control over any of the subsidiaries, the Group would derecognise the assets and liabilities of the subsidiary, any non-controlling interests, and other components of equity related to the subsidiary. Any resulting gain or loss would be recognised in profit or loss in accordance with IFRS 10.

2 Significant accounting policies *(continued)*

2.4 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

In accordance with IAS 1 Presentation of Financial Statements, the directors have assessed the Group's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. This assessment included a review of the Group's cash flow forecasts, liquidity position, and access to funding, under both base and downside scenarios.

As at 31 December 2024, the Group had net liabilities of £17.55 million, which included £14.96 million of deferred revenue liabilities. Consolidated cash balances amounted to £34.69 million.

The Group continues to experience revenue growth line with its Board-approved expansion strategy, which includes increased investment in marketing and product development. The cash generated from operations has improved by 65%. The Group is funded by operating cash flows and the £43.6 million Series B investment made in December 2022 by investment funds affiliated with The Carlyle Group (a publicly listed entity on Nasdaq, ticker: CG), into the Group's parent company, Octachoron Topco Limited.

The directors have considered current cash reserves, committed expenditure, and reasonably possible downside scenarios. Following this review, the directors are confident that the Company and the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.5 Foreign currency

Functional and presentation currency

Transactions in foreign currencies are translated into the functional currency of each Group entity at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Exchange differences arising on retranslation are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences on such items are recognised in profit or loss or other comprehensive income, in line with the recognition of gains or losses on the underlying item.

On consolidation, the assets and liabilities of foreign operations are translated into the Group's presentation currency, British Pounds (£), at the closing rate at the balance sheet date. Revenue and expenses are translated at average exchange rates for the month these revenues and expenses were recognised. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity in the foreign currency translation reserve.

2 Significant accounting policies *(continued)*

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

In accordance with IFRS 15 'Revenue from Contracts with Customers', the Group recognises revenue when it transfers control over a product or service to a customer. The Group follows the five-step model as prescribed by IFRS 15:

1. *Identify the contract(s) with a customer*
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Group revenue derives from three streams:

- Business-to-business (B2B) sales of Hack The Box services
- Business-to-consumer (B2C) sales of Hack The Box services
- Stuff We All Get (SWAG) sales of Hack The Box branded products

For B2B and B2C subscription services, revenue is recognised over time as the services are provided, which generally aligns with the subscription period. For SWAG sales, revenue is recognised at a point in time when control of the goods passes to the customer, which generally occurs upon delivery.

The Group recognises a contract liability at year end related to advance consideration received from customers where the performance obligations have yet to be satisfied.

2.7 Intangible assets

Intangible assets acquired as part of a business combination are measured at their fair value at the acquisition date. Intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives of intangible assets are as follows:

- Patents and Licences - 15 years

Internally generated research expenditure is expenses as incurred. Development expenditure is capitalised only when all IAS 38 criteria are met – technical feasibility, intention to complete, ability to use or sell, probable economic benefits, availability of resources, and reliable measurement.

Capitalised development costs and other finite-life intangibles are amortised on a straight-line basis from the date the asset is available for use over their estimated useful economic life. The amortisation method and useful life are reviewed at each reporting date and adjusted if necessary.

2 Significant accounting policies *(continued)*

2.8 Property, plant and equipment

Property, plant and equipment are initially measured at cost, which includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Where parts of an asset have different useful lives, they are accounted for as separate components. The following useful lives are applied:

- Fixture and fittings - straight line over 3 years
- Computer equipment - straight line over 3 years
- Leasehold improvements - straight line from the date the improvement is completed and ready for use to the earlier of the end of the useful life or the end of the lease term of the related property

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.9 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

A subsidiary, Hack The Box SMPC received government grants during the year. In accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance', the grants are recognised in the profit and loss account over the periods in which the Company recognises the related costs for which the grants are intended to compensate.

2.10 Inventories

Inventories (merchandise) are stated at the lower of cost and net realisable value on a FIFO basis, after making due allowance for obsolete and slow-moving items. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2 Significant accounting policies *(continued)*

2.11 Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the temporary difference.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.12 Research and development

Hack The Box is involved in research and development activities primarily aimed at advancing its gamified cybersecurity upskilling, certification, and talent assessment software platform.

Research expenditure is recognised as an expense in profit or loss as incurred, in accordance with IAS 38.54. Development expenditure is capitalised as an intangible asset only when all of the following criteria set out in IAS 38.57 are met:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

During the reporting period, all research and development expenditure has been expensed as the recognition criteria for capitalisation under IAS 38 'Intangible Assets' have not been met.

2 Significant accounting policies *(continued)*

2.13 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In accordance with IFRS 16 'Leases', the Group recognises right-of-use assets and lease liabilities for all leases, except for leases of low-value assets and short-term leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lease liabilities are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

For short-term leases and leases of low-value assets, the Group applies the short-term lease recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.14 Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to profit or loss in the period to which they relate.

2.15 Share based payments

The Group operates equity-settled share-based payment plans for its employees. In accordance with IFRS 2 'Share-based Payment', the fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

2 Significant accounting policies *(continued)*

2.15 Share based payments *(continued)*

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

2.16 Financial instruments

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

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

Financial assets

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

Financial assets are classified as:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities

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

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with UK-adopted International Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The items in the financial statements where these judgements and estimates have been made include:

Share-based payments

The Group has estimated the fair value of the equity-settled share-based payments using the Black-Scholes valuation model, which requires significant judgement in determining the appropriate inputs (including volatility, expected life and exit assumptions) to the model. These inputs could significantly change the recognised expense over the vesting period.

Estimation of useful lives

The useful lives used to amortise intangible assets relate to the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The residual value of intangible assets are assumed to be zero.

Leases - Determining the lease term of contracts with renewal and termination options

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.

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.

Capitalisation of development expenditure

The Group exercises judgement in determining whether development expenditure meets the criteria for recognition as an intangible asset under IAS 38 Intangible Assets. In making this assessment, management considers whether all six recognition criteria are met, including whether the project is technically feasible, can be completed and used or sold, and is expected to generate probable future economic benefits.

This evaluation requires consideration of factors such as the availability of adequate technical and financial resources to complete the development, the existence of a demonstrable market or internal usefulness for the resulting asset, and reliable measurement of the expenditure attributable to the project.

Where the criteria are not met, development expenditure is expensed as incurred. Management continuously reviews the status of ongoing projects and reassesses whether the recognition criteria have been achieved at each reporting date.

4 First-time adoption of UK-adopted International Accounting Standards

The financial statements for the year ended 31 December 2024 are the first the Group has prepared in accordance with UK-adopted International Accounting Standards ("IFRS"). For periods up to and including the year ended 31 December 2023, the Group prepared its financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102').

Accordingly, the Group has prepared financial statements that comply with UK-adopted International Accounting Standards (as described in the summary of significant accounting policies in Note 2) for the year ended 31 December 2024, the comparative information presented in these financial statements for the year ended 31 December 2023, and an opening UK-adopted International Accounting Standards consolidated statement of financial position at 1 January 2023 (the Group's date of transition to UK-adopted International Accounting Standards).

In preparing its opening UK-adopted International Accounting Standards consolidated statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to adopted UK-adopted International Accounting Standards has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions applied and related considerations

IFRS 1 allows first-time adopters exemptions from the retrospective application of certain requirements under UK-adopted International Accounting Standards. The Group has applied the following exemptions:

a) The Group has elected to apply the exemptions in Appendix C of IFRS 1 relating to IFRS 3 Business Combinations for acquisitions of subsidiaries that are considered businesses under IFRS, acquisitions of interests in associates and joint ventures that occurred before 1 January 2023.

   Use of this exemption means that the FRS 102 carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under FRS 102 or exclude any previously recognised amounts as a result of IFRS recognition requirements.

   IFRS 1 also requires that the FRS 102 carrying amount of goodwill must be used in the opening IFRS consolidated statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS.

   IFRS 3 provides a very specific definition of a business combination in comparison to FRS 102. Therefore, certain transactions that would not have been accounted for as business combinations (and would have instead been accounted for as asset acquisitions under IFRS), have been previously accounted for as though they were business combinations under FRS 102. The Group has restated any transactions that it accounted for as business combinations under FRS 102, but which are not business combinations under IFRS. Please see the reconciliation table and accompanying notes for the opening and comparative IFRS consolidated statements of financial position for further information on adjustments in relation to said acquisitions.

4 First-time adoption of UK-adopted International Accounting Standards *(continued)*

Exemptions applied and related considerations *(continued)*

b) The Group has taken advantage of the exemption from retrospectively applying IAS 21 The Effects of Changes in Foreign Exchange Rates in relation to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree.

c) The Group has also taken advantage of the exemption from retrospectively applying IAS 21 in relation to cumulative currency translation differences. Cumulative currency translation differences for all foreign operations are therefore deemed to be zero as at 1 January 2023.

d) The Group has taken advantage of IFRS 1 paragraphs D9-D9E which provide first-time IFRS adopters with certain exemptions from full retrospective application of IFRS 16 Leases. The Group has therefore assessed all contracts existing at 1 January 2023 (its date of transition) to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2023.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2023. Right-of-use assets have been measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2023.

The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

Estimates

The estimates at 1 January 2023 and at 31 December 2023 are consistent with those made for the same dates in accordance with FRS 102 (after adjustments to reflect any differences in accounting policies detailed as part of this note and in Note 2 of these financial statements).

4 First-time adoption of UK-adopted International Accounting Standards *(continued)*

Group reconciliation of equity as at 1 January 2023 (date of transition to IFRS)	FRS 102 as at 1 January 2023 £	IFRS conversion £	IFRS as at 1 January 2023 £
Non-current assets			
Property, plant and equipment	234,649	-	234,649
Right-of-use assets	-	162,294	162,294
Intangible assets	66,336	-	66,336
Total non-current assets	**300,985**	**162,294**	**463,279**
Current assets			
Inventories	1,422	-	1,422
Trade and other receivables	2,499,079	-	2,499,079
Cash and cash equivalents	46,755,084	-	46,755,084
Total current assets	**49,255,585**	**-**	**49,255,585**
Total assets	**49,556,570**	**162,294**	**49,718,864**
Current liabilities			
Trade and other payables	(49,452,843)	-	(49,452,843)
Lease liabilities	-	(42,732)	(42,732)
Total current liabilities	**(49,452,843)**	**(42,732)**	**(49,495,575)**
Non-current liabilities			
Lease liabilities	-	(119,562)	(119,562)
Total non-current liabilities	**-**	**(119,562)**	**(119,562)**
Total liabilities	**(49,452,843)**	**(162,294)**	**(49,615,137)**
Net assets	**103,727**	**-**	**103,727**
Equity			
Called up share capital	1,633	-	1,633
Share premium	8,484,359	-	8,484,359
Other reserves	129,396	-	129,396
Retained earnings	(8,511,661)	-	(8,511,661)
Shareholders' funds	**103,727**	**-**	**103,727**

4 First-time adoption of UK-adopted International Accounting Standards *(continued)*

Group reconciliation of equity as at 31 December 2023	FRS 102 as at 31 December 2023 £	IFRS conversion £	IFRS as at 31 December 2023 £
Non-current assets			
Property, plant and equipment	240,999	-	240,999
Intangible assets	61,418	-	61,418
Right-of-use assets	-	2,336,498	2,336,498
Total non-current assets	**302,417**	**2,336,498**	**2,638,915**
Current assets			
Inventories	75,387	-	75,387
Trade and other receivables	5,056,307	(34,119)	5,022,188
Cash and cash equivalents	39,661,456	-	39,661,456
Total current assets	**44,793,150**	**(34,119)**	**44,759,031**
Total assets	**45,095,567**	**2,302,379**	**47,397,946**
Current liabilities			
Trade and other payables	(55,618,433)	46,964	(55,571,469)
Lease liabilities	-	(385,529)	(385,529)
Total current liabilities	**(55,618,433)**	**(338,565)**	**(55,956,998)**
Non-current liabilities			
Lease liabilities	-	(2,097,534)	(2,097,534)
Deferred tax	-	(14,711)	(14,711)
Total non-current liabilities	-	**(2,112,245)**	**(2,112,245)**
Total liabilities	**(55,618,433)**	**(2,450,810)**	**(58,069,243)**
Net liabilities	**(10,522,866)**	**(148,431)**	**(10,671,297)**
Equity			
Called up share capital	1,633	-	1,633
Share premium	8,484,359	-	8,484,359
Other reserves	1,109,159	276	1,109,435
Retained earnings	(20,118,017)	(148,707)	(20,266,724)
Shareholders' funds	**(10,522,866)**	**(148,431)**	**(10,671,297)**

4 First-time adoption of UK-adopted International Accounting Standards *(continued)*

Group reconciliation of total comprehensive income for the year ended 31 December 2023	FRS 102 as at 31 December 2023 £	IFRS conversion £	IFRS as at 31 December 2023 £
Revenue	15,526,994	-	15,526,994
Cost of sales	(2,573,708)	-	(2,573,708)
Gross profit	**12,953,286**	-	**12,953,286**
Administrative expenses	(24,400,353)	(115,711)	(24,516,064)
Operating loss	**(11,447,067)**	**(115,711)**	**(11,562,778)**
Finance costs	-	(65,249)	(65,249)
Finance income	137	-	137
Loss before tax	**(11,446,930)**	**(180,960)**	**(11,627,890)**
Income tax expense	(159,426)	32,253	(127,173)
Loss for the year	**(11,606,356)**	**(148,707)**	**(11,755,063)**
Other comprehensive income	(82,563)	276	(82,287)
Total comprehensive loss	**(11,688,919)**	**(148,431)**	**(11,837,350)**

4 First-time adoption of UK-adopted International Accounting Standards *(continued)*

Group reconciliation of cash flows for the year ended 31 December 2023	**FRS 102 as at 31 December 2023**	**IFRS conversion**	**IFRS as at 31 December 2023**
	£	**£**	**£**
Cash flows from operating activities			
Loss before tax	(11,446,930)	(180,960)	(11,627,890)
Adjustments for:			
Depreciation of property, plant & equipment	171,434	-	171,434
Depreciation of right-of-use assets	-	189,019	189,019
Amortisation of intangible assets	4,918	-	4,918
Loss on disposal of assets	535	-	535
Net foreign exchange differences	220,419	276	220,695
Finance income	(137)	-	(137)
Finance costs	-	65,249	65,249
Share-based payments	1,062,326	-	1,062,326
Working capital adjustments:			
Increase in inventories	(73,965)	-	(73,965)
Increase in trade and other receivables	(2,455,015)	34,119	(2,420,896)
Increase in trade and other payables	5,881,530	30,853	5,912,383
Cash flows used in operations	**(6,634,885)**	**138,556**	**(6,496,329)**
Income tax paid	(171,630)	-	(171,630)
Net cash outflow used in operating activities	**(6,806,515)**	**138,556**	**(6,667,959)**
Cash flows from investing activities			
Payments for property, plant & equipment	(183,334)	-	(183,334)
Proceeds from sale of property, plant & equipment	637	-	637
Interest received	137	-	137
Net cash outflow used in investing activities	**(182,560)**	**-**	**(182,560)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities	-	(73,307)	(73,307)
Interest paid	-	(65,249)	(65,249)
Net cash outflow used in financing activities	**-**	**(138,556)**	**(138,556)**

4 First-time adoption of UK-adopted International Accounting Standards *(continued)*

Group reconciliation of cash flows for the year ended 31 December 2023	**FRS 102 as at 31 December 2023 £**	**IFRS conversion £**	**IFRS as at 31 December 2023 £**
Net decrease in cash and cash equivalents	**(6,989,075)**	**-**	**(6,989,075)**
Cash and cash equivalents at the beginning of the financial year	46,755,084	-	46,755,084
Effects of exchange rate changes on cash and cash equivalents	(104,553)	-	(104,553)
Cash and cash equivalents at end of year	**39,661,456**	**-**	**39,661,456**

Notes to the reconciliation of equity as at 1 January 2023 and 31 December 2023 and total comprehensive income for the year ended 31 December 2023

A. Recognition of right-of-use assets

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS.

Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the group recognised an increase of £162,294 (31 December 2023: £2,483,063) of lease liabilities and £162,294 (31 December 2023: £2,336,498) of right-of-use assets at transition to IFRS.

Additionally, rent expense decreased by £73,308 (included in administrative expenses), depreciation increased by £189,019 (included in administrative expenses) and finance costs increased by £62,249 for the year ended 31 December 2023.

5 Revenue from contracts with customers

	2024	2023
	£	£
Major products/service lines		
B2B sales	**14,296,493**	8,111,804
B2C sales	**10,466,535**	7,412,246
Other sales	**17,685**	2,944
Total	**24,780,713**	15,526,994

Disaggregation of revenue:

Revenue analysed by geographical market	2024 £	2023 £
APAC	**2,943,494**	2,037,672
EMEA	**8,272,771**	4,945,385
North America	**13,180,276**	8,289,176
South America	**384,172**	254,761
Total	**24,780,713**	15,526,994

The Group has the following assets and liabilities from related contracts with customers:

	2024	2023
	£	£
Receivables – included in trade and other receivables	**4,214,101**	2,983,791
Deferred revenue	**(14,962,392)**	(9,234,816)

Deferred revenue relates to amounts invoiced in advance for B2B and B2C subscription services, which will be recognised as revenue as the services are delivered in future periods.

The following table shows how much of the revenue recognised in the current year relates to carried-forward deferred revenue:

	2024	2023
	£	£
Revenue recognised that was included in the deferred revenue balance at the beginning of the year	**8,852,904**	4,175,705

No revenue was recognised in the year arising from performance obligations satisfied in the previous year.

6 Employees

	2024 Number	2023 Number
The average number of employees, including directors, during the year was:		
Hack The Box Ltd	**24**	23
Hack The Box SMPC	**137**	121
Hack The Box Inc	**48**	42
Hack The Box Pty Ltd	**5**	-
Total number of employees	**214**	186

Staff costs, including directors, consist of:	£	£
Wages and salaries	**15,832,724**	12,508,064
Social security costs	**2,082,766**	1,605,500
Other pension costs	**160,634**	34,471
Total staff costs	**18,076,124**	14,148,035

7 Directors' remuneration

The remuneration of the Group directors was as follows:

	2024 £	2023 £
Directors' emoluments	**1,492,899**	1,223,969
Pension contributions	**160,634**	34,471
Total	**1,653,533**	1,258,440

Included in the above is the remuneration of the highest paid director as follows:

	2024 £	2023 £
Director's emoluments	**362,049**	362,061
Pension contributions	**61,570**	13,705
Total	**423,619**	375,766

During the year pension contributions of £160,634 (2023: £34,471) were made in respect of 6 directors (2023: 6).

Some directors are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to Hack The Box Ltd.

The directors are considered to be the key management personnel of the Group.

8 Other operating income

	2024	2023
	£	£
Research and development tax credits	304,465	-
Total	**304,465**	-

9 Operating loss

	2024	2023
	£	£
This has been arrived at after charging:		
Depreciation of property, plant and equipment	301,781	171,434
Depreciation of right-of-use assets	461,058	189,019
Amortisation of intangible assets	4,932	4,918
Foreign exchange loss	45,896	387,561
Fees payable to the Company's auditor for the audit of the parent and consolidated accounts	224,254	162,500

10 Finance costs

	2024	2023
	£	£
Interest expense on leases (note 19)	168,666	65,249
Total	**168,666**	65,249

11 Finance income

	2024	2023
	£	£
Interest receivable on bank deposits	799,876	137
Total	**799,876**	137

12 Taxation

	2024	2023
	£	£
UK corporation tax		
Corporation tax on UK loss of the year	**44,885**	186,717
Total current taxation on loss on ordinary activities	**44,885**	186,717
Deferred tax (note 20)		
Origination and reversal of timing differences	**484,184**	(59,544)
Total deferred taxation	**484,184**	(59,544)
Total taxation on loss on ordinary activities	**529,069**	127,173

The standard rate of corporation tax in the UK for the year was 25% (2023: hybrid rate of 23.5%), and therefore the Group's UK subsidiaries are taxed at that rate. The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows:

	2024	2023
	£	£
Loss before tax	**(6,847,671)**	(11,627,890)
Loss at the standard rate of corporation tax in the UK of 25.00% (2023: hybrid rate of 23.50%)	**(1,711,918)**	(2,732,554)
Effect of:		
Expenses not deductible for tax purposes	**308,250**	265,843
Deferred tax not recognised	**1,900,134**	2,430,674
Capital allowances in excess of depreciation	**(9,167)**	(21,360)
Lease rentals	**(3,115)**	(2,147)
Hack The Box SMPC taxes	**1,329**	75,090
Hack The Box Inc taxes	**10,667**	111,627
Hack The Box Pty Ltd taxes	**32,889**	-
Total tax expense for the year	**529,069**	127,173

Factors that may affect future tax charge

In the Spring Budget 2021, the UK Government announced that the corporation tax rate would increase to 25% with effect from 1 April 2023. This has resulted in a hybrid rate of corporation tax for the year ended 31 December 2023 of 23.5%. Deferred tax balances at the prior year end were remeasured at 25% as the announced change had been enacted, therefore no additional remeasurement has occurred in the current year.

There are no future factors at the reporting date that are expected to impact the Group's future tax charge. The Group is not within the scope of the OECD Pillar Two model rules.

13 Property, plant and equipment

	Fixtures and fittings £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 January 2023	95,266	443,952	-	539,218
Additions	-	183,334	-	183,334
Disposals	-	(9,660)	-	(9,660)
Foreign exchange differences	(1,757)	(8,758)	-	(10,515)
At 31 December 2023	93,509	608,868	-	702,377
Additions	206,639	314,545	2,051,774	2,572,958
Disposals	-	(27,750)	-	(27,750)
Foreign exchange differences	(3,851)	(15,962)	-	(19,813)
At 31 December 2024	**296,297**	**879,701**	**2,051,774**	**3,227,772**
Depreciation				
At 1 January 2023	58,037	246,532	-	304,569
Charge for the year	26,524	144,910	-	171,434
Disposals	-	(8,488)	-	(8,488)
Foreign exchange differences	(1,089)	(5,048)	-	(6,137)
At 31 December 2023	83,472	377,906	-	461,378
Charge for the year	17,479	151,190	133,112	301,781
Disposals	-	(25,295)	-	(25,295)
Foreign exchange differences	(3,707)	(11,415)	(823)	(15,945)
At 31 December 2024	**97,244**	**492,386**	**132,289**	**721,919**
Net book value				
At 31 December 2024	**199,053**	**387,315**	**1,919,485**	**2,505,853**
At 31 December 2023	10,037	230,962	-	240,999
At 1 January 2023	37,229	197,420	-	234,649

14 Right-of-use assets

	Leasehold property £	Motor vehicles £	Total £
Cost			
At 1 January 2023	137,251	25,043	162,294
Additions	2,191,287	176,898	2,368,185
Remeasurement	1,911	-	1,911
Foreign exchange differences	(6,177)	(696)	(6,873)
At 31 December 2023	2,324,272	201,245	2,525,517
Additions	-	76,622	76,622
Remeasurement	69,006	-	69,006
Foreign exchange differences	(95,263)	(8,575)	(103,838)
At 31 December 2024	**2,298,015**	**269,292**	**2,567,307**
Depreciation			
At 1 January 2023	-	-	-
Depreciation charge for the year	158,169	30,850	189,019
At 31 December 2023	158,169	30,850	189,019
Depreciation charge for the year	401,894	59,164	461,058
Foreign exchange differences	(6,042)	(1,178)	(7,220)
At 31 December 2024	**554,021**	**88,836**	**642,857**
Net book value			
At 31 December 2024	**1,743,994**	**180,456**	**1,924,450**
At 31 December 2023	2,166,103	170,395	2,336,498
At 1 January 2023	137,251	25,043	162,294

Remeasurements relate to the remeasurement of leases during the year. The remeasurements were due to movements in the RPI impacting future expected cash flows.

15 Intangible assets

	Patents and licences £
Cost	
At 1 January 2023, 31 December 2023 and 31 December 2024	**72,039**
Amortisation	
At 1 January 2023	5,703
Amortisation in the year	4,918
At 31 December 2023	10,621
Amortisation in the year	4,932
At 31 December 2024	**15,553**
Net book value	
At 31 December 2024	**56,486**
At 31 December 2023	61,418
At 1 January 2023	66,336

16 Inventories

	31 December 2024 £	31 December 2023 £	1 January 2023 £
Finished goods	**114,027**	75,387	1,422

Included within cost of sales is cost of inventories recognised as an expense of £37,850 (2023: £1,314)

17 Trade and other receivables

	31 December 2024 £	31 December 2023 £	1 January 2023 £
Trade receivables	**4,353,563**	2,983,791	1,552,793
Other receivables	**2,586,535**	1,084,258	511,525
Prepayments and accrued income	**1,319,056**	785,416	403,839
Corporation tax receivable	**87,386**	168,723	30,922
Total	**8,346,540**	5,022,188	2,499,079

All amounts shown above fall due for payment within one year.

No provision for impairment of trade receivables was recognised in either the current or prior year. Details of the Group's exposure to credit risk is given in note 21.

For more details on the impact of adopting UK-adopted International Accounting Standards on the Group's trade and other receivables see note 4.

18 Trade and other payables

	31 December 2024 £	31 December 2023 £	1 January 2023 £
Trade payables	**1,300,360**	458,698	259,638
Amounts owed to group undertakings	**43,579,275**	43,582,457	43,580,823
Social security and other taxes	**551,408**	428,668	297,635
VAT	**287,698**	135,418	83,144
Corporation tax	-	333,828	297,643
Other payables	**144,503**	26,413	(2,861)
Accruals	**1,722,587**	1,371,171	549,465
Deferred income	**14,962,392**	9,234,816	4,387,356
Total	**62,548,223**	55,571,469	49,452,843

The amounts due to group undertakings are unsecured, interest free and repayable on demand.

19 Lease liabilities

	31 December 2024 £	31 December 2023 £	1 January 2023 £
Short-term lease liabilities included within current liabilities	**450,137**	385,529	42,732
Non-current lease liabilities	**1,695,450**	2,097,534	119,562
Lease liabilities included in the balance sheet	**2,145,587**	2,483,063	162,294
Amounts recognised in the comprehensive income statement			
Interest expense on lease liabilities	**168,666**	65,249	
Depreciation expense on right-of-use assets	**461,058**	189,019	
Expenses relating to short term leases	**7,465**	2,281	
Net amount recognised in the comprehensive income statement	**637,189**	256,549	
Amounts recognised in the statement of cash flows			
Payment of principal portion of lease liabilities	**538,539**	73,307	
Interest paid on lease liabilities	**168,666**	65,249	
Total cash outflow recognised under cash flows from financing activities	**707,205**	138,556	

For more details on the impact of adopting UK-adopted International Accounting Standards on the Group's lease liabilities see note 4.

20 Deferred taxation

	Right-of-use asset temporary differences £	Other deductible temporary differences £	Total £
Net liability at 1 January 2023	-	(74,255)	(74,255)
Credit to statement of comprehensive income	32,253	27,291	59,544
Net asset/(liability) at 31 December 2023	32,253	(46,964)	(14,711)
Credit/(charge) to statement of comprehensive income	16,330	(500,514)	(484,184)
Net asset/(liability) at 31 December 2024	**48,583**	**(547,478)**	**(498,895)**

The deferred tax liability balance at 31 December 2024 has been calculated on the basis that the associated assets and liabilities will unwind at 25% (2023: 25%).

The directors have assessed the recoverability of the deferred tax asset in light of the growth phase of the business and investment being made to achieve this, taking into account the future expected profit timelines. Deferred tax assets on trading losses have not been recognised as the directors do not believe there is sufficient evidence that these will be recovered through the generation of taxable profit in the near future.

As at the date of these financial statements the total carried forward tax losses was £25,836,175 which would have created a deferred tax asset of £6,459,044 (2023: £4,860,181).

21 Financial instruments

The Group's financial assets and liabilities mainly comprise cash, trade and other receivables, trade and other payables, amounts owed to group undertakings, lease liabilities and accruals. The carrying value of all financial assets and liabilities held at amortised cost equals fair value given their short term in nature.

Financial assets measured at amortised cost

	31 December 2024 £	31 December 2023 £	1 January 2023 £
Cash and cash equivalents	**34,691,352**	39,661,456	46,755,084
Trade receivables	**4,353,563**	2,983,791	1,552,793
Other receivables	**2,586,535**	1,084,258	511,525
Total	**41,631,450**	43,729,505	48,819,402

Financial liabilities measured at amortised cost

	31 December 2024 £	31 December 2023 £	1 January 2023 £
Trade payables	**1,300,360**	458,698	259,638
Amounts owed to group undertakings	**43,579,275**	43,582,457	43,580,823
Other payables	**144,503**	117,112	(2,861)
Accruals	**1,722,587**	1,371,171	549,465
Lease liabilities (note 19)	**2,145,587**	2,483,063	162,294
Total	**48,892,312**	48,012,501	44,549,359

Financial instruments risk management objectives and policies

The main risks arising from the group's operations are credit risk, foreign currency risk, liquidity risk and interest rate risk, however other risks are also considered below.

Credit risk
The Group's credit risk is primarily attributable to its cash balances and trade receivables. The Group does not have a significant concentration of risk, with exposure spread over a number of third parties.

The Group applies the IFRS 9 simplified model of recognising lifetime expected losses for all trade receivables as these items do not have a significant financing component. Trade receivables are written off when there is no reasonable expectation of recovery.

All of the trade receivables have been reviewed for indicators of impairment. If required, a provision for impairment of trade receivables is made based on applying a simplified approach in calculating the expected credit losses (ECL).

Foreign currency risk
The Group operates internationally and is exposed to foreign exchange fluctuations, particularly in relation to the Euro, British Pound, and US Dollar. These risks arise from forecast commercial transactions and the translation of recognised assets and liabilities. The Group actively monitors exchange rate movements and is prepared to deploy relevant hedging instruments where appropriate.

21 Financial instruments *(continued)*

The table below summarises the Group's net exposure to foreign currency risk as at 31 December 2024:

	USD	EUR	AUD
Cash and cash equivalents	3,423,374	782,779	310,579
Trade receivables	825,690	-	-
Other receivables	142,004	1,955,904	5,185
Intercompany receivables	759,332	(2,148,772)	(23,537)
Trade payables	(24,311)	(666,892)	(3,850)
Other payables	63,676	(774,434)	(120,115)
Accrued expenses	(920,093)	(287,611)	(174,020)
Accrued Income	(2,113,787)	-	-
Intercompany payables	(1,565,411)	(4,306,476)	-
Lease liabilities	-	(2,564,277)	-
Net exposure	**590,474**	**(8,009,779)**	**(5,758)**

Sensitivity analysis

The table below presents the estimates impact on the profit before tax if the functional currency (CU) had strengthened or weakened by 5% against each of the major currencies, assuming all other variables remain constant:

	Net exposure (CU)	5% strengthening impact	5% weakening impact
USD	590,474	(29,524)	29,524
EUR	(8,009,779)	400,489	(400,489)
AUD	(5,758)	288	(288)

A strengthening of CU reduces the CU value of foreign currency assets (negative impact on profit or loss) and decreases the CU value of liabilities (positive impact on profit or loss). Conversely, a weakening of CU has the opposite effect. Sensitivity analysis includes foreign currency-denominated lease liabilities and accrued income.

Liquidity risk
Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due.

In managing liquidity risk. The main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital as part of its regular reviews of financial performance. The table below shows the undiscounted cash flows on the Group's financial liabilities as at 31 December 2024, 31 December 2023 and 1 January 2023, on the basis of their earliest possible contractual maturity.

21 Financial instruments *(continued)*

31 December 2024	Within 1 year £	1 to 2 years £	2 to 5 years £	Over 5 years £	Total cash flows £	Carrying amount £
Trade payables	1,300,360	-	-	-	1,300,360	1,300,360
Amounts owed to group undertakings	43,579,275	-	-	-	43,579,275	43,579,275
Other payables	144,503	-	-	-	144,503	144,503
Accruals	1,722,587	-	-	-	1,722,587	1,722,587
Lease liabilities	586,715	579,247	1,335,343	-	2,501,305	2,145,587
Total	**47,333,440**	**579,247**	**1,335,343**	**-**	**49,248,030**	**48,892,312**

31 December 2023	Within 1 year £	1 to 2 years £	2 to 5 years £	Over 5 years £	Total cash flows £	Carrying amount £
Trade payables	458,698	-	-	-	458,698	458,698
Amounts owed to group undertakings	43,582,457	-	-	-	43,582,457	43,582,457
Other payables	117,112	-	-	-	117,112	117,112
Accruals	1,371,171	-	-	-	1,371,171	1,371,171
Lease liabilities	538,295	580,109	1,907,909	-	3,026,313	2,483,063
Total	**46,067,733**	**580,109**	**1,907,909**	**-**	**48,555,751**	**48,012,501**

1 January 2023	Within 1 year £	1 to 2 years £	2 to 5 years £	Over 5 years £	Total cash flows £	Carrying amount £
Trade payables	259,638	-	-	-	259,638	259,638
Amounts owed to group undertakings	43,580,823	-	-	-	43,580,823	43,580,823
Other payables	(2,861)	-	-	-	(2,861)	(2,861)
Accruals	549,465	-	-	-	549,465	549,465
Lease liabilities	52,692	49,595	82,621	-	184,908	162,294
Total	**44,439,757**	**49,595**	**82,621**	**-**	**44,571,973**	**44,549,359**

21 Financial instruments *(continued)*

Interest rate risk
The Group's main interest rate risk arises from cash and cash equivalents which earn interest at variable rates, which expose the Group to cash flow interest rate risk. The Group holds its cash at bank at variable rates.

Capital management
The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide long-term returns to shareholders.

The Group defines and monitors capital on the basis of the carrying amount of equity, plus any outstanding loans less cash and cash equivalents as presented on the face of the balance sheet.

The Board of directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares. The Group is not subject to any externally imposed capital requirements.

The directors believe that they have been able to meet their objectives in managing the capital of the Group.

22 Share capital

	Authorised, allotted, called up and fully paid					
	2024 Number	2023 Number	2022 Number	**2024 £**	2023 £	2022 £
Ordinary shares of £0.01 each	**77,040**	77,040	77,040	**770**	770	770
Series A shares of £0.01 each	**11,490**	11,490	11,490	**115**	115	115
Series B shares of £0.01 each	**74,843**	74,843	74,843	**748**	748	748
Total	**163,373**	163,373	163,373	**1,633**	1,633	1,633

During 2022, there was a restructuring of shares via share for share exchange. This occurred to accompany the investments listed above in basis of preparation which involved the new ultimate parent Octachoron Topco Limited and as part of the Series B and Secondary investment.

As a result of the Secondary investment, the Ordinary shareholders, Series Seed shareholders and the majority Series A shareholders, irrevocably and unconditionally consented to and approved the transfer, as Secondary Sales shares to funds affiliated with Carlyle, of the number of shares in the capital of the Company as follows: 14,979 Ordinary shares, 37,522 Series Seed shares, 22,342 Series A shares. The abovementioned shareholders also consented to and approved the creation of Series B preferred shares of £0.01 each in the capital of the Company having the rights set out in the most recent Articles of Association of the Company.

The Secondary Sale shares were automatically converted into and re-designated as Series B shares of £0.01 each in the capital of HTB (on a one Series B share for one Secondary Sale Share basis) immediately upon acquisition of the Secondary Sale shares.

Prior the Series B transaction the stock option pool consisted of 20,460 stock options already granted or to be granted to qualifying individuals. Post Series B, 3,000 stock options were added to the stock option pool. Post Series B the stock option pool totalled 23,460 stock options. In 2023 the stock option pool under Hack The Box Ltd was exchanged in full with a similar stock option pool of 23,460 stock options in the Ultimate Parent Company, Octachoron Topco Limited. As a result, option holders of the updated stock option scheme, have the right to purchase ordinary shares of the Ultimate Parent Company. As at 31 December 2024, no stock options were exercised for the updated plan.

22 Share capital *(continued)*

Series B and Series A shares are preference shares. Series B shares, Series A shares and Ordinary shares all have equal voting rights. The deferred shares do not have voting rights.

The Series B shares are entitled to a fixed cumulative preferential dividend. Series B shares holders have the right to receive dividends in priority to the rights of the holders of any other class of shares in the capital of the Company.

The Series A shares are entitled to a fixed, non-cumulative preferential dividend. Payment of the Series A shares' preferential dividend ranks in priority to payment of any Ordinary shares' dividend. The Series B shares, Series A shares, and Ordinary shares all have equal distribution rights.

23 Reserves

Share premium, other reserves, and retained earnings represent balances conventionally attributed to those descriptions.

Other reserves for the Group comprise of: £1,722,051 share-based payment reserve (31 December 2023: £1,261,418, 1 January 2023: £199,092) and (£118,576) foreign exchange reserve (31 December 2023: (£151,983), 1 January 2023: (£69,696)).

24 Share-based payments

Until 2022, the Company operated a share-based payment scheme for its employees, which included the issuance of share options as part of the compensation package. Under this scheme, employees and other option holders were granted options to purchase shares in Hack The Box Ltd at a predetermined price after a specific vesting period.

In 2023, and following the Series B transaction, the corporate structure of the Group was altered to include a newly incorporated ultimate parent company, Octachoron Topco Limited. All Hack The Box Ltd existing option holders as at 31 December 2022 were proposed to release their original option in Hack The Box Ltd in exchange for a replacement option of equivalent value, with the same vesting terms as the original options and subject to the same or materially equivalent terms, over ordinary shares in Octachoron Topco Limited.

In 2023, all option holders or the original options in Hack The Box Ltd chose to replace their options with their replacement options in Octachoron Topco Limited.

The share-based payment transactions were accounted for as equity-settled transactions. The Company measured the fair value of the services received in return for the share options granted and recognised this value as an expense, with a corresponding increase in equity, over the vesting period of the options. Share options expire ten years from grant date and vest over service periods ranging from two to four years.

The fair value of the share options granted during the year was estimated on the grant date using a Black-Scholes model. The share-based payment expense for the year was £460,633 (2023: £1,062,326) and the balance of the reserve in equity for this purpose was £1,722,051 as at 31 December 2024 (31 December 2023: £1,261,418).

24 Share-based payments *(continued)*

Set out below are summaries of options granted under the plan:

	Weighted average exercise price £	Number of options No
At 1 January 2023	-	-
Granted during the year	62	17,688
Forfeited during the year	128	(225)
At 31 December 2023	**61**	**17,463**
Granted during the year	294	2,100
Forfeited during the year	222	(1,575)
At 31 December 2024	**77**	**17,988**

No options were exercised or expired during the periods covered by the above tables.

The number of options vested and exercisable as at 31 December 2024 was nil (2023: nil), at a weighted average of £nil (2023: £nil).

Share options outstanding at the end of the year have the following expiry dates:

Grant date	Expiry date	31 December 2024 No. Options	31 December 2023 No. Options
23 May 2023	23 May 2033	12,820	13,966
30 May 2023	30 May 2033	1,847	1,847
9 June 2023	9 June 2033	322	350
22 June 2023	22 June 2033	100	100
6 July 2023	6 July 2033	405	656
9 July 2023	9 July 2033	75	75
22 July 2023	22 July 2033	69	69
28 December 2023	28 December 2033	-	150
29 December 2023	29 December 2033	250	250
5 March 2024	5 March 2034	300	-
15 April 2024	15 April 2034	150	-
17 May 2024	17 May 2034	150	-
6 September 2024	6 September 2034	300	-
17 October 2024	17 October 2034	500	-
19 December 2024	19 December 2034	700	-
Total		**17,988**	**17,463**

24 Share-based payments *(continued)*

The key assumptions used in the Black-Scholes model varied by grant date and are summarised below:

	2024	**2023**
Exercise prices	£0.01 to £270.88	£0.01 to £270.88
Expected volatility	75%	77.14% to 89%
Option life (years)	10	10
Risk-free interest rates	4.5%	1.52% to 3.9%

The expected volatility was estimated based on the historical volatility of similar companies, as Octachoron Topco Limited is not publicly traded.

25 Notes to the cashflow statement

Reconciliation of cash used in operations

	2024	2023
	£	£
Cash flows from operating activities		
Loss before taxation	**(6,847,671)**	(11,627,890)
Adjustments for:		
Depreciation of property, plant and equipment	**301,781**	171,434
Depreciation of right-of-use assets	**461,058**	189,019
Amortisation of intangible assets	**4,932**	4,918
(Gain)/loss on disposal of property, plant and equipment	**(4,365)**	535
Net foreign exchange differences	**(59,509)**	220,695
Finance income	**(799,876)**	(137)
Finance costs	**168,666**	65,249
Share-based payments	**460,633**	1,062,326
Working capital adjustments:		
Increase in inventories	**(38,640)**	(73,965)
Increase in trade and other receivables	**(3,405,689)**	(2,420,896)
Increase in trade and other payables	**7,476,118**	5,912,383
Cash used in operations	**(2,282,562)**	(6,496,329)

For more details on the impact of adopting UK-adopted International Accounting Standards on the cash flow reconciliation see note 4.

25 Notes to the cashflow statement *(continued)*

Changes in liabilities arising from financing activities

	Cash and cash equivalents £
1 January 2024	39,661,456
Cash flows	(5,052,749)
Non-cash changes	82,645
31 December 2024	**34,691,352**

26 Related party transactions

	31 December 2024 £	31 December 2023 £	1 January 2023 £
Octachoron Topco Limited	**(43,439,814)**	(43,521,775)	(43,579,190)

Hack The Box Ltd considers as related parties, its directors, its subsidiaries and the directors of its subsidiaries. Also, its Immediate, Intermediary and Ultimate Parent Companies (Octachoron Bidco Limited, Octachoron Midco Limited and Octachoron Topco Limited respectively) and their directors.

Each of the directors have declared that no close family members have a related party interest in the Company.

During the financial year no director fees were paid to the directors of the Company or to directors of its subsidiaries. As at the 31st of December 2024, there were no other demands from all above-mentioned directors or any liabilities to these directors.

In 2022, the Company has received the amount of the Series B funding, on behalf of its Ultimate Parent (Octachoron Topco Limited) and is owed to its Ultimate Parent (Octachoron Topco Limited). The Company also has a receivable balance from its Ultimate Parent (Octachoron Topco Limited) with regards to audit fees of the Ultimate Parent Company. The amounts owed from or to group undertakings are interest free and repayable on demand.

27 Contingent liabilities

There were no contingent liabilities as at 31 December 2024, 31 December 2023 or 1 January 2023.

28 Events after the reporting period

On September 15, 2025, the Group entered into a binding purchase agreement to acquire LetsDefend, Inc., an entity based in the USA. LetsDefend is a pioneering blue team training platform, providing hands-on Security Operations Center (SOC) simulations and advanced defensive cybersecurity training services to a global community of more than 320,000 users across 150+ countries. The completion of the acquisition will be in September 2025.

Hack The Box Ltd (Registered number: 10826193)

Company balance sheet
at 31 December 2024

Company number 10826193	Note	31 December 2024 £	31 December 2024 £	31 December 2023 £	31 December 2023 £
Non-current assets					
Property, plant and equipment	6		**17,705**		31,949
Intangible assets	8		**56,486**		61,418
Right-of-use assets	7		**21,193**		1,440
Investment in subsidiaries	9		**1,933,918**		1,933,918
Total non-current assets			**2,029,302**		2,028,725
Current assets					
Inventories		**105,102**		75,387	
Trade and other receivables	11	**11,957,082**		4,283,523	
Cash and cash equivalents		**31,159,535**		38,828,462	
Total current assets			**43,221,719**		43,187,372
Total assets			**45,251,021**		45,216,097
Current liabilities					
Trade and other payables	12	**(58,540,463)**		(56,158,550)	
Lease liabilities	13	**(5,525)**		(1,727)	
Total current liabilities			**(58,545,988)**		(56,160,277)
Non-current liabilities					
Lease liabilities	13	**(13,432)**		-	
Deferred tax	14	**(4,985)**		(7,915)	
Total non-current liabilities			**(18,417)**		(7,915)
Total liabilities			**(58,564,405)**		(56,168,192)
Net liabilities			**(13,313,384)**		(10,952,095)
Equity					
Called up share capital	15		**1,633**		1,633
Share premium	16		**8,484,359**		8,484,359
Other reserves	16		**1,722,051**		1,261,418
Retained earnings	16		**(23,521,427)**		(20,699,505)
Shareholders' funds			**(13,313,384)**		(10,952,095)

Company balance sheet
at 31 December 2024 *(continued)*

The Company has taken advantage of the exemption under S408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss for the year of the Company, after tax and before dividends paid, was £2,821,922 (2023: £11,778,026).

The Company financial statements were approved and authorised for issue by the Board on 15 September 2025 and were signed on its behalf by:

DocuSigned by:
Ioannis Tsakatanis
9FBEDD114AFA468...

Ioannis Tsakatanis
Director
Registered number: 10826193
The notes on pages 53 to 68 form part of these company financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2024

	Called up share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2023	1,633	8,484,359	199,092	(8,921,479)	(236,395)
Loss for the year	-	-	-	(11,778,026)	(11,778,026)
Total comprehensive expense for the year	-	-	-	(11,778,026)	(11,778,026)
Share based payment equity	-	-	1,062,326	-	1,062,326
At 31 December 2023	1,633	8,484,359	1,261,418	(20,699,505)	(10,952,095)
Loss for the year	-	-	-	(2,821,922)	(2,821,922)
Total comprehensive expense for the year	-	-	-	(2,821,922)	(2,821,922)
Share based payment equity	-	-	460,633	-	460,633
At 31 December 2024	1,633	8,484,359	1,722,051	(23,521,427)	(13,313,384)

Other reserves for the Company comprise of £1,722,051 share-based payment reserve (2023: £1,261,418).

The notes on pages 53 to 68 form part of these company financial statements.

1 General information

Hack The Box Ltd (the 'Company') is a private company limited by shares and is registered and incorporated in England and Wales (company number: 10826193). The registered office is Plexal Here East, Queen Elizabeth Olympic Park, Stratford, London, England, E15 2GW.

The principal activity of the Company is cybersecurity upskilling and talent assessment, offering a gamified software platform for individuals, businesses and institutions. Their principal activities focus on enhancing offensive and defensive cybersecurity skills, serving a diversified, global client base. The Company also acts as a holding company for its direct subsidiary undertakings.

2 Significant accounting policies

2.1 Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ('IFRS') as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and take advantage of FRS 101 disclosure exemptions.

The financial statements of the Company have been prepared on a historical cost basis as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements of the Company are presented in pounds sterling, which is also the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of capital management;
- Disclosures in respect of leases;
- Disclosures in respect of financial instruments;
- Disclosures in respect of share-based payments;
- Presentation of an opening statement of financial position as at the date of transition to FRS 101; and
- The effects of new but not yet effective IFRSs.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hack The Box Ltd, where the results of the Company are also consolidated. These financial statements do not include certain disclosures in respect of:

- Certain disclosures required by IAS 36 Impairment of Assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

2 Significant accounting policies *(continued)*

2.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

In accordance with IAS 1 Presentation of Financial Statements, the directors have assessed the Company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. This assessment included a review of the Company's cash flow forecasts, liquidity position, and access to funding, under both base and downside scenarios.

As at 31 December 2024, the Company had net liabilities of £13.31 million, which included £13.28 million of deferred revenue liabilities. Cash balances amounted to £31.16 million.

The Company continues to experience revenue growth line with its Board-approved expansion strategy, which includes increased investment in marketing and product development. The Company is funded by operating cash flows and the £43.6 million Series B investment made in December 2022 by investment funds affiliated with The Carlyle Group (a publicly listed entity on Nasdaq, ticker: CG), into the Company's parent company, Octachoron Topco Limited.

The directors have considered future cash flows, expected settlement of receivables, and reasonably possible downside scenarios. Following this review, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 First-time adoption of FRS 101

The financial statements for the year ended 31 December 2024 are the first the Company has prepared in accordance with FRS 101. For periods up to and including the year ended 31 December 2023, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102').

Accordingly, the Company has prepared financial statements that comply with FRS 101 (as described in the material accounting policy information in note 2) for the year ended 31 December 2024, together with the comparative information presented in these financial statements for the year ended 31 December 2023. The Company has taken advantage of the exemption under FRS 101 to not present an opening Balance Sheet at 1 January 2023 (the Company's date of transition to FRS 101).

Details of the effects of the transition to FRS 101 are disclosed in note 21 of the Company financial statements.

2.4 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

(a) Foreign currency

Transactions in foreign currencies are translated into the functional currency at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Exchange differences arising on retranslation are recognised in profit or loss.

2 Significant accounting policies *(continued)*

2.4 Summary of significant accounting policies *(continued)*

(a) Foreign currency *(continued)*

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences on such items are recognised in profit or loss or other comprehensive income, in line with the recognition of gains or losses on the underlying item.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

In accordance with IFRS 15 'Revenue from Contracts with Customers', the Company recognises revenue when it transfers control over a product or service to a customer. The Company follows the five-step model as prescribed by IFRS 15:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Company revenue derives from three streams:

- Business-to-business (B2B) sales of Hack The Box services
- Business-to-consumer (B2C) sales of Hack The Box services
- Stuff We All Get (SWAG) sales of Hack The Box branded products

For B2B and B2C subscription services, revenue is recognised over time as the services are provided, which generally aligns with the subscription period. For SWAG sales, revenue is recognised at a point in time when control of the goods passes to the customer, which generally occurs upon delivery.

The Company recognises a contract liability at year end related to advance consideration received from customers where the performance obligations have yet to be satisfied.

(c) Intangible assets

Intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

2 Significant accounting policies *(continued)*

2.4 Summary of significant accounting policies *(continued)*

(c) Intangible assets *(continued)*

The useful lives of intangible assets are as follows:

- Intellectual Property (IP) - 3 years
- Patents and Licences – 15 years

Internally generated research expenditure is expenses as incurred. Development expenditure is capitalised only when all IAS 38 criteria are met – technical feasibility, intention to complete, ability to use or sell, probable economic benefits, availability of resources, and reliable measurement.

Capitalised development costs and other finite-life intangibles are amortised on a straight-line basis from the date the asset is available for use over their estimated useful economic life. The amortisation method and useful life are reviewed at each reporting date and adjusted if necessary.

(d) Property, plant and equipment

Property, plant and equipment are initially measured at cost, which includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Where parts of an asset have different useful lives, they are accounted for as separate components. The following useful lives are applied:

- Fixture and fittings - straight line over 3 years
- Computer equipment - straight line over 3 years
- Leasehold improvements - straight line from the date the improvement is completed and ready for use to the earlier of the end of the useful life or the end of the lease term of the related property

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(e) Investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the directors, there has been impairment to their value, in which case they are written down to their recoverable amount.

(f) Taxation

The tax currently payable is based on taxable profit or loss for the period. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

2 Significant accounting policies *(continued)*

2.4 Summary of significant accounting policies *(continued)*

(f) Taxation *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the temporary difference.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(g) Research and development

Hack The Box is involved in research and development activities primarily aimed at advancing its gamified cybersecurity upskilling, certification, and talent assessment software platform.

Research expenditure is recognised as an expense in profit or loss as incurred, in accordance with IAS 38.54. Development expenditure is capitalised as an intangible asset only when all of the following criteria set out in IAS 38.57 are met:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

During the reporting period, all research and development expenditure has been expensed as the recognition criteria for capitalisation under IAS 38 'Intangible Assets' have not been met.

(h) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In accordance with IFRS 16 'Leases', the Company recognises right-of-use assets and lease liabilities for all leases, except for leases of low-value assets and short-term leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

2 Significant accounting policies *(continued)*

2.4 Summary of significant accounting policies *(continued)*

(h) Leases *(continued)*

Lease liabilities are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

For short-term leases and leases of low-value assets, the Company applies the short-term lease recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(i) Pension costs and other post-retirement benefits

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to profit or loss in the period to which they relate.

(j) Share based payments

The Company operates equity-settled share-based payment plans for its employees. In accordance with IFRS 2 'Share-based Payment', the fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

(k) Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

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

2 Significant accounting policies *(continued)*

2.4 Summary of significant accounting policies *(continued)*

(k) Financial instruments *(continued)*

Financial assets

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

Financial assets are classified as:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities

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

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

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

3 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The principal use of estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relates to the potential impairment of the carrying value of investments.

The Company assesses at each reporting date whether there is an indication that its investments may be impaired. In undertaking such an impairment review, estimates are required in determining an asset's recoverable amount. These estimates include the asset's future cash flows and an appropriate discount to reflect the time value of money. The range of estimates reflects the relative risk profiles of the relevant cash generating units.

4 Employees

	2024 Number	2023 Number
The average number of employees, including directors, during the year was:	**24**	23

Staff costs, including directors, consist of:	**£**	£
Wages and salaries	**2,768,924**	2,165,188
Social security costs	**363,163**	269,656
Other pension costs	**3,936**	3,948
Total staff costs	**3,136,023**	2,438,792

5 Directors' remuneration

The remuneration of the Company directors was as follows:

	2024	2023
	£	£
Directors' emoluments	**579,192**	554,808
Pension contributions	**3,963**	3,948
Total	**583,155**	558,756

Included in the above is the remuneration of the highest paid director as follows:

	2024	2023
	£	£
Director's emoluments	**323,452**	281,557
Pension contributions	**1,321**	1,321
Total	**324,773**	282,878

During the year pension contributions of £3,963 (2023: £3,948) were made in respect of 6 directors (2023: 6.)

Some directors are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to Hack The Box Ltd.

6 Property, plant and equipment

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2023	6,042	95,567	101,609
Additions	-	20,905	20,905
At 31 December 2023	6,042	116,472	122,514
Additions	-	9,166	9,166
Disposals	-	(6,297)	(6,297)
At 31 December 2024	**6,042**	**119,341**	**125,383**
Depreciation			
At 1 January 2023	4,754	61,498	66,252
Charge for the year	680	23,633	24,313
At 31 December 2023	5,434	85,131	90,565
Charge for the year	471	21,500	21,971
Disposals	-	(4,858)	(4,858)
At 31 December 2024	**5,905**	**101,773**	**107,678**
Net book value			
At 31 December 2024	**137**	**17,568**	**17,705**
At 31 December 2023	608	31,341	31,949

7 Right-of-use assets

	Motor vehicles
	£
Cost	
At 1 January 2023	-
Additions	5,760
At 31 December 2023	5,760
Additions	26,212
At 31 December 2024	31,972
Depreciation	
At 1 January 2023	-
Charge for the year	4,320
At 31 December 2023	4,320
Charge for the year	6,459
At 31 December 2024	**10,779**
Net book value	
At 31 December 2024	**21,193**
At 31 December 2023	1,440

8 Intangible assets

	Patents and licences £
Cost	
At 1 January 2024 and 31 December 2024	**72,039**
Amortisation	
At 1 January 2023	5,703
Charge for the year	4,918
At 31 December 2023	10,621
Charge for the year	4,932
At 31 December 2024	15,553
Net book value	
At 31 December 2024	**56,486**
At 31 December 2023	61,418

9 Investment in subsidiaries

	Shares in subsidiary undertakings £
Cost	
At 1 January 2023 and 31 December 2023	1,933,918
At 31 December 2024	1,933,918
Provision for impairment	
At 1 January 2023, 31 December 2023 and 31 December 2024	-
Net book value	
At 31 December 2024	1,933,918
At 31 December 2023	1,933,918

Details of the Company's subsidiaries are shown in Note 10 of the company financial statements.

10 Subsidiaries

Details of the Company's subsidiaries at 31 December 2024 are as follows:

Name of undertaking	Registered office address	Class of shares held	% Held Direct	% Held Indirect
Hack The Box Inc	531 Luzon Ave, Tampa, Florida, 33606, USA	Ordinary	100%	-
Hack The Box SMPC	Ippokratous 53, Elliniko, Attica, 16777, Greece	Ordinary	100%	-
Hack The Box Pty Ltd	Level 5, 10 Shelley Street, NSW 2000, Sydney, Australia	Ordinary	100%	-

11 Trade and other receivables

	2024	2023
	£	£
Trade receivables	**3,695,412**	2,983,791
Amounts owed by group undertakings	**6,027,193**	-
Other receivables	**1,197,050**	699,890
Prepayments and accrued income	**1,037,427**	599,842
Total	**11,957,082**	4,283,523

In applying IFRS 9, the Company reviews the amount of credit loss associated with its trade receivables. Trade receivables are stated after an expected credit loss provision of £nil (2023: £nil).

12 Trade and other payables

	2024	2023
	£	£
Trade payables	**711,126**	2,652,110
Amounts owed to group undertakings	**43,579,275**	43,582,457
Social security and other taxes	**7,863**	6,480
VAT	**285,840**	134,567
Other payables	**14,413**	6,521
Accruals	**664,437**	541,599
Deferred income	**13,277,509**	9,234,816
Total	**58,540,463**	56,158,550

The amounts due to group undertakings are unsecured, interest free and repayable on demand.

13 Lease liabilities

	2024	2023
	£	£
Short-term lease liabilities included within current liabilities	**5,525**	1,727
Non-current lease liabilities	**13,432**	-
Lease liabilities included in the statement of financial position	**18,957**	1,727

The Company leases motor vehicles, with remaining lease terms between 1 and 4 years. The corresponding right-of-use assets are shown in note 7.

The total cash outflow for leases was £6,231 (2023: £4,294).

14 Deferred taxation

	Right of use asset temporary differences	**Other deductible temporary differences**	**Total**
	£	**£**	**£**
Net liability at 1 January 2023	-	(35,357)	(35,357)
Credit to statement of comprehensive income	72	27,370	27,442
Net asset/(liability) at 31 December 2023	72	(7,987)	(7,915)
(Charge)/credit to statement of comprehensive income	(631)	3,561	2,930
Net liability at 31 December 2024	**(559)**	**(4,426)**	**(4,985)**

The deferred tax liability balance at 31 December 2024 has been calculated on the basis that the associated assets and liabilities will unwind at 25% (2023: 25%).

The directors have assessed the recoverability of the deferred tax asset in light of the growth phase of the business and investment being made to achieve this, taking into account the future expected profit timelines. Deferred tax assets on trading losses have not been recognised as the directors do not believe there is sufficient evidence that these will be recovered through the generation of taxable profit in the near future.

As at the date of these financial statements the total carried forward tax losses was £25,836,175 which would have created a deferred tax asset of £6,459,044 (2023: £4,860,181).

15 Share capital

	Authorised, allotted, called up and fully paid			
	2024	2023	**2024**	2023
	Number	Number	**£**	£
Ordinary shares of £0.01 each	**77,040**	77,040	**770**	770
Series A shares of £0.01 each	**11,490**	11,490	**115**	115
Series B shares of £0.01 each	**74,843**	74,843	**748**	748
Total	**163,373**	163,373	**1,633**	1,633

During 2022, there was a restructuring of shares via share for share exchange. This occurred to accompany the investments listed above in basis of preparation which involved the new ultimate parent Octachoron Topco Limited and as part of the Series B and Secondary investment.

As a result of the Secondary investment, the Ordinary shareholders, Series Seed shareholders and the majority Series A shareholders, irrevocably and unconditionally consented to and approved the transfer, as Secondary Sales shares to funds affiliated with Carlyle, of the number of shares in the capital of the Company as follows: 14,979 Ordinary shares, 37,522 Series Seed shares, 22,342 Series A shares. The abovementioned shareholders also consented to and approved the creation of Series B preferred shares of £0.01 each in the capital of the Company having the rights set out in the most recent Articles of Association of the Company.

The Secondary Sale shares were automatically converted into and re-designated as Series B shares of £0.01 each in the capital of HTB (on a one Series B share for one Secondary Sale Share basis) immediately upon acquisition of the Secondary Sale shares.

Prior the Series B transaction the stock option pool consisted of 20,460 stock options already granted or to be granted to qualifying individuals. Post Series B, 3,000 stock options were added to the stock option pool. Post Series B the stock option pool totalled 23,460 stock options. In 2023 the stock option pool under Hack The Box Ltd was exchanged in full with a similar stock option pool of 23,460 stock options in the Ultimate Parent Company, Octachoron Topco Limited. As a result, option holders of the updated stock option scheme, have the right to purchase ordinary shares of the Ultimate Parent Company. As at 31 December 2024, no stock options were exercised for the updated plan.

Series B and Series A shares are preference shares. Series B shares, Series A shares and Ordinary shares all have equal voting rights. The deferred shares do not have voting rights.

The Series B shares are entitled to a fixed cumulative preferential dividend. Series B shares holders have the right to receive dividends in priority to the rights of the holders of any other class of shares in the capital of the Company.

The Series A shares are entitled to a fixed, non-cumulative preferential dividend. Payment of the Series A shares' preferential dividend ranks in priority to payment of any Ordinary shares' dividend. The Series B shares, Series A shares, and Ordinary shares all have equal distribution rights.

No shares were issued in the year (year ended 31 December 2023: nil).

No shares were repurchased during the year (year ended 31 December 2023: nil).

16 Reserves

Share premium, other reserves, and retained earnings represent balances conventionally attributed to those descriptions.

Other reserves for the Company comprise of £1,722,051 share-based payment reserve (2023: £1,261,418).

The directors have proposed that there will be no final dividend in respect of this year ended 31 December 2024 (2023: £nil).

17 Related party transactions

Hack The Box Ltd considers as related parties, its directors, its subsidiaries and the directors of its subsidiaries. Also, its Immediate, Intermediary and Ultimate Parent Companies (Octachoron Bidco Limited, Octachoron Midco Limited and Octachoron Topco Limited respectively) and their directors.

Each of the directors have declared that no close family members have a related party interest in the Company.

During the financial year no director fees were paid to the directors of the Company or to directors of its subsidiaries. As at the 31st of December 2024, there were no other demands from all above-mentioned directors or any liabilities to these directors.

The Company has availed itself of the exemption under FRS 101 not to give details of related party transactions with wholly owned group companies.

18 Contingent liabilities

There were no contingent liabilities as at 31 December 2024 and 31 December 2023.

19 Events after the reporting period

On September 15, 2025, the Company entered into a binding purchase agreement to acquire LetsDefend, Inc., an entity based in the USA. LetsDefend is a pioneering blue team training platform, providing hands-on Security Operations Center (SOC) simulations and advanced defensive cybersecurity training services to a global community of more than 320,000 users across 150+ countries. The completion of the acquisition will be in September 2025.

20 Ultimate controlling party

Following the completion of the Series B fundraise in December 2022, Octachoron Bidco Limited is the immediate parent company registered at 38 Walton Road, Folkestone, England, CT19 5QS. Companies House registration number: 14558354.

Hack The Box Ltd Group is the smallest Group to consolidate the financial statements of Hack The Box Ltd and its fully owned subsidiaries.

Octachoron Topco Limited Group is the largest Group to consolidate the financial statements of all Subsidiaries and is the ultimate parent company of the Group.

Octachoron Topco Limited is the ultimate parent company, registered at 38 Walton Road, Folkestone, England, CT19 5QS. Companies House registration number: 14554083.

21 First time adoption of FRS 101 Reduced Disclosure Framework

In applying FRS 101 for the first time the Company has made the following elections:

- To retain the carrying amounts of property, plant and equipment and intangible assets at the previous carrying amounts under applicable UK accounting standards; and
- Not to restate any business combinations that occurred before the date of transition of FRS 101.

Other than the adoption of the reduced disclosures there was no material effect of applying FRS 101 for the first time. The disclosure exemptions adopted are included in note 2 of the company financial statements.

Effect of transition to FRS 101 at 1 January 2023 and for the year ended 31 December 2023

- The Company has recognised right-of-use assets and lease liabilities in relation to two motor vehicles. The impact to financial statements for the year ended 31 December 2023 includes recognition of £1,440 right-of-use of assets and £1,727 lease liabilities on the balance sheet. The difference of £287 has been recognised in Company's retained earnings. For full details of the transition adjustments see note 4 of the consolidated financial statements.