

## PortSwigger Ltd

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 06719143

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## PortSwigger Ltd

### Company Information

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<b>Directors</b>	D N Stuttard R J Stuttard P R Blomfield O Whitehouse Y Agyei P D Green
<b>Company secretary</b>	P R Blomfield
<b>Registered number</b>	06719143
<b>Registered office</b>	6 Booths Park Chelford Road Knutsford Cheshire WA16 8ZS
<b>Independent auditor</b>	BDO LLP 3 Hardman Street Manchester M3 3AT

# PortSwigger Ltd

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# PortSwigger Ltd

## Strategic Report For the Year Ended 31 December 2022

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

### Principal activities

The principal activity of the company is software development and the provision of cyber security services.

PortSwigger Ltd helps customers to secure their web applications and speed up software delivery through their use of its Burp Suite software products, and also through provision of knowledge and education with the Burp Suite Certification and using the free online Web Security Academy and PortSwigger research.

### Business review

The business continued to experience strong growth over the year to 31 December 2022.

Revenue grew at 38% compared to prior year. The increase in profit before tax (as a % of turnover) from 38% to 43% reflected the increase in sales and was partially offset by the impact of the business continuing to invest in the growth of staff particularly in the area of research and development and culture. The planned reduction in cash balances over the year represents the increased payments of dividends to shareholders over the year, reflecting the increase in growth of the business and lower cash reserves required following the earlier fit-out of the new office space.

PortSwigger Ltd donated £170k (2021 - £Nil) to the International Committee of the Red Cross in support of their humanitarian activities in response to the conflict in Ukraine. A donation of £Nil (2021 - £25k) was made to Cheshire Community Foundation.

### Principal risks and uncertainties

#### *Business environment and technological risk*

To maintain its competitive position the business invests significantly in research and development for both its existing products and services and the delivery to market of new and innovative offerings.

#### *Talent risk*

The success of the business is dependent on its people. The business prioritises and continually monitors its culture, investing in its culture team, its people and its workplace to retain and attract top talent.

#### *Business continuity*

The business places reliance on its IT systems and key suppliers. The business mitigates these risks by ensuring redundancy of key suppliers and IT systems and by regular review of the business continuity plan.

#### *Liquidity risk*

The company mitigates liquidity risk by managing cash through its continuing operations and regular review of cashflow forecasts.

### Financial key performance indicators

The directors consider the key performance indicators to be turnover, profit before tax and cash on hand.

	2022 £	2021 £
Turnover	£29,732,686	£21,500,693
Profit before tax	£12,673,875	£8,074,794
Profit before tax %	43%	38%
Cash	£4,662,129	£7,618,189

## PortSwigger Ltd

### Strategic Report (continued) For the Year Ended 31 December 2022

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#### Future developments

The business will continue to add significant new features to its existing products.

This report was approved by the board on 14 July 2023 and signed on its behalf.

*Dafydd Stuttard*

**D N Stuttard**  
Director

# PortSwigger Ltd

## Directors' Report For the Year Ended 31 December 2022

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The directors present their report together with the audited financial statements for the year ended 31 December 2022.

### Results and dividends

The profit for the year, after taxation, amounted to £10,725,061 (2021 - £6,899,668).

Dividends of £14,200,000 (2021 - £4,750,000) were paid during the year. No dividends relating to the year ended 31 December 2022 were proposed following the year end.

### Going concern

After making enquiries, and on the basis outlined in note 2.2 to the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### Directors

The directors who served during the year were:

D N Stuttard  
R J Stuttard  
P R Blomfield  
O Whitehouse  
G D C Kent (resigned 31 March 2022)  
Y Agyei  
P D Green

### Qualifying third party indemnity provisions

The company has provided an indemnity for its directors, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

### Matters covered in the Strategic Report

Disclosures required under 8416(4) of the Companies Act 2006 are commented upon in the strategic report in accordance with S414C(11) as the directors consider them to be of strategic importance to the company. This includes the principal activities, risk and uncertainties, business review and future developments of the business.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## PortSwigger Ltd

### Directors' Report (continued) For the Year Ended 31 December 2022

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#### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14 July 2023 and signed on its behalf.

*Dafydd Stuttard*

**D N Stuttard**  
Director

## PortSwigger Ltd

### Directors' Responsibilities Statement For the Year Ended 31 December 2022

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## PortSwigger Ltd

### Independent Auditor's Report to the Members of PortSwigger Ltd

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#### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of PortSwigger Ltd ("the company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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

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

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

## PortSwigger Ltd

### Independent Auditor's Report to the Members of PortSwigger Ltd (continued)

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#### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### Responsibilities of directors

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

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

## PortSwigger Ltd

### Independent Auditor's Report to the Members of PortSwigger Ltd (continued)

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#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

As a part of our audit in accordance with United Kingdom Generally Accepted Accounting Practice; and requirements of the Companies Act 2006 we exercise professional judgement and maintain professional scepticism throughout the audit. Based on our understanding and accumulated knowledge of the company and the sector in which it operates we considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, United Kingdom Generally Accepted Accounting Practice, the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with licence renewals before previous licence period end and with year-end cut-off. Our audit procedures included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to valuation of share options and the useful economic lives of tangible fixed assets;
- revenue year end cut-off procedures;
- reconciliation of revenue to cash received;
- identifying and testing journal entries, in particular any journal entries posted with specific keywords, journals to cash, and review of journals posted to least used accounts;
- discussions with management; including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- review of minutes of Board meetings throughout the year;
- obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other evidence gathered during the course of the audit;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control; and

## PortSwigger Ltd

### Independent Auditor's Report to the Members of PortSwigger Ltd (continued)

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#### Auditor's responsibilities for the audit of the financial statements (continued)

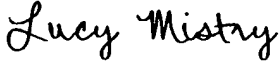
- evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### Use of our report

This report is made solely to the 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:  


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**Lucy Mistry** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester, UK

Date: 14 July 2023

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

## PortSwigger Ltd

### Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	29,732,686	21,500,693
Cost of sales		(2,503,996)	(1,871,420)
<b>Gross profit</b>		<b>27,228,690</b>	<b>19,629,273</b>
Administrative expenses		(14,678,245)	(11,605,097)
<b>Operating profit</b>	5	<b>12,550,445</b>	<b>8,024,176</b>
Interest receivable and similar income	8	123,430	50,618
<b>Profit before tax</b>		<b>12,673,875</b>	<b>8,074,794</b>
Tax on profit	9	(1,948,814)	(1,175,126)
<b>Profit for the financial year</b>		<b>10,725,061</b>	<b>6,899,668</b>

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 14 to 30 form part of these financial statements.

**PortSwigger Ltd**  
Registered number:06719143

**Statement of Financial Position**  
As at 31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Intangible assets	11		6,526		-
Tangible assets	12		3,266,604		3,423,613
			3,273,130		3,423,613
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	13	3,609,514		2,642,269	
Debtors: amounts falling due within one year	13	764,375		565,465	
Cash at bank and in hand		4,662,129		7,618,189	
		9,036,018		10,825,923	
Creditors: amounts falling due within one year	14	(2,743,332)		(1,936,503)	
<b>Net current assets</b>			6,292,686		8,889,420
<b>Total assets less current liabilities</b>			9,565,816		12,313,033
Creditors: amounts falling due after more than one year	15		(1,388,323)		(761,714)
<b>Provisions for liabilities</b>					
Deferred tax	16		(285,371)		(278,110)
Other provisions	17		(485,404)		(485,404)
<b>Net assets</b>			7,406,718		10,787,805
<b>Capital and reserves</b>					
Called up share capital	18		100		100
Share option reserve	19		175,734		81,882
Profit and loss account	19		7,230,884		10,705,823
<b>Total equity</b>			7,406,718		10,787,805

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 July 2023

*David A. Stuttard*

**D N Stuttard**  
Director

The notes on pages 14 to 30 form part of these financial statements.

## PortSwigger Ltd

### Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital £	Share option reserve £	Profit and loss account £	Total equity £
At 1 January 2022	100	81,882	10,705,823	10,787,805
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	10,725,061	10,725,061
<b>Total comprehensive income for the year</b>	-	-	10,725,061	10,725,061
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital (note 10)	-	-	(14,200,000)	(14,200,000)
Share based payments movement (note 21)	-	93,852	-	93,852
<b>Total transactions with owners</b>	-	93,852	(14,200,000)	(14,106,148)
<b>At 31 December 2022</b>	<b>100</b>	<b>175,734</b>	<b>7,230,884</b>	<b>7,406,718</b>

### Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £	Share option reserve £	Profit and loss account £	Total equity £
At 1 January 2021	100	52,261	8,556,155	8,608,516
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	6,899,668	6,899,668
<b>Total comprehensive income for the year</b>	-	-	6,899,668	6,899,668
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital (note 10)	-	-	(4,750,000)	(4,750,000)
Share based payments movement (note 21)	-	29,621	-	29,621
<b>Total transactions with owners</b>	-	29,621	(4,750,000)	(4,720,379)
<b>At 31 December 2021</b>	<b>100</b>	<b>81,882</b>	<b>10,705,823</b>	<b>10,787,805</b>

The notes on pages 14 to 30 form part of these financial statements.

## PortSwigger Ltd

### Statement of Cash Flows For the Year Ended 31 December 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	10,725,061	6,899,668
<b>Adjustments for:</b>		
Depreciation of tangible assets	411,464	348,810
Loss on disposal of tangible assets	8,000	795
Interest receivable	(123,430)	(50,618)
Taxation charge	1,948,814	1,175,126
Increase in debtors	(1,097,512)	(1,232,965)
Increase in creditors	1,003,297	917,272
Increase in provisions	-	485,404
Share based payments movement	93,852	29,621
Corporation tax paid	(1,511,413)	(1,140,924)
Unrealised losses on foreign exchange	99,838	-
Loss on revaluation of Bitcoin	10,336	-
Sales in exchange for Bitcoin	(60,778)	-
<b>Net cash generated from operating activities</b>	<b>11,507,529</b>	<b>7,432,189</b>
<b>Cash flows from investing activities</b>		
Withdrawal of Bitcoin	43,916	-
Purchase of tangible fixed assets	(262,454)	(3,448,070)
Interest received	54,787	50,618
<b>Net cash used in investing activities</b>	<b>(163,751)</b>	<b>(3,397,452)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(14,200,000)	(4,750,000)
<b>Net cash used in financing activities</b>	<b>(14,200,000)</b>	<b>(4,750,000)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(2,856,222)</b>	<b>(715,263)</b>
Cash and cash equivalents at beginning of year	7,618,189	8,333,452
Foreign exchange losses	(99,838)	-
<b>Cash and cash equivalents at the end of year</b>	<b>4,662,129</b>	<b>7,618,189</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>4,662,129</b>	<b>7,618,189</b>

The notes on pages 14 to 30 form part of these financial statements.

# PortSwigger Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 1. General information

PortSwigger Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activity are set out in the Strategic Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note ).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 2.2 Going concern

The company's business activities, together with its results for the year are set out in the directors' report. The company ended the period to 31 December 2022 in a strong liquidity position with £4.7m of cash and cash equivalents and net assets of £7.4m.

The board has considered the company's financial position and forecasts covering a period of at least the next 12 months. The company continually monitors its financial results and utilizes financial models, which have indicated there is no material uncertainty about the company's ability to meet its liabilities over the ensuing 12 month period. For these reasons the accounts have been prepared on a going concern basis.

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is derived mainly from the sale of software licences and is recognised at the beginning of each licence period, which is the point at which there are no further obligations to the customer.

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.4 Foreign currency translation

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

##### 2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### 2.7 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

# PortSwigger Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.8 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

#### 2.9 Intangible assets

The company makes sales in Bitcoin and accounts for Bitcoin as an intangible asset. Bitcoin is revalued monthly with the gain or loss transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

#### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- between 7 years and the term of lease
IT equipment	- between 14.29% and 33.33% per annum
Furniture and office equipment	- between 10% and 25% per annum
Motor vehicles	- 33.33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

##### 2.12 Development costs

Expenditure on research and development is written off in the year in which it is incurred.

##### 2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.14 Prepayments

Prepaid rental for property leases are measured at transaction price and are repayable to the company by the lessor by offset against future rent, in future periods as determined by the lease agreement.

##### 2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

##### 2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to related parties.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.18 Dividends

Equity dividends are recognised when they become legally payable.

##### 2.19 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. There are no market vesting conditions.

##### 2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

The provision for decommissioning office fit-out items are capitalised against the cost of the relevant assets and amortised over the useful economic life of these assets. The provision is eventually utilised upon decommissioning.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 12)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Share option valuation (see note 21)

Another key estimate and judgement relates to determining the fair value of the options at the date of grant and the judgement around the non-market vesting conditions taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that the cumulative amount charged to the income statement recognised over the vesting period presents a reasonableness assessment of options that will likely vest.

- Provisions (see note 17)

Provisions are measured at the best estimate at the end of the year taking into account uncertainties of timing and amount. This estimate is revised annually and takes into account the projected costs of restoring the property.

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 4. Turnover

The whole of the turnover is attributable to the company's online business.

	2022 £	2021 £
USA	13,082,381	9,492,557
United Kingdom	2,081,288	1,558,799
Rest of Europe	5,946,537	4,300,139
Rest of the World	8,622,480	6,149,198
	<b>29,732,686</b>	<b>21,500,693</b>

#### 5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Exchange differences	214,788	373,281
Revaluation loss on Bitcoin	10,336	-
Depreciation of tangible fixed assets	411,464	348,809
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	36,000	28,000
Fees payable to the company's auditor and its associates for accounts preparation services	1,300	1,200
Fees payable to the company's auditor and its associates for taxation services	11,925	10,360
Fees payable to the company's auditor and its associates for iXBRL tagging services	735	-
Operating lease charges	1,569,407	1,601,387
	<b>1,569,407</b>	<b>1,601,387</b>

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 6. Staff

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	8,574,710	6,363,860
Social security costs	1,110,757	765,932
Cost of defined contribution scheme	1,159,562	760,947
	<b>10,845,029</b>	<b>7,890,739</b>
	<b>10,845,029</b>	<b>7,890,739</b>

The average monthly number of staff, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Technology	69	60
Growth: marketing and sales	16	16
Culture, workplace and finance	21	10
Non execs	3	5
	<b>109</b>	<b>91</b>
	<b>109</b>	<b>91</b>

#### 7. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	365,005	345,856
Company contributions to defined contribution pension schemes	36,435	29,720
	<b>401,440</b>	<b>375,576</b>
	<b>401,440</b>	<b>375,576</b>

During the year retirement benefits were accruing to 4 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £123,117 (2021 - £108,600).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,435 (2021 - £21,720).

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 8. Interest receivable and similar income

	2022 £	2021 £
Interest receivable on prepaid rent	122,526	49,919
Bank deposit interest receivable	904	699
	123,430	50,618
	123,430	50,618

#### 9. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,986,791	932,607
Adjustments in respect of previous periods	(45,238)	(9,604)
<b>Total current tax</b>	1,941,553	923,003
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,858)	279,707
Adjustments in respect of prior periods	17,601	(27,201)
Effect of tax rate change on opening balance	(2,482)	(383)
<b>Total deferred tax</b>	7,261	252,123
<b>Taxation on profit</b>	1,948,814	1,175,126

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 9. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>12,673,875</u>	<u>8,074,794</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>2,408,036</b>	1,534,211
<b>Effects of:</b>		
Fixed asset differences	<b>(2,499)</b>	-
Expenses not deductible for tax purposes	<b>(17)</b>	6,739
Additional deduction for R&D expenditure	<b>(426,587)</b>	(419,531)
Adjustments to brought forward values	-	(18)
Adjustments to tax charge in respect of prior periods	<b>(45,238)</b>	(9,604)
Adjustment to tax charge in respect of previous periods	<b>17,601</b>	(27,201)
Remeasurement of deferred tax for changes in tax rates	<b>(2,482)</b>	66,746
Fixed asset differences	-	23,784
<b>Total tax charge for the year</b>	<u><b>1,948,814</b></u>	<u>1,175,126</u>

##### Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced in the budget on 3 March 2021, and substantively enacted on 24 May 2021. This is incorporated into the calculation of future deferred tax charges.

#### 10. Dividends

	2022 £	2021 £
Dividends: £0.142 per share (2021 - £0.0475 per share)	<u><b>14,200,000</b></u>	<u>4,750,000</u>

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 11. Intangible assets

	Bitcoin £
<b>Cost</b>	
At 1 January 2022	-
Additions	60,778
Disposals	(43,916)
Loss on revaluation	(10,336)
At 31 December 2022	6,526
 <b>Net book value</b>	
At 31 December 2022	6,526
At 31 December 2021	-

The company makes sales in exchange for Bitcoin and this represents the additions above. Disposals are withdrawals of Bitcoin for cash, and the Bitcoin is revalued monthly.

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 12. Tangible fixed assets

	Leasehold improvements £	Furniture, office & IT equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2022	3,128,971	1,158,712	141,400	4,429,083
Additions	31,763	166,691	64,000	262,454
Disposals	(363,338)	(37,400)	-	(400,738)
At 31 December 2022	<u>2,797,396</u>	<u>1,288,003</u>	<u>205,400</u>	<u>4,290,799</u>
<b>Depreciation</b>				
At 1 January 2022	458,041	406,029	141,400	1,005,470
Charge for the year	210,845	197,064	3,555	411,464
Disposals	(356,484)	(36,255)	-	(392,739)
At 31 December 2022	<u>312,402</u>	<u>566,838</u>	<u>144,955</u>	<u>1,024,195</u>
<b>Net book value</b>				
At 31 December 2022	<u>2,484,994</u>	<u>721,165</u>	<u>60,445</u>	<u>3,266,604</u>
At 31 December 2021	<u>2,670,930</u>	<u>752,683</u>	<u>-</u>	<u>3,423,613</u>

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 13. Debtors

	2022 £	2021 £
<b>Due after more than one year</b>		
Prepayments and accrued income	<b>3,609,514</b>	2,642,269
	<u>3,609,514</u>	<u>2,642,269</u>
	2022 £	2021 £
<b>Due within one year</b>		
Trade debtors	<b>282,445</b>	153,477
VAT debtors	<b>59,148</b>	-
Prepayments and accrued income	<b>422,782</b>	411,988
	<u>764,375</u>	<u>565,465</u>

The bad debt expenses charged to the Statement of Comprehensive Income in the year was £Nil (2021 - £Nil).

#### 14. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	<b>61,957</b>	148,243
Corporation tax	<b>891,723</b>	461,583
Taxation and social security	<b>387,455</b>	282,008
Deferred income	<b>946,981</b>	777,259
Other creditors and accruals	<b>455,216</b>	267,410
	<u>2,743,332</u>	<u>1,936,503</u>

#### 15. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Other creditors	<b>1,388,323</b>	761,714
	<u>1,388,323</u>	<u>761,714</u>

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 16. Deferred taxation

	<b>2022</b> £
At beginning of year	278,110
Charged to profit or loss	7,261
<b>At end of year</b>	<b>285,371</b>

The provision for deferred taxation is made up as follows:

	<b>2022</b> £	2021 £
Fixed asset timing differences	404,121	389,077
Short term timing differences	(118,750)	(110,967)
	<b>285,371</b>	<b>278,110</b>

#### 17. Provisions

	<b>Dilapidations Provision</b> £
At 1 January 2022	485,404
<b>At 31 December 2022</b>	<b>485,404</b>

The provision will be utilised when fit-out items are removed at the end of the lease or when they are decommissioned.

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 18. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
100,000,000 (2021 - 100,000,000) ordinary shares of £0.000001 each	<u>100</u>	<u>100</u>

#### 19. Reserves

The company's capital and reserves are as follows:

##### Called up share capital

Called up share capital represents the nominal value of the shares issued.

##### Share option reserve

The share options reserves represents the accumulation of the fair value charged to profit or loss for all share options over the vesting period.

##### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### 20. Analysis of net debt

	At 1 January 2022 £	Cash flows £	Foreign exchange losses £	At 31 December 2022 £
Cash at bank and in hand	<u>7,618,189</u>	<u>(2,856,222)</u>	<u>(99,838)</u>	<u>4,662,129</u>

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 21. Share based payments

The company operates two enterprise management incentive schemes.

The original scheme ceased to grant options in 2018 and the options vest if the employee is employed over the vesting period which is normally 9 years and 9 months or upon a change of control of the company if sooner. Unexercised options expire 10 years from the date of grant for all employees.

The most recent scheme began granting options during 2020 and is open to all employees. For most employees the only vesting condition is that the options vest if the employee is employed over the 4 year vesting period. Unexercised options expire 10 years from the date of grant for all employees.

There were no modifications to the arrangements during the year.

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
<b>Original scheme</b>				
Outstanding at the beginning of the year	24.40	3,694,200	24.40	3,694,200
Granted during the year		-		-
Forfeited during the year	79.44	(63,000)		-
Sub-division of share capital		-		-
<b>Outstanding at the end of the year</b>	<b>23.44</b>	<b>3,631,200</b>	<b>24.40</b>	<b>3,694,200</b>
<b>New scheme</b>				
Outstanding at the beginning of the year	55.45	675,310	95.81	262,371
Granted during the year	33.51	502,120	55.89	438,978
Forfeited during the year	64.93	(43,223)	96.97	(26,039)
<b>Outstanding at the end of the year</b>	<b>53.93</b>	<b>1,134,207</b>	<b>55.45</b>	<b>675,310</b>

Of the total number of options outstanding at the end of the year, none (2021 - none) had vested and were exercisable at the end of the year.

The Black-Scholes option pricing model was used to value the equity-settled share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

The fair values of the options granted during the year were determined using the Black Scholes Model. The use of this valuation methodology is consistent with generally accepted valuation methodologies, and is considered appropriate given the options have no market vesting conditions.

## PortSwigger Ltd

### Notes to the Financial Statements For the Year Ended 31 December 2022

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

Share-based remuneration expense comprises:

	2022 £	2021 £
Equity-settled schemes	<u>93,852</u>	<u>29,621</u>

The company did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

#### 22. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	1,758,177	1,762,811
Later than 1 year and not later than 5 years	6,533,425	6,499,622
Later than 5 years	10,255,220	12,047,200
	<u>18,546,822</u>	<u>20,309,633</u>

#### 23. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,159,562 (2021 - £760,947). Contributions totalling £117,487 (2021 - £78,488) were payable to the fund at the reporting date and are included in creditors.

#### 24. Controlling party

The ultimate controlling party of the company is deemed to be D N Stuttard.