Report of the Directors and

Consolidated Financial Statements for the Year Ended 31 December 2022

for

Hack The Box Ltd.

Contents of the Consolidated Financial Statements for the Year Ended 31 December 2022

Hack The Box Ltd.

Company Information
for the Year Ended 31 December 2022

DIRECTORS:	J Hooker C A Pylarinos N Fountas I Tsakatanis
SECRETARY:	J Hooker
REGISTERED OFFICE:	38 Walton Road, Folkestone, Kent CT19 5QS
REGISTERED NUMBER:	10826193 (England and Wales)
AUDITORS:	KPMG LLP Two Forbury Place 33 Forbury Rd Reading RG1 3AD

Hack The Box Ltd.

Report of the Directors
for the Year Ended 31 December 2022

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2022.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

- J Hooker
- CA Pylarinos

Other changes in directors holding office are as follows:

- G Tziralis resigned as a director on 28 December 2022
- A Zikopoulos resigned as a director on 05 April 2023.
- N Fountas was appointed as a director on 05 April 2023.
- GE Witham resigned as a director on 14 September 2023
- I Tsakatanis was appointed as a director on 06 December 2023.

CHARITY DONATIONS AND EXPENDITURE
During the year, the Company made charity donations totalling £3,526. These donations were made in the interest of supporting The Cybersmile foundation a UK registered charity (No.1147576) and Greece Race for the Cure. The Company 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.

PRINCIPAL ACTIVITY
Hack The Box specializes 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.

BUSINESS OVERVIEW
During this fiscal year, Hack The Box successfully secured Series B funding. Hack The Box intends to allocate the raised capital to bolster its cybersecurity upskilling platform. The primary focus includes:

- Further development of innovative cybersecurity upskilling offerings.
- Expansion of the platform's capabilities to meet evolving market demands.
- Acceleration of global market penetration and accessibility.

The substantial investment received during this fiscal year significantly impacted the Company's financial position. Detailed financial figures are disclosed in the annual financial statements, reflecting the impact of the Series B funding on the Company's balance sheet and future prospects.

RISK MANAGEMENT
With the influx of funds, the Company aims to mitigate operational and market risks while ensuring prudent utilization of resources to drive sustainable growth and innovation.

SUSTAINABILITY
Hack The Box is committed to fostering a sustainable cybersecurity ecosystem. The Company 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's 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.

SECONDARY AND SERIES B
In December 2022 a Series B fundraise was completed, raising £43.6m. Investors included entities affiliated with the Carlyle Group (Nasdaq ticker GC), Funds affiliated with 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 as at 31 December 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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 AUDITORS

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 auditors are 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 auditors are aware of that information.

AUDITORS

The auditors were appointed for the audit of the consolidated statutory accounts for the year ending 31 December 2022.

The year ending 31 December 2022 is the first time the Company Hack The Box Ltd. was required to prepare a consolidated set of accounts and the first audit of both the Group and or the individual parent company Hack the Box Limited, therefore December 2021 has not been audited.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Ioannis Tsakatanis

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Ioannis Tsakatanis
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....
Director

12/12/2023
Date: ....

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

Opinion

We have audited the financial statements of Hack the Box Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance sheet, Company Balance sheet, Consolidated Statement of Changes in Equity, Consolidated Cashflow statement and related notes, including the accounting policies in note 1.

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 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- 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;
- 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.

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.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified1 in respect of this matter.

Other matter - prior period consolidated financial statements

We note that the company did not previously prepare consolidated financial statements. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within the consolidated financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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.

DocuSigned by:

Terri Coughlan

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

Date: 12 December 2023

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 (Unaudited) £
TURNOVER	3	10,533,493	5,831,571
Cost of sales		1,957,312	971,600
GROSS PROFIT		8,576,181	4,859,971
Administrative expenses		14,133,362	7,703,649
OPERATING LOSS		(5,557,181)	(2,843,678)
Interest receivable and similar income		120	696
LOSS BEFORE TAXATION	6	(5,557,061)	(2,842,982)
Tax on loss	7	(554,585)	467,145
LOSS FOR THE FINANCIAL YEAR		(6,111,647)	(2,375,837)
OTHER COMPREHENSIVE INCOME			
Foreign Exchange on Consolidation		(120,124)	109,195
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(120,124)	109,195
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(6,231,771)	(2,266,642)
Loss attributable to:			
Owners of the parent		(6,111,647)	(2,375,837)
Total comprehensive income attributable to:			
Owners of the parent		(6,231,771)	(2,266,642)

The notes on pages 16 to 30 form part of these financial statements

Hack The Box Ltd.

Hack The Box Ltd. (Registered number: 10826193)

Consolidated Balance Sheet 31 December 2022

	Notes	31.12.22 £	31.12.22 £	31.12.21 (Unaudited) £	31.12.21 (Unaudited) £
FIXED ASSETS					
Intangible assets	9		66,336		69,938
Tangible assets	10		234,649		258,508
Investments	11		-		-
			300,985		328,446
CURRENT ASSETS					
Stocks	12	1,422		16,783	
Debtors	13	2,499,079		1,579,451	
Cash at bank		46,755,084		6,755,362	
		49,255,585		8,351,597	
CREDITORS					
Amounts falling due within one year	14	49,452,843		2,643,979	
NET CURRENT (LIABILITIES)/ASSETS			(197,258)		5,707,619
TOTAL ASSETS LESS CURRENT LIABILITIES			103,727		6,036,064
CREDITORS					
Amounts falling due after more than one year	15		-		46,615
NET ASSETS			103,727		5,989,449
CAPITAL AND RESERVES					
Called up share capital	16		1,633		1,633
Share premium	17		8,484,359		8,484,359
Other reserves	17		129,396		(96,528)
Retained earnings	17		(8,511,661)		(2,400,015)
SHAREHOLDERS' FUNDS			103,727		5,989,449

The financial statements were approved by the Board of Directors and authorised for issue on 12 December 2023 and were signed on its behalf by:

DocuSigned by:

Ioannis Tsakatanis

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Ioannis Tsakatanis
Director

The notes on pages 16 to 30 form part of these financial statements

Hack The Box Ltd.

Hack The Box Ltd. (Registered number: 10826193)

Company Balance Sheet as at 31 December 2022

	Notes	31.12.22 £	31.12.22 £	31.12.21 (Unaudited) £	31.12.21 (Unaudited) £
FIXED ASSETS					
Intangible assets	9		66,336		69,938
Tangible assets	10		35,357		47,279
Investments	11		1,933,917		1,933,917
			2,035,610		2,051,134
CURRENT ASSETS					
Stocks	12	1,422		16,783	
Debtors	13	2,228,230		1,506,382	
Cash at bank		46,583,733		6,459,170	
		48,813,385		7,982,335	
CREDITORS					
Amounts falling due within one year	14	51,038,775		3,904,820	
NET CURRENT (LIABILITIES)/ASSETS			(2,225,390)		4,077,515
TOTAL ASSETS LESS CURRENT LIABILITIES			(189,780)		6,128,649
CREDITORS					
Amounts falling due after more than one year	15		46,615		46,615
NET ASSETS			(236,395)		6,082,034
CAPITAL AND RESERVES					
Called up share capital	16		1,633		1,633
Share premium	17		8,484,359		8,484,359
Other reserves	17		199,092		93,292
Retained earnings	17		(8,921,479)		(2,497,250)
SHAREHOLDERS' FUNDS			(236,395)		6,082,034
Company's loss for the financial year			(6,424,229)		(2,401,198)

The financial statements were approved by the Board of Directors and authorised for issue on 12 December 2023 and were signed on its behalf by:

DocuSigned by:

Ioannis Tsakatanis

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Ioannis Tsakatanis
Director

The notes on pages 16 to 30 form part of these financial statements

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2021 (Unaudited)	1,490	(24,177)	5,237,577	(80,612)	5,134,278
Changes in equity					
Issue of share capital	143	-	3,246,782	-	3,246,925
Total comprehensive income	-	(2,375,837)	-	-	(2,375,837)
Foreign Exchange Reserve	-	-	-	(109,195)	(109,195)
Share Based Payment Equity	-	-	-	93,280	93,280
Balance at 31 December 2021 (Unaudited)	1,633	(2,400,014)	8,484,359	(96,527)	5,989,451
Changes in equity					
Total comprehensive income	-	(6,111,647)	-	-	(6,111,647)
Foreign Exchange Reserve	-	-	-	120,124	120,124
Share Based Payment Equity	-	-	-	105,800	105,800
Balance at 31 December 2022	1,633	(8,511,661)	8,484,359	129,397	103,728

The notes on pages 16 to 30 form part of these financial statements

Hack The Box Ltd.

Company Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2021 (Unaudited)	1,490	(96,052)	5,237,578	-	5,143,017
Changes in equity					
Deficit for the year	-	(2,401,198)	-	-	(2,401,199)
Total comprehensive income	-	(2,401,198)	-	-	(2,401,199)
Issue of share capital	143	-	3,246,781	-	3,246,924
Share Based Payment Equity	-	-	-	93,292	93,292
Balance at 31 December 2021 (Unaudited)	1,633	(2,497,250)	8,484,359	93,292	6,082,034
Changes in equity					
Deficit for the year	-	(6,424,229)	-	-	(6,424,229)
Total comprehensive income	-	(6,424,229)	-	-	(6,424,229)
Share Based Payment Equity	-	-	-	105,800	105,800
Balance at 31 December 2022	1,633	(8,921,479)	8,484,359	199,092	(236,395)

The notes on pages 16 to 30 form part of these financial statements

Hack The Box Ltd.

Consolidated Cash Flow Statement for the Year Ended 31 December 2022

	Notes	31.12.22	31.12.21 (Unaudited)
		£	£
Cash flows from operating activities			
Cash generated from operations	A	(3,113,084)	(2,203,842)
Tax paid		28,691	52,091
Net cash from operating activities		(3,084,393)	(2,151,751)
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(72,039)
Purchase of tangible fixed assets		(130,559)	(258,648)
Octachoron Topco Investment		43,580,823	-
Octachoron Bidco Investment		(1,633)	-
Cash share issue		-	3,246,782
Interest received		120	696
Net cash from investing activities		43,448,751	2,916,791
Cash flows from financing activities			
Share issue		-	143
Net cash from financing activities		-	143
Increase in cash and cash equivalents		40,364,358	765,183
Cash and cash equivalents at beginning of year	B	6,755,362	5,681,252
Effect of foreign exchange rate changes		(364,636)	308,927
Cash and cash equivalents at end of year	B	46,755,084	6,755,362

The notes on pages 16 to 30 form part of these financial statements

Hack The Box Ltd.

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2022

A. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS - GROUP

	31.12.22	31.12.21 (Unaudited)
	£	£
Loss before taxation	(5,557,061)	(2,842,982)
Depreciation and Amortisation	148,855	94,406
Foreign Exchange Movements	(89,352)	(7,113)
Share Based Payments	105,800	93,268
Finance income	(120)	(696)
	(5,391,878)	(2,663,117)
Decrease/(increase) in stocks	15,361	(540)
Increase in trade and other debtors	(919,628)	(1,252,950)
Increase in trade and other creditors	3,183,061	1,712,764
Cash generated from operations	(3,113,083)	(2,203,843)

B. CASH AND CASH EQUIVALENTS - GROUP

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	46,755,084	6,755,362

Year ended 31 December 2021

	31.12.21 (Unaudited)	1.1.21
	£	£
Cash and cash equivalents	6,755,362	5,681,252

C. ANALYSIS OF CHANGES IN NET FUNDS - GROUP

	At 1.1.22 (Unaudited)	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank	6,755,362	39,999,722	46,755,084
	6,755,362	39,999,722	46,755,084
Total	6,755,362	39,999,722	46,755,084

The notes on pages 16 to 30 form part of these financial statements

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2022

1. STATUTORY INFORMATION

Hack The Box Ltd. is a private company, limited by shares, registered in England and Wales. The Company's registered number 10826193 and registered office address is 38 Walton Road, Folkestone, Kent, United Kingdom, CT19 5QS.

2. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in Accordance with Financial Reporting Standard 102 ('FRS 102"1), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Basis of preparing the financial statements
The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.
In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2022, the directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future. The directors have concluded that it is appropriate to adopt the going concern basis having considered the financial projections of the Company and the Group for a period of at least 12 months from the date of signing the accounts.

At the balance sheet date, the Group had net assets of £0.1 million, including deferred income balances of £4.39 million, and a consolidated cash position of £46.75 million. At the balance sheet date the Company had net current assets of £4.08 million and was holding cash of £46.6 million.
The Group is experiencing significant growth in revenues, however at the same time the Group has substantial marketing and developing expenses as the part of the Board approved growth strategy. For the year ended 31 December 2022, the Group recognized a loss of £6.1milliion. The directors have prepared base and downside cash flow forecasts for the period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and its financial resources, the Group and the Company will have sufficient funds to meet its liabilities as they fall due for that period. The Group and the Company meets its day to day working capital requirements through cash generating from underlying operations and the £43.6 million Series B investment (in the parent company Octachoron Topco) from investment funds, including funds affiliated with the Carlyle Group (a public listed entity on Nasdaq, ticker symbol: CG) made in December 2022. Consequently, 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.

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

Disclosure exemptions
The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 for qualifying entities:

(a) No cash flow statement has been presented for the Company.
(b) Disclosures in respect of financial instruments have not been presented.
(c) No disclosure has been given for the aggregate remuneration of key management personnel.

2. ACCOUNTING POLICIES - continued

Basis of consolidation
Parent Company: Hack the Box UK Limited.

Group Structure: The group includes the parent company and its subsidiaries:
Hack the Box Inc. (US)
Hack the Box SMPC (Greece)
Parrot Security CIC (UK)

Basis of Consolidation:
The consolidated financial statements are prepared in accordance with Financial Reporting Standard 102 (FRS 102).

The consolidation includes Hack the Box UK Limited and the subsidiaries it controls.

Subsidiaries are fully consolidated line by line from the date of acquisition, being the date on which Hack the Box UK Limited obtains control, and continue to be consolidated until the date that such control ceases.

Control:
Control is primarily determined by share ownership.

Hack the Box UK Limited holds a 100% ownership interest in both Hack the Box Inc. (US) and Hack the Box SMPC (Greece), indicating full control.

For Parrot Security CIC (UK), Hack the Box UK Limited holds a 50% ownership interest, however does not have a controlling interest.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Accounting for Subsidiaries:
Full consolidation is applied to Hack the Box Inc. and Hack the Box SMPC, with all intercompany transactions, balances, and unrealized gains eliminated.

For Parrot Security CIC, where Hack the Box UK Limited holds a 50% interest, the investment is accounted for using the equity method.

Non-controlling Interests:
Non-controlling interests are not applicable for Hack the Box Inc. and Hack the Box SMPC due to 100% ownership.

For Parrot Security CIC, the 50% interest not held by Hack the Box UK Limited is accounted for as a non-controlling interest.

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 UK Limited and non-controlling interest holders.

Loss of Control:
Procedures for the event of a loss of control over any of the subsidiaries are in place, which would include derecognition of assets and liabilities and recognition of any surplus or deficit in profit or loss.

2. ACCOUNTING POLICIES - continued

Subsidiary Details:
Hack the Box Inc. (US) - 100% ownership 1209 Orange Street, Willington, New Castle County United States, 19801

Hack the Box SMPC (Greece) - 100% ownership 53 Ippokratous str, Elliniko, Attica, Greece 16777

Parrot Security CIC (UK) - 50% ownership 3c Mitre Court, Lichfield Road, Sutton Coldfield, England, B74 2LZ

Measurement Convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss, and investments in associates and joint ventures measured at fair value.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, British Pounds (£), at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Accounting Estimates

No judgement or estimates have been made by the directors, in the application of these accounting policies that have a significant effect on the financial statements or would have a significant risk of material adjustment in the next year statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised over the subscription period.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.
Patents and licences are being amortised evenly over their estimated useful life.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets
Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

Fixtures and fittings	-	straight over 3 years
Computer equipment	-	straight over 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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. Consistent with FRS 102, the Company recognises all research and development expenditures as expenses in the profit and loss account when incurred.
During the reporting period, the Company continued to invest in R&D activities.

Government grants
A subsidiary Hack the Box SMPC received government grants totalling £132,339 (€155,890) during the year. A portion of these grants relate to Covid 19 pandemic help and other payroll grants. In accordance with our accounting policy, 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 except when this is not a viable option. In these instances, the grant amounts received are allocated to Other Revenue.

Government Grant "Elevate Greece" to HTB SMPC to the value of €100,000. Said grant corresponds to a percentage of up to 80% of the working capital of the business for the reference year 2020 or 2021. The application for this grant ended on 30th November 2022 and payment was received in the same year.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. ACCOUNTING POLICIES - continued

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market for the year ended 31 December 2022 is given below:

	£
Europe	3,330,586
United States of America	5,499,370
South America	155,398
Asia	923,227
Oceania	540,948
Africa	83,964
	10,533,493

This analysis is not considered to be applicable to the year ended 31 December 2021.

4. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21 (Unaudited)
	£	£
Wages and salaries	8,281,484	4,183,901
Social security costs	944,304	551,951
Other pension costs	30,705	28,679
	9,256,493	4,764,531

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

	31.12.22	31.12.21 (Unaudited)
Hack The Box UK	21	18
Hack The Box SMPC	100	73
Hack The Box Inc	37	15
	158	106

The average number of employees by undertakings that were proportionately consolidated during the year was 158 (2021 - 106).

5. DIRECTORS' EMOLUMENTS

	31.12.22	31.12.21 (Unaudited)
	£	£
Directors' remuneration	869,829	803,688
Amounts receivable under long term incentive schemes	-	-
Company contributions to money purchase pension plan	30,705	28,679
Compensation for loss of office	-	-
Compensation for loss of office	-	-
Amounts paid to third parties in respect of directors' services	-	-
Other director Expenses	67,601	30,552
	968,135	862,919

The aggregate of remuneration of the highest paid director was £253,105 (2021: £248,063), and company pension contributions of £12,119 were made to a money purchase scheme on his behalf.
During the year, the highest paid director did not receive or exercise share options and did not receive any shares under a long-term incentive scheme.
The number of directors who held office in the group for the year is 6 (2021: 6).
The number of directors who exercised share options was Nil.
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was Nil.

6. LOSS BEFORE TAXATION

The loss is stated after charging/(crediting):

	31.12.22	31.12.21 (Unaudited)
	£	£
Other operating leases	84,068	119,042
Depreciation - owned assets	145,253	92,305
Patents and licences amortisation	3,602	2,101
Auditors' remuneration	148,000	-
Foreign exchange differences	(89,352)	(7,113)

7. TAXATION

Analysis of the tax charge/(credit)
The tax charge/(credit) on the loss for the year was as follows:

	31.12.22	31.12.21 (Unaudited)
	£	£
Current tax:		
UK corporation tax	(30,063)	(52,091)
Deferred tax	584,648	(415,054)
Tax on loss	554,585	(467,145)

Reconciliation of total tax charge/(credit) included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22	31.12.21 (Unaudited)
	£	£
Loss before tax	(5,557,061)	(2,842,982)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,055,842)	(540,167)
Effects of:		
Expenses not deductible for tax purposes	63,032	72,159
Income not taxable for tax purposes	(120)	(696)
Capital allowances in excess of depreciation	(15,801)	(63,463)
Hack The Box SMPC Taxes	43,158	28,218
Hack The Box INC Taxes	112,408	34,666
UK R&D Tax Credit 2020	(185,628)	(114,975)
Deferred Tax not recognised	1,593,378	117,113
Total tax charge/(credit)	554,585	(467,145)

Tax effects relating to effects of other comprehensive income

	31.12.22		
	Gross	Tax	Net
	£	£	£
Foreign Exchange on Consolidation	109,195	-	109,195

	31.12.21		
	Gross	Tax	Net
	£	£	£
Foreign Exchange on Consolidation	(120,124)	-	(120,124)

7. TAXATION - continued

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.

Any previously recognised deferred Tax assets arising from Corporation tax losses totalling £563,703 have been reversed in the year ending 31 December 2022. As at the date of these financial statements the total carried forward tax losses was £8,938,033 which would have created a deferred tax asset of £1,698,226.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. INTANGIBLE FIXED ASSETS

Group

	Patents and licences £
COST	
At 1 January 2022 (Unaudited) and 31 December 2022	72,039
AMORTISATION	
At 1 January 2022 (Unaudited)	2,101
Amortisation for year	3,602
At 31 December 2022	5,703
NET BOOK VALUE	
At 31 December 2022	66,336
At 31 December 2021 (Unaudited)	69,938

9. INTANGIBLE FIXED ASSETS - continued

Company

	Patents and licences £
COST	
At 1 January 2022 (Unaudited) and 31 December 2022	72,039
AMORTISATION	
At 1 January 2022 (Unaudited)	2,101
Amortisation for year	3,602
At 31 December 2022	5,703
NET BOOK VALUE	
At 31 December 2022	66,336
At 31 December 2021 (Unaudited)	69,938

The Intangible fixed asset recognised is relevant to a purchase of the domain name hackthebox.com and has a useful life of 20 years.

10. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2022 (Unaudited)	86,933	321,727	408,660
Additions	8,333	122,225	130,558
At 31 December 2022	95,266	443,952	539,219
DEPRECIATION			
At 1 January 2022 (Unaudited)	27,611	122,541	150,152
Charge for year	30,426	123,992	154,418
At 31 December 2022	58,037	246,532	304,570
NET BOOK VALUE			
At 31 December 2022	37,229	197,420	234,649
At 31 December 2021 (Unaudited)	59,322	199,186	258,508

10. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2022 (Unaudited)	5,340	84,114	89,454
Additions	702	11,453	12,155
At 31 December 2022	6,042	95,567	101,609
DEPRECIATION			
At 1 January 2022 (Unaudited)	3,323	38,853	42,176
Charge for year	1,431	22,645	24,076
At 31 December 2022	4,754	61,498	66,252
NET BOOK VALUE			
At 31 December 2022	1,288	34,069	35,357
At 31 December 2021 (Unaudited)	2,017	45,261	47,278

11. FIXED ASSET INVESTMENTS

Company

	Unlisted investment £
COST	
At 1 January 2022 (Unaudited) and 31 December 2022	1,933,917
NET BOOK VALUE	
At 31 December 2022	1,933,917
At 31 December 2021 (Unaudited)	1,933,917

The investment balance is made up of two investments in the below companies:

Hack The Box Inc 100% Ordinary shares, at registered office: 319 COLUMBIA DR, Tampa, FL 33606, USA. Total investment: £7.86

Hack The Box SMPC 100% Ordinary shares, at registered office: Ippokratous 53, Elliniko, Attica, Greece, 16777. Total investment: £1,933,909.18
The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

12. STOCKS

	Group		Company	
	31.12.22	31.12.21 (Unaudited)	31.12.22	31.12.21 (Unaudited)
	£	£	£	£
Stocks	1,422	16,783	1,422	16,783

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.22	31.12.21 (Unaudited)	31.12.22	31.12.21 (Unaudited)
	£	£	£	£
Trade debtors	1,552,793	740,498	1,552,793	740,498
Other debtors	511,525	231,871	398,442	126,423
Tax	30,922	511,608	-	554,720
Prepayments	403,839	95,473	276,995	84,741
	2,499,079	1,579,450	2,228,230	1,506,382

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.22	31.12.21 (Unaudited)	31.12.22	31.12.21 (Unaudited)
	£	£	£	£
Trade creditors	259,638	104,781	223,194	92,845
Amounts owed to group undertakings	43,580,823	-	46,047,001	1,771,113
Tax	297,643	66,952	35,357	(875)
Social security and other taxes	297,635	180,894	5,040	3,642
VAT	83,144	51,259	83,144	51,259
Other creditors	(2,861)	3,188	(358)	1,275
Deferred income	4,387,356	1,848,754	4,387,356	1,848,754
Accrued expenses	549,465	388,150	258,041	136,807
	49,452,843	2,643,978	51,038,775	3,904,820

The amounts owed to group undertakings are interest free and repayable on demand.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.12.22	31.12.21 (Unaudited)	31.12.22	31.12.21 (Unaudited)
	£	£	£	£
Other creditors	-	46,615	-	46,615

16. CALLED UP SHARE CAPITAL

Allotted, issued, and fully paid:

Number:	Class:	Nominal value:	31.12.22 £	31.12.21 £
77,040	Ordinary	0.01	770	920
0	Series Seed	0.01	-	375
11,490	Series A	0.01	115	338
74,843	Series B	0.01	748	-
			1,633	1,633

During the year, and as outlined in the table above, 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 also referred to in the Directors' Report.

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. As at the 31st of December 2022, no stock options were exercised.

Series B, Series A and Series Seed shares are preference shares. Series B shares, Series A shares, Series Seed 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, and the Series Seed shares are entitled to a fixed, non-cumulative preferential dividend. Payment of the Series A shares' preferential dividend ranks in priority to payment of the Series Seed shares' dividend.

The Series B shares, Series A shares, Series Seed shares and Ordinary shares all have equal distribution rights.

17. RESERVES

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2022 (Unaudited)	(2,400,014)	8,484,359	(96,527)	5,987,818
Deficit for the year	(6,111,647)			(6,111,647)
Foreign Exchange Reserve	-	-	120,124	120,124
Share Based Payment Equity	-	-	105,800	105,800
At 31 December 2022	(8,511,661)	8,484,359	129,397	102,095

Company

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2022 (Unaudited)	(2,497,250)	8,484,359	93,292	6,080,401
Deficit for the year	(6,424,229)	-	-	(6,424,229)
Share Based Payment Equity	-	-	105,800	105,800
At 31 December 2022	(8,921,479)	8,484,359	199,092	(238,028)

18. CONTROL AND ULTIMATE PARENT COMPANY

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 5Q. The ultimate parent company is Octachoron Topco Limited, registered at 38 Walton Road, Folkestone, England, CT19 5Q.

19. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates a share-based payment scheme for its employees, which includes the issuance of share options as part of the compensation package. Under this scheme, employees are granted options to purchase shares in the Company at a predetermined price after a specified vesting period.

The share-based payment transactions are accounted for as equity-settled transactions. The Company measures the fair value of the services received in return for the share options granted and recognizes this value as an expense, with a corresponding increase in equity, over the vesting period of the options.
The fair value of the share options granted during the year was estimated on the grant date using a Black-Scholes mode.

20. RELATED PARTY TRANSACTIONS

The Company considers as related parties, its directors and The directors of its subsidiaries. Also, its Immediate, Intermediary and Ultimate Parent Companies (Octahoron BidCo LTD, Octahoron MidCo LTD and Octahoron TopCo LTD respectively.)

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 2022, there were no other demands from all above-mentioned directors or any liabilities to these directors.

The Company has open balances with its subsidiaries rising from inter-company transactions. For 2022, the Company has received the amount of the Series B funding, on behalf of its Ultimate Parent (Octachoron TopCo LTD) and is owed to its Ultimate Parent (Octachoron TopCo LTD) and has a receivable balance from its Immediate Parent (Octachoron BidCo LTD). The amounts owed to group undertakings are interest free and repayable on demand.

	Group		Company	
	31.12.22	31.12.21	31.12.22	31.12.21
		(Unaudited)		(Unaudited)
Related Parties	£	£	£	£
Octachoron TopCo LTD	(43,580,823)	-	(43,580,823)	-
Octachoron MidCo LTD	-	-	-	-
Octachoron BidCo LTD	1,633	-	1,633	-
Hack The Box SMPC	-		(2,002,344)	(1,697,022)
Hack The Box INC	-	-	(463,834)	(74,091)
Totals	(43,579,190)	-	(46,045,368)	(1,771,113)