

Company Registration No. 09594679 (England and Wales)

BITRISE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

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BITRISE LIMITED

COMPANY INFORMATION

Director	B Birmacher
Company number	09594679
Registered office	483 Green Lanes London N13 4BS England
Auditor	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

BITRISE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents the strategic report for the year ended 31 December 2022.

Review of the business

The Group measures various KPIs to manage and develop the business to achieve the Parent's stated strategic growth objectives. Of these KPIs, turnover and gross margin were closely monitored during 2022. The financial year ended 31 December 2022 saw significant growth for the Group compared to the prior year. Turnover increased from £9,925,010 to £16,106,801 and gross margin increased from approximately 37% to 58%.

Subsequent to year end, Bitrise was named in the Gartner Magic Quadrant and the recommendation to assist companies adopt or scale DevOps practices for both native and cross-platform mobile app development. This award along with other articles, continues to strengthen the organisation's industry recognition and drive brand and customer demand.

Principal risks and uncertainties

Foreign currency

The company has invested in operations outside the UK and buys and sells goods in currencies other than Sterling. As a result, the value of the Company's non-Sterling purchases, assets, liabilities, and cash flows can be affected by movements in exchange rates, predominantly Hungarian Forint / Sterling. The Company mitigates the effect of its currency exposures by keeping exchange rates constantly under review and reacting to any fluctuations.

Risk factors

Managing the cash position to ensure the optimal balance between growth and profit remains a key risk of the Parent. Consistent monitoring of actual performance to budget and forecasts allows the Parent to mitigate liquidity risk and better control cash spend.

The economic climate and geopolitical challenges present in 2022 created uncertainty for Bitrise and business abroad. For any business, external economic shocks have the potential to cause reduced spend on innovation initiatives, software systems, and services by customers. To date, the impact of these major events has been limited for Bitrise.

Future developments

The Company is continuing to implement its strategy of investing in new product development to both maintain existing revenue streams and introduce additional products to the market. Management expects operating losses and negative cash flows to continue for the foreseeable future as the Company incurs costs and expenses related to product development, expansion of its international footprint, and market share growth. The director is confident that these measures will ensure we maintain our position as a leader in CI/CD Mobile DevOps market.

On behalf of the board

Barnabas Birmacher

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B Birmacher

Director

28/09/23

Date:

BITRISE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents his annual report and financial statements for the year ended 31 December 2022.

Principal activities

The Company is a Mobile DevOps company, which offers a Continuous Integration and Delivery (CI/CD) Platform as a Service (PaaS) with a focus on mobile app development (iOS, Android, React Native, Flutter, etc.). The platform enables the world's most sophisticated mobile organisations, including half of all mobile unicorn startups, to automate testing, accelerate build times and quickly understand how new pieces of code will affect live apps. On Bitrise, teams easily release and maintain high-quality apps through automation, rapid iteration, and improvements in the development process.

Results and dividends

The results for the year are set out on page 7. No ordinary dividends were paid. The director does not recommend payment of a final dividend. No preference dividends were paid.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

B Birmacher

Auditor

RSM UK Audit LLP was re-appointed as auditor to the company during the year. In accordance with section 485 of the Companies Act 2006, a resolution proposing that it be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Barnabas Birmacher

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B Birmacher

Director

Date: 28/09/23
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BITRISE LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The director is responsible for preparing the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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. He is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BITRISE LIMITED

Opinion

We have audited the financial statements of Bitrise Limited (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, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BITRISE LIMITED (CONTINUED)

Matters on which we are required to report by exception

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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement set out on page 3, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BITRISE LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from tax advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and testing the recognition of revenue using data analytics to map the expected revenue transactions and sample testing those deemed to be unusual, as well as reviewing a sample of revenue either side of the year end to ensure the period of recognition was correct, and tested deferred income balances using data analytics with reference to the contractual terms and values.

A further description of our responsibilities for the audit of the financial statements is located 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 member 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 member those matters we are required to state to him 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 member for our audit work, for this report, or for the opinions we have formed.

Dominic Finn

Dominic Finn ACA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG
29/09/23
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BITRISE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Turnover	3	16,106,801	9,925,010
Cost of sales		(6,706,197)	(6,236,654)
Gross profit		<u>9,400,604</u>	<u>3,688,356</u>
Administrative expenses		(22,834,518)	(15,378,244)
Other operating income	4	16,171,132	-
Operating profit/(loss)	8	<u>2,737,218</u>	<u>(11,689,888)</u>
Interest payable and similar expenses	9	(795,496)	(577,951)
Profit/(loss) before taxation		<u>1,941,722</u>	<u>(12,267,839)</u>
Tax on profit/(loss)	10	(452,167)	-
Profit/(loss) for the financial year		<u>1,489,555</u>	<u>(12,267,839)</u>
Other comprehensive income net of taxation			
Currency translation differences		(32,565)	109,832
Total comprehensive income for the year		<u><u>1,456,990</u></u>	<u><u>(12,158,007)</u></u>

BITRISE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	11		7,807		32,330
Tangible assets	12		485,580		396,529
			<u>493,387</u>		<u>428,859</u>
Current assets					
Debtors	13	6,578,800		3,534,391	
Cash at bank and in hand		2,301,599		3,567,018	
		<u>8,880,399</u>		<u>7,101,409</u>	
Creditors: amounts falling due within one year	14	<u>(10,375,504)</u>		<u>(12,858,578)</u>	
Net current liabilities			<u>(1,495,105)</u>		<u>(5,757,169)</u>
Total assets less current liabilities			<u>(1,001,718)</u>		<u>(5,328,310)</u>
Creditors: amounts falling due after more than one year	15		<u>(20,218,347)</u>		<u>(17,839,268)</u>
Net liabilities			<u><u>(21,220,065)</u></u>		<u><u>(23,167,578)</u></u>
Capital and reserves					
Called up share capital	18		1,655		1,655
Share premium account	19		123,203		123,203
Capital contribution reserve	19		683,265		192,742
Profit and loss reserve	19		<u>(22,028,188)</u>		<u>(23,485,178)</u>
Total equity			<u><u>(21,220,065)</u></u>		<u><u>(23,167,578)</u></u>

The financial statements were approved and signed by the director and authorised for issue on 28/09/23

Barnabas Birmacher

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B Birmacher
Director

BITRISE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Capital contribution reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2021	1,655	123,203	-	(11,327,171)	(11,202,313)
Year ended 31 December 2021:					
Loss for the year	-	-	-	(12,267,839)	(12,267,839)
Other comprehensive income net of taxation:					
Currency translation differences	-	-	-	109,832	109,832
Total comprehensive income for the year	-	-	-	(12,158,007)	(12,158,007)
Share-based payment	-	-	192,742	-	192,742
Balance at 31 December 2021	1,655	123,203	192,742	(23,485,178)	(23,167,578)
Year ended 31 December 2022:					
Profit for the year	-	-	-	1,489,555	1,489,555
Other comprehensive income net of taxation:					
Currency translation differences	-	-	-	(32,565)	(32,565)
Total comprehensive income for the year	-	-	-	1,456,990	1,456,990
Share-based payment	-	-	490,523	-	490,523
Balance at 31 December 2022	1,655	123,203	683,265	(22,028,188)	(21,220,065)

BITRISE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20		352,522		(4,740,394)
Corporation taxes paid			(152,638)		(106,103)
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			199,884		(4,846,497)
Investing activities					
Purchase of tangible fixed assets		(482,323)		(98,103)	
Loans to group undertakings		(3,038,962)		-	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(3,521,285)		(98,103)
Financing activities					
Loans from group undertakings		2,055,982		7,492,965	
		<u> </u>		<u> </u>	
Net cash generated from financing activities			2,055,982		7,492,965
Net (decrease)/increase in cash and cash equivalents			(1,265,419)		2,548,365
Cash and cash equivalents at beginning of year			3,567,018		1,018,653
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>2,301,599</u>		<u>3,567,018</u>

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Bitrise Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 483 Green Lanes, London, England, N13 4BS.

The company's principal activities and nature of its operations are disclosed in the Director's Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bitrise Inc. These consolidated financial statements are available from its registered office, 3500 South Dupont Highway, Dover, Delaware 19901, USA.

Going concern

In accordance with his responsibilities as director, the director has considered the appropriateness of the going concern basis for the preparation of the financial statements.

The company ended the year with net current liabilities of £1.5m (2021: £5.8m) and net liabilities of £21.2m (2021: £23.2m).

In order to assess the going concern assumption, the director has considered detailed trading and cash flow projections for a period of at least 12 months from the date of approval of these financial statements with key considerations such as cash burn. Bitrise Limited has experienced increased turnover in 2023 and continues to project increasing revenues in future periods.

The company is reliant on support of the parent company. Amounts of £0.9m and £19.9m are included in creditors due within one year and creditors due after one year respectively. Bitrise Inc has formally confirmed their intention to support the company for a period of 12 months from the date of approval of these accounts, and on that basis the director considers it appropriate to adopt the going concern basis in preparing the financial statements.

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 year straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the remaining life of the lease
Computers	33% straight line
Motor vehicles	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts due from group undertakings, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade, other creditors, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Share based payments

The fair value of share-based payments is measured using the Black-Scholes model which inherently makes use of significant estimates and assumptions concerning the future. Such estimates and assumptions include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details are included in the share based payments note.

Foreign currency

The utilises multiple currencies as part of its trading activities, most notably US Dollar (USD), Pound Sterling (GBP) and Hungarian Forint (HUF). Management have exercised their judgement in arriving at the functional currency of the entity, being GBP, given the following factors:

- Revenue is primarily earned in USD
- The cost base, including employees, is primarily GBP
- The country whose competitive forces and regulations determine the price of services has been determined as GBP

In accordance with FRS 102.30, where there is no obvious functional currency, priority is given to the primary indicators noted above. Therefore GBP has been decided as the functional currency.

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Subscription revenue	16,106,801	9,925,010
	<u>16,106,801</u>	<u>9,925,010</u>
	2022	2021
	£	£
Turnover analysed by geographical market		
UK	1,976,120	964,780
USA	6,795,669	4,381,044
Europe	3,791,897	2,283,482
Rest of World	3,543,115	2,295,704
	<u>16,106,801</u>	<u>9,925,010</u>

4 Other operating income

Other operating income relates to a £16,171,132 (2021: £nil) management charge between the company and Bitrise Inc. as a result of a transfer pricing arrangement.

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Customer success	4	5
R&D	87	75
G&A	34	20
Sales & Marketing	35	26
Support	6	6
	<u>166</u>	<u>132</u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	11,129,395	6,106,399
Social security costs	1,236,029	795,733
Pension costs	106,368	39,320
	<u>12,471,792</u>	<u>6,941,452</u>

Included in the costs above are £490,523 (2021: £192,742) relating to share based payments, see note 7 for further detail.

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Director's remuneration

	2022	2021
	£	£
Remuneration for qualifying services	97,604	75,490

7 Share-based payment transactions

Bitrise Limited has granted share options to its employees, under the group's 2016 Equity Incentive Plan. The Plan grants share options to its employees in the parent company, Bitrise Inc.

Share options are granted at the calculated tax market value at the time of the grant. Employees are entitled to exercise the share options in accordance with the plan and the terms of the award. If options remain unexercised after a period of 10 years from the date of the grant, the options expire. Furthermore, options lapse if the employee leaves the Company before they become entitled to exercise the share options.

	Number of share options		Weighted average exercise price	
	2022	2021	2022	2021
	Number	Number	£	£
Outstanding at 1 January 2022	1,263,645	1,350,219	0.97	0.83
Granted	630,269	594,704	4.72	1.43
Forfeited	(305,312)	(143,633)	2.40	1.03
Exercised	(136,060)	(77,729)	0.83	0.41
Expired	(58,335)	(43,851)	1.44	0.75
Outstanding at 31 December 2022	1,394,207	1,679,710	2.35	1.04
Exercisable at 31 December 2022	-	-	-	-

A market value of \$7.74 per share was estimated following a valuation performed in November 2022. The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. A share based payment charge of £490,523 has been recorded in the financial statements, relating to the current year charge. The prior year share based payment charge of £192,741 relates to the current year charge plus an additional amount to reflect historic share option awards, previously not accounted for given the impact of these was considered immaterial.

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Operating profit/(loss)	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	2,007,831	427,854
Fees payable to the company's auditor for the audit of the company's financial statements	55,000	68,000
Depreciation of owned tangible fixed assets	264,204	190,850
Impairment of owned tangible fixed assets	101,655	-
Amortisation of intangible assets	24,523	25,048
Share-based payments	490,523	192,742
Operating lease charges	148,957	208,182
	<u> </u>	<u> </u>
9 Interest payable and similar expenses	2022	2021
	£	£
Interest payable to group undertakings	795,496	577,951
	<u> </u>	<u> </u>
10 Taxation	2022	2021
	£	£
Current tax		
Foreign current tax on profits for the current period	391,297	-
Adjustments in foreign tax in respect of prior periods	60,870	-
	<u> </u>	<u> </u>
Total current tax	452,167	-
	<u> </u>	<u> </u>
The total tax charge for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:		
	2022	2021
	£	£
Profit/(loss) before taxation	1,941,722	(12,267,839)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	368,927	(2,330,889)
Tax effect of expenses that are not deductible in determining taxable profit	246,307	109,839
Adjustments in respect of prior years	60,870	-
Permanent capital allowances in excess of depreciation	(14,405)	9,079
Other permanent differences	-	37,602
Effect of overseas tax rates	200,956	-
Remeasurement of deferred tax for changes in tax rates	-	(1,372,450)
Movement in deferred tax not recognised	-	3,546,819
Utilisation of tax losses	(410,488)	-
	<u> </u>	<u> </u>
Taxation charge for the year	452,167	-
	<u> </u>	<u> </u>

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation (Continued)

Factors that may affect future tax charges

The main rate of corporation tax in the UK increased from 19% to 25% on profits over £250,000 with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

11 Intangible fixed assets

	Software £
Cost	
At 1 January 2022 and 31 December 2022	76,919
Amortisation and impairment	
At 1 January 2022	44,589
Amortisation charged for the year	24,523
At 31 December 2022	69,112
Carrying amount	
At 31 December 2022	7,807
At 31 December 2021	32,330

Amortisation of software is included in administrative expenses in the statement of comprehensive income.

12 Tangible fixed assets

	Leasehold improvements	Assets under construction	Computers	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2022	334,875	101,655	489,579	17,413	943,522
Additions	-	-	482,323	-	482,323
Disposals	-	-	(78,551)	-	(78,551)
At 31 December 2022	334,875	101,655	893,351	17,413	1,347,294
Depreciation and impairment					
At 1 January 2022	238,561	-	293,042	15,390	546,993
Depreciation charged in the year	68,867	-	193,419	1,918	264,204
Impairment losses	-	101,655	-	-	101,655
Eliminated in respect of disposals	-	-	(51,138)	-	(51,138)
At 31 December 2022	307,428	101,655	435,323	17,308	861,714
Carrying amount					
At 31 December 2022	27,447	-	458,028	105	485,580
At 31 December 2021	96,314	101,655	196,537	2,023	396,529

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets (Continued)

During the COVID pandemic, construction started for the 5th floor of a leased building in Hungary, which was recognised as an asset under construction. However, it was decided to discontinue the construction and as such was deemed an impairment of assets.

13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	1,269,818	2,198,241
Corporation tax recoverable	-	50,945
Amounts owed by group undertakings	3,038,962	-
Other debtors	189,209	133,671
Prepayments and accrued income	1,888,579	1,151,534
	<u>6,386,568</u>	<u>3,534,391</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	192,232	-
	<u>192,232</u>	<u>-</u>
Total debtors	<u>6,578,800</u>	<u>3,534,391</u>

14 Creditors: amounts falling due within one year

	2022	2021
	£	£
	Notes	
Trade creditors		1,821,922
Amounts owed to group undertakings		3,577,877
Corporation tax		-
Other taxation and social security		129,921
Deferred income	16	6,010,655
Other creditors		282,759
Accruals		1,035,444
		<u>10,375,504</u>
		<u>12,858,578</u>

15 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
	Notes	
Amounts owed to group undertakings		17,839,268
Deferred income	16	-
		<u>17,839,268</u>
		<u>20,218,347</u>

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

15 Creditors: amounts falling due after more than one year (Continued)

Amounts owed to group undertakings due after one year is an amount owed to Bitrise Inc, its parent company. Interest is charged at 3.53% per annum, and agreed annually. The balance is due for repayment on 1 September 2028.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	19,895,250	17,839,268
	<u> </u>	<u> </u>

16 Deferred income

	2022 £	2021 £
Deferred subscription revenue	5,459,377	6,010,655
	<u> </u>	<u> </u>
Deferred income is included in the financial statements as follows:		
Current liabilities	5,136,280	6,010,655
Non-current liabilities	323,097	-
	<u> </u>	<u> </u>
	5,459,377	6,010,655
	<u> </u>	<u> </u>

17 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	106,368	39,320
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions of £30,922 (2021: £10,274) were outstanding at the reporting date and are included in other creditors.

18 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	8,000	8,000	80	80
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Preference share capital Issued and fully paid				
Preference shares EUR of €1 each	2,000	2,000	1,575	1,575
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Preference shares classified as equity			1,575	1,575
			<u> </u>	<u> </u>
Total equity share capital			1,655	1,655
			<u> </u>	<u> </u>

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

18 Share capital (Continued)

Each ordinary share carries one vote per share and ranks equally in respect of dividends and other distributions. Each preference share carries one vote per share.

19 Reserves

Profit and loss reserve

The profit and loss reserve reflects cumulative profits and losses net of distributions.

Capital contribution reserve

The capital contribution reserve reflects cumulative share-based payments.

20 Cash generated from/(absorbed by) operations

	2022	2021
	£	£
Profit/(loss) for the year after tax	1,489,555	(12,267,839)
Adjustments for:		
Taxation charged	452,167	-
Finance costs	795,496	577,951
Loss on disposal of tangible fixed assets	27,413	3,561
Amortisation and impairment of intangible assets	24,523	25,048
Depreciation and impairment of tangible fixed assets	365,859	190,850
Equity settled share based payment expense	490,523	192,742
Movements in working capital:		
Increase in debtors	(56,392)	(2,244,733)
(Decrease)/increase in creditors	(2,685,344)	5,126,870
(Decrease)/increase in deferred income	(551,278)	3,655,156
Cash generated from/(absorbed by) operations	<u>352,522</u>	<u>(4,740,394)</u>

21 Analysis of changes in net funds

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	3,567,018	(1,265,419)	2,301,599

BITRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	57,501	174,441
Between one and five years	118,946	43,610
	<u>176,447</u>	<u>218,051</u>

23 Ultimate controlling party

The company's immediate parent company is Bitrise Inc a company incorporated in the USA. Its registered office is 3500 South Dupont Highway, Dover, Delaware 19901, USA.

Bitrise Inc is the smallest and largest company in which the accounts of Bitrise Limited are consolidated. All consolidated accounts are available from the USA address.

There is no overall controlling party.