

Registered number: 09677925

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**SNYK LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**SNYK LIMITED**

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**COMPANY INFORMATION**

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**Directors**

P L A Botteri  
P Li  
Z A Nelson (appointed 8 February 2022)  
K A Murphy (appointed 8 February 2022)  
P C McKay  
G Podjarny  
M P Scarpelli  
T O Yehoshua  
S Poonen

**Company secretary**

K MacAskill (appointed 1 November 2022)  
K Smith (appointed 4 August 2022, resigned on 1 November 2022)  
S Dominy (resigned on 4 August 2022)

**Registered number**

09677925

**Registered office**

Suite 4  
7th Floor 50 Broadway  
London  
United Kingdom  
SW1 0DB

**Independent auditors and  
chartered accountants**

PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
RG1 3JH

**Solicitors**

Cooley  
22 Bishopsgate  
London  
EC2N 4BQ

**SNYK LIMITED**

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## SNYK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their Strategic Report for the year ended 31 December 2022.

#### Business review

Snyk Limited ('Snyk' or the 'Group') is a Developer Security platform that empowers organizations to develop fast and stay secure. The platform embeds security throughout the development lifecycle enabling developers to proactively prevent security vulnerabilities, while they code and build applications, rather than waiting for security audits only after the application is built. Snyk's unique developer-first approach drives true developer adoption, making security a natural part of software development and scaling security to the speed and decentralized nature of the new cloud development model. Snyk is used by organizations of all sizes and across all industries as every company looks to embrace software and cloud to compete, relying on agile development and needing to transform security to match. Snyk makes organizations more competitive in a digital world where both the speed and security of software development are critically important to business success. Snyk empowers the world's developers to build secure applications and equip security teams to meet the demands of the digital world. Snyk's developer-first approach ensures organizations can secure all of the critical components of their applications from code to cloud. Snyk's Developer Security Platform automatically integrates with a developer's workflow and is purpose-built for security teams to collaborate with their development teams.

Snyk sells its software products through a subscription model. Subscriptions are offered on an annual and multi-year basis, typically up to three years, except for SaaS subscriptions sold directly through the Company's website, these services are offered monthly in addition to annually. Customers are typically invoiced in advance in annual increments upon execution of the initial contract or subsequent renewal. Certain customers are allowed quarterly or monthly installments. The Group's turnover is distributed primarily between the United States and the United Kingdom, comprising an average of approximately 69% (2021: 67%) and 8% (2021: 10%) of revenue, respectively. Snyk ended the fiscal year at approximately 1,135 (2021: 916) employees, with main offices located in Boston, Massachusetts; London, England; Tel Aviv, Israel; and Zurich, Switzerland.

In the fiscal year 2022 Snyk grew its revenue 153% due to the increased customer adoption and expansion of its product platform. The Group grew its employee base by 24% year over year. The Group focused on scaling its sales teams to accelerate adoption of its products. The increase in headcount resulted in a 99% increase in wages and salaries which increased the Group's operating loss during the year. Snyk completed one fundraising event during the year, with the Series G round of \$196.5 million bringing total cash balances to \$523.3 million (compared to \$660.4 million at the end of the fiscal year 2021). As of 31 December 2022, the net assets of the group were \$694.7 million (compared to \$714.3 million at 31 December 2021) driven primarily by the Series G fundraising events, acquisitions funded during the year, an increase in trade debtors resulting from increased sales, and prepayments and accrued income.

#### Principal risks and uncertainties

Snyk develops security tools for software developers. From a development perspective, Snyk identifies loss of reputation due to product failure as a principal risk. It looks to mitigate potential errors through its extensive quality assurance program. From a go-to-market perspective, Snyk is vulnerable to global economic conditions in the technology and financial services sectors, where the majority of its customers operate. Snyk's ongoing success is dependent on a constant program of innovation. The Group has identified loss of key development staff as a related principal risk. It reports on staff turnover as an indicator of progress in managing this risk.

## SNYK LIMITED

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**


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Snyk expects to expand its business operations internationally and, may enter new international markets where Snyk has limited or no experience in marketing, selling and deploying its platform, products and services. If Snyk fails to deploy or manage operations in these countries successfully, the business and operations may suffer. In addition, Snyk is subject to a variety of risks inherent in doing business internationally, including:

- Political, social or economic instability related to the war in Ukraine;
- Volatility of global markets and geopolitical conflicts;
- Risks related to governmental regulations in foreign jurisdictions and unexpected changes in regulatory requirements and enforcement;
- Fluctuations in currency exchange rates;
- Higher levels of credit risk and payment fraud;
- Enhanced difficulties of integrating any foreign acquisitions;
- Compliance with applicable foreign laws and regulations;
- Reduced protection for intellectual property rights in some countries;
- Difficulties in staffing and managing international operations and the increased travel, infrastructure and legal compliance costs associated with multiple international locations and subsidiaries;
- Different regulations and practices with respect to employee/employer relationships, existence of workers' councils and labor unions, and other challenges caused by distance, language and cultural differences, making it harder to do business in certain international jurisdictions;
- Compliance with statutory equity requirements; and
- Management of tax consequences.

If Snyk is unable to manage the complexity of international operations successfully, financial performance and operating results could suffer. The uncertainty surrounding macroeconomic factors globally characterized by the supply chain environment, inflationary pressure, rising interest rates, labor shortages, and bank failures could have a material adverse effect on Snyk's long-term business and could lead to further economic disruption and expose Snyk to greater risk as its current and potential customers may reduce or eliminate their overall spending on IT security. Snyk recognizes the importance of financial risk management and the heightened need for effective internal monitoring. To internally manage financial risks, the Group continues to invest in its legal, compliance, and treasury functions. Team members are globally distributed, allowing the Group to monitor governance and risk from various geo-political angles.

In terms of industry risks, Snyk is subject to a number of risks common to emerging, technology-based companies, including a limited operating history; history of operating losses and dependence on proceeds from the sale of equity securities to finance operations; rapid technological changes; competition from substitute products and larger companies and the successful development, marketing, and third-party cloud-based hosting of our services. Competitors, many of whom are larger and have greater financial resources than Snyk does, may respond to challenging market conditions by lowering prices in an attempt to attract our customers and partners. The Group cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry; however, the Group routinely assesses market conditions and adjusts its strategy accordingly to determine whether additional financing is required and what the appropriate source of this financing should be.

**Financial key performance indicators**

Snyk identifies turnover growth, operating loss, and cash balance as key performance indicators. The Group reports on these metrics monthly, compares results to historical trends and re-forecasts as necessary to begin each reporting period.

	2022	2021
	\$	\$
	(in thousands)	
Turnover	147,007	58,075
Year-over-year turnover growth	88,932	33,053
Operating Loss	(269,825)	(223,540)
Cash balance	523,321	660,400

**SNYK LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Other key performance indicators**

The Group's payback period for customer acquisition costs ('CAC') is measured as the time it takes to payback the initial outlay of sales, marketing, and customer support expenses required to acquire a customer. Snyk's CAC payback period was an average of 19 months during 2022 compared to 15 months in 2021. Snyk finished 2022 with a trailing twelve month net retention rate of 130% and gross retention rate of 90%. The net retention rate compared unfavorably to prior year (2021: 149%) and the gross retention rate compared unfavorably to prior year (2021: 93%) primarily due to changes in the macroeconomic environment in 2022 and its related impact to the technology industry.

Despite some decline in retention due primarily to macroeconomic factors, the performance of the key indicators above is in line with expectations as the business continues to grow and diversify its customer base.

**Employee and human capital resources**

As of 31 December 2022 Snyk had 1,135 (2021: 916) full-time employees. The Group has no collective bargaining agreements with its employees, and has not experienced any work stoppages. Snyk monitors employee engagement through an annual (or more frequent) survey and uses the results to develop a prioritized action plan to address areas in need of attention. Snyk's human capital objectives include, as applicable, identifying, recruiting, developing, retaining, and incentivizing existing and prospective employees, as well as optimizing the overall employee experience. The principal purposes of the Group's incentive plans are to attract, retain and motivate employees. The granting of share-based compensation awards are designed to reward selected employees for long-term shareholder value creation. The Group maintains an intranet that is used globally to provide employees with information on matters of concern to them. The Group also provides updates, at least quarterly, in relation to the financial and economic factors that affect the performance of the Group. The health and safety of the Group's employees, customers, and communities are of primary concern.

The Group's policies and procedures support its disabled colleagues. Snyk takes active measures to do so via reasonable adjustment policies and processes. The Group is responsive to the needs of its employees. As such, should any employee of the Group become disabled during their time with Snyk, Snyk will make reasonable adjustments to their working environment where possible, in order to keep the employee with the Group.

**Section 172(1) UK Companies Act 2006**

The Board of Directors ('Directors' or 'Board') are required by law to act in good faith to promote the success of the Group for the benefit of the shareholders as a whole and are also required to have regard for the following areas:

**The Directors have had regard to the following matters:**

The likely consequences of any decision in the long term

**More information**

Refer to the "Business Review" section of this Strategic Report (page 4).

The Group has significant capital to support its continuing operations and to pursue its growth strategy as outlined in its Business overview within this strategic report. However, as the Group continues to grow rapidly, the group may need additional capital to support this growth. If additional capital is required the Group expects to finance such needs through a combination of equity offerings, debt financings, or other strategic transactions.

**SNYK LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The interests of the Group's employees

The Board and Group management have a good relationship with the employees. The Board maintains a constructive dialogue with employees through the Company's executive leadership. Appropriate remuneration and incentive schemes are maintained to align employees' objectives with those of the Group.

The importance of developing the Group's business relationships with suppliers, customers, and others

Snyk is a customer-centric organization with multiple points of engagement with customers across its executive, research and development, and go-to-market functions. Snyk's Chief Executive Officer, Chief Revenue Officer ('CRO'), Chief Product Officer, Senior Vice President of Engineering and Chief Customer Officer ('CCO') meet regularly with key customers to share roadmap direction, gather feedback, and build executive-level relationships with our key customer stakeholders. Members of Snyk's leadership, such as the CCO, CRO, Vice President, and Director level sales representatives meet regularly with customers through Quarterly Business Review when mutually agreed upon by Snyk and the customer. They are proactive about sharing relevant feedback and insights with Snyk's Board. The Board members receive regular reports and presentations on customer contract commitments and risks, and they use this data to inform strategic product and business decisions with the goal of continuously improving the long-term customer experience.

The impact of the Group's operations on the community and the environment

Caring deeply is a core value in Snyk's culture. As such, the Board and Group management are committed to making a positive social impact. The Group is especially committed to supporting social impact organizations bolstering software and application security industry diversity, equity, inclusion and belonging, and digital capacity for the global social impact technology sector.

The Group is committed to operating in a carbon-neutral way and weaving sustainability practices into Snyk's planning, decision-making, and business practices across the enterprise. The Group has retained its CarbonNeutral Company certification in accordance with the CarbonNeutral Protocol since it was first achieved in 2020.

**SNYK LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The desirability of the Group to maintain a reputation for high standards of business conduct

The Board sets high standards for the Group's employees, officers, and directors. Implicit in this philosophy is the importance of sound corporate governance. The Group has established a Code of Business Conduct and Ethics (the 'Code'), which is posted in the Policies section of the Group's website and includes mechanisms for reporting suspected violations of the Code and other policies and procedures of the Group. The Group's employees, officers and directors must review the Code periodically and are required to comply with its terms.

The need to act fairly as between shareholders of the Group

The Board and Management endeavour to maintain good relationships with Snyk's investors. The Group understands the importance of effectively communicating the Group's operational and financial performance as well as its future strategy. Quarterly, results are communicated to shareholders.

**Principal decisions**

One key principal decision taken by the Board during 2022 included a financing round which resulted in incremental cash of \$196.1 million, net of issuance costs. The proceeds from the issuance of Series G Preferred Shares better positions the business to withstand economic uncertainty while also continuing to provide the flexibility to fund product development internally and through strategic acquisitions. This provides customers with more complete service offerings, further increasing demand for Snyk's products and market share.

Additionally, during 2022, the Board approved a reorganisation plan (the "2022 Reorganisation Plan") intended to better align operating expenses with growth of the business, improving profitability and free cash flows. Refer to Note 28 Reorganisation provision, for further detail.

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

DocuSigned by:  
  
450F5F0S3DB1454...  
**P C McKay**  
CEO

Date: 15 September 2023

## SNYK LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2022.

#### Results and dividends

The loss for the year amounted to \$267.3 million (2021 - loss \$217.7 million). Although revenues have grown by 153%, the loss for the year has increased due to a 48% increase in costs as the Group continues to invest in long-term growth primarily through investments in product development, sales and marketing, and acquisitions.

The Directors do not recommend the payment of a dividend during the financial year (2021 - \$Nil).

#### Directors

The Directors who served during the year and up to the date of signing the financial statements were P L A Botteri, K A Fox (resigned on 8 February 2022), P C McKay, G Podjarny, P Li, M P Scarpelli, T O Yehoshua, S Poonen, K A Murphy (appointed on 8 February 2022), and Z A Nelson (appointed on 8 February 2022).

#### Future developments

The Group is focused on making significant investments in research and development to expand its platform and cover additional security concerns via innovative developer-focused approaches. The Group is also extending its operations into additional international markets organically, through product enhancements, and acquisitions, to further drive revenue growth and market penetration in existing and new industries.

#### Research and development activities

Our research and development organization is responsible for the design, development, testing, and delivery of new technologies, features, and integrations of our platform, as well as the continued improvement and iteration of our existing products. Our most significant investments in research and development are to drive core technology innovation and bring new products to market.

The Group intends to continue to invest in our research and development capabilities to extend our platform and products. In 2022, the research and development expenditure amounted to \$56.6 million (2021 - \$39.7 million).

#### Engagement with employees

The Group has outlined key human capital disclosures in its Strategic Report on page 6 of this Annual Report.

#### Financial risk management

To internally manage financial risks, the Group continues to invest in its legal, compliance, and treasury functions. Team members are globally distributed, allowing the Group to monitor governance and risk from various geopolitical angles.

#### Suppliers

All suppliers of the Group are presented with terms and conditions of trading at the commencement of the trading relationship. The Group's policy for the payment of its suppliers is to agree the payment terms in advance and, provided a supplier performs in accordance with the agreement, to abide by such terms.

#### Customers

Information relating to our engagement with customers has been included in Section 172 Statement in the Strategic Report.

**SNYK LIMITED**


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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Environment**

As outlined in the Strategic Report, the Group is committed to operating in a carbon-neutral way and weaving sustainability practices into Snyk's planning, decision-making and business practices across the enterprise. The Group achieved CarbonNeutral Company certification in accordance with The CarbonNeutral Protocol. The CarbonNeutral Protocol developed by Natural Capital Partners (NCP) is an additional layer on top of the GHG Protocol and describes the requirements for achieving specific CarbonNeutral compliant certifications (i.e., CarbonNeutral 'Company', 'Product', 'Event' etc.).

*Carbon Emission Reporting*

The Group engaged Climate Impact Partners (previously Natural Capital Partners) to complete its environmental reporting to reflect the requirements under Part 7 of the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013.

Snyk used the GHG Protocol Corporate Accounting and Reporting Standard methodology to identify our greenhouse gas inventory of Scope 1 (direct) and Scope 2 (indirect) CO<sub>2</sub>. The Group has considered the Kyoto Protocol GHGs and report in CO<sub>2</sub> equivalent.

The Group's operations are primarily remote with some office locations across the globe. The Group does not own or operate any facilities. Snyk considered global carbon emissions from homeworking and daily office use, derived from electricity, natural gas consumption, and waste.

Our Scope 1 and Scope 2 greenhouse gas emissions and energy consumption estimates for the reporting periods of 1 January to 31 December, 2022 and 2021, based on the parameters below, are as follows:

**Assessment parameters**

Consolidation approach	Operational control
Boundary control	All entities and offices
Consistency with Financial Statements	No variation
Assessment methodology	Greenhouse Gas Protocol and Carbon

**Intensity ratio**

Emissions per \$ turnover

Greenhouse Gas Emissions Source	2022	2022	2021	2021
	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e/\$)	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e/\$)
Scope 1 - Direct emissions	16.2	0.1	148.5	2.6
Scope 2 - Indirect electricity emissions	521.6	3.5	111.2	1.9
<b>Total</b>	<b>537.8</b>	<b>3.6</b>	<b>259.7</b>	<b>4.5</b>

The Group has identified the potential physical and transitional risks and opportunities presented by rising temperatures and climate change for its business and has also considered the scale of this risk to Snyk. Climate change is not a principal risk for the year ended 31 December 2022, but the Group has identified the climate transition as an emerging risk due to its intensifying importance to all stakeholders. Snyk concluded these risks do not have a material impact on the carrying value of any assets and liabilities as of 31 December 2022.

**Qualifying third party indemnity provisions**

The Group has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provisions remain in force as at the date of approving the Directors' Report.

## SNYK LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Post balance sheet events

##### *Series G Financing*

On 20 January 2023, the Group issued 2,176,543 additional Series G redeemable convertible preferred shares at a subscription price of \$11.49 for a total of \$25.0 million.

##### *R&D Tax Incentive Receivable*

In March 2023, the Group received \$11.5 million related to the 2021 research and development tax incentive included in Debtors: amounts falling due within one year on the Consolidated and Company Balance Sheets as of 31 December 2022 and 2021. The 2022 research and development tax credit is outstanding as of 31 December 2022.

##### *Failure of Silicon Valley Bank*

Silicon Valley Bank ('SVB') was closed on 10 March 2023, by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ('FDIC') as receiver. To protect depositors, the FDIC transferred all the deposits and substantially all of the assets of SVB to Silicon Valley Bridge Bank, N.A. ('Bridge'), a newly formed bridge bank that will be operated by the FDIC as it markets the institution to potential bidders. On 12 March 2023, the Department of the Treasury, Federal Reserve, and FDIC (collectively, the 'Agencies') announced they were invoking the Systemic Risk Exception to the Federal Deposit Insurance Act to permit the FDIC to take action to fully protect all depositors of SVB, regardless of their deposit insurance coverage. In addition, the Agencies also announced that SVB depositors would have access to all their money starting 13 March 2023. The Group's operations were not impacted, and management believes the exposure to loss is not material.

##### *Workforce Reduction*

On 13 April 2023, Snyk announced a reduction in force involving approximately 128 employees, representing approximately 12% of the Group's total current global workforce to further increase operational efficiencies and streamline expenses. As of the date of this report, the Group estimated that it will pay approximately \$4.2 million to \$5.2 million in connection with the reduction in force, which consists of notice period and severance payments, previously accrued compensation expenses, and other related costs. The Group expects the majority of these charges will be incurred and the reduction in force will be substantially completed in 2023. Additionally, as part of this action, certain share-based awards were modified. The impact these modifications is not material to the Group's consolidated financial position and results of operations. The charges the Group expects to incur are subject to assumptions, including local law requirements, and actual charges may differ from the estimate disclosed above.

##### *Enso Security Ltd. Acquisition*

On 7 June 2023, the Group entered into a share purchase agreement to acquire 100% of the equity interests of Enso Security Ltd. ('Enso'), which closed on 9 June 2023, in exchange for consideration of \$32.6 million. The consideration was comprised of \$27.9 million in cash \$3.7 million indemnity holdback and \$1.0 million in shares at a price of \$7.40 per share. Enso is an Israeli-based application security posture management company.

**SNYK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Going concern**

The Group and the Company have been loss-making since incorporation, and the Group has incurred a loss after tax of \$267.3 million for the year ended 31 December 2022 and continued to incur losses after the year end.

The Group was successful in raising funds during the year through a Series G fundraise, which has contributed to a cash balance at 31 December 2022 of \$523.3 million (2021: \$660.4 million). The Series G funding round is deemed to be sufficient to fund the continued operations and ongoing research and development phase of the business for a period of at least 12 months from the date of approval of these consolidated financial statements.

Despite uncertainty and disruption in the global economy and financial markets caused by the recent conflict in Ukraine and bank failures the Group has remained resilient. Business transactions impacted have been limited. Cybersecurity also remains a critical area of focus for companies. Given the significant cash on hand and this resilience, the Directors do not consider the conflict in Ukraine nor the bank failures to impact their expectation of the Group remaining a going concern.

After making enquiries and preparing board-approved cash flow forecasts for the period ending 30 September 2024, the Directors have a reasonable expectation the Company and the Group have adequate resources to continue in operational existence and meet their liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date these consolidated financial statements were approved. Accordingly, they have adopted the going concern basis in preparing these consolidated financial statements.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law).

Under Company law, directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure the financial statements comply with the Companies Act 2006.

**SNYK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This statement of responsibilities was approved by the board and signed on its behalf.

DocuSigned by:  
*Peter McKay*  
450F2E033DB1454  
**P C McKay**  
CEO

Date: 15 September 2023

# Independent auditors' report to the members of Snyk Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Snyk Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and the Company Balance Sheet as at 31 December 2022; the Consolidated Statement of Comprehensive Loss, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection and employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. 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 to manipulate revenue and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

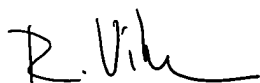
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Radek Vik (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
15 September 2023

## SNYK LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(in thousands)

	Note	2022 \$	2021 \$
Turnover	4	147,007	58,075
Cost of sales		(35,597)	(16,860)
<b>Gross profit</b>		<b>111,410</b>	<b>41,215</b>
Administrative expenses		(381,235)	(264,755)
<b>Operating loss</b>	5	<b>(269,825)</b>	<b>(223,540)</b>
Interest receivable and similar income		3,978	—
Interest payable and similar expenses		—	(559)
<b>Net interest income (expense)</b>	9	<b>3,978</b>	<b>(559)</b>
<b>Loss before taxation</b>		<b>(265,847)</b>	<b>(224,099)</b>
Tax (expense) credit on loss	10	(1,482)	6,413
<b>Total comprehensive loss for the financial year</b>		<b>(267,329)</b>	<b>(217,686)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Parent Company		<b>(267,329)</b>	<b>(217,686)</b>

The notes on pages 25 to 58 form part of these consolidated financial statements.

## SNYK LIMITED

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**  
(in thousands)

	Note	2022 \$	2021 \$
<b>Fixed assets</b>			
Intangible assets	11	157,304	67,662
Tangible assets	12	4,582	3,650
		<b>161,886</b>	<b>71,312</b>
<b>Current assets</b>			
Other assets	14	479	—
Debtors: amounts falling due after more than one year	14	31,381	17,580
Debtors: amounts falling due within one year	14	104,866	72,783
Restricted cash: amounts falling due after more than one year	15	969	1,415
Restricted cash: amounts falling due within one year	15	1,295	824
Cash and cash equivalents	15	523,321	660,400
		<b>662,311</b>	<b>753,002</b>
Creditors: amounts falling due within one year	16	(118,145)	(91,914)
<b>Net current assets</b>		<b>544,166</b>	<b>661,088</b>
<b>Total assets less current liabilities</b>		<b>706,052</b>	<b>732,400</b>
Creditors: amounts falling due after more than one year	17	(7,028)	(10,588)
<b>Provisions for liabilities</b>			
Deferred taxation	20	(4,313)	(7,517)
<b>Net assets</b>		<b>694,711</b>	<b>714,295</b>
<b>Capital and reserves</b>			
Called up share capital	21	1	1
Deferred shares	21	632	—
Share premium account	22	739,419	545,474
Share-based compensation reserve	22	223,536	179,439
Treasury shares reserve	22	(243)	(658)
Other equity reserve	22	74,036	67,556
Profit and loss account	22	(342,670)	(77,517)
<b>Total equity</b>		<b>694,711</b>	<b>714,295</b>

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

DocuSigned by:  
  
450F5F053DB1454...  
**P C McKay**

CEO

Date: 15 September 2023

The notes on pages 25 to 58 form part of these consolidated financial statements.

## SNYK LIMITED

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**  
(in thousands)

	Note	2022 \$	2021 \$
<b>Fixed assets</b>			
Intangible assets	11	111	242
Tangible assets	12	1,108	919
Investments	13	202,447	81,612
		<b>203,666</b>	<b>82,773</b>
<b>Current assets</b>			
Other assets	14	479	—
Debtors: amounts falling due after more than one year	14	6,358	6,125
Debtors: amounts falling due within one year	14	94,292	44,283
Cash and cash equivalents	15	490,783	644,476
		<b>591,912</b>	<b>694,884</b>
Creditors: amounts falling due within one year	16	<b>(50,083)</b>	<b>(52,046)</b>
<b>Net current assets</b>		<b>541,829</b>	<b>642,838</b>
<b>Total assets less current liabilities</b>		<b>745,495</b>	<b>725,611</b>
Creditors: amounts falling due after more than one year	17	<b>(4,103)</b>	<b>(8,104)</b>
<b>Net assets</b>		<b>741,392</b>	<b>717,507</b>
<b>Capital and reserves</b>			
Called up share capital	21	1	1
Deferred shares	21	632	—
Share premium account	22	739,419	545,474
Share-based compensation reserve	22	223,536	179,439
Treasury shares reserve	22	<b>(243)</b>	<b>(658)</b>
Other equity reserve	22	74,036	67,556
Profit and loss account		<b>(295,989)</b>	<b>(74,305)</b>
<b>Total equity</b>		<b>741,392</b>	<b>717,507</b>
<b>Loss for the year attributable to owners</b>		<b>(223,860)</b>	<b>(213,081)</b>

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

DocuSigned by:  
  
P C McKay

CEO

Date: 15 September 2023

The notes on pages 25 to 58 form part of these company financial statements.

## SNYK LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(in thousands)

	Note	Called up share capital \$	Deferred shares \$	Share premium account \$	Share-based compensation reserve \$	Treasury shares reserve \$	Other equity reserve \$	Profit and loss account \$	Total equity \$
At 1 January 2022	1	—	—	545,474	179,439	(658)	67,556	(77,517)	714,295
<b>Comprehensive loss for the year</b>									
Loss for the year								(267,329)	(267,329)
<b>Contributions by and distributions to owners</b>									
Shares issued during the year	21	—	—	196,115	—	—	—	—	196,115
Repurchase of ordinary shares	22	—	—	(1,059)	—	—	—	—	(1,059)
Issuance of ordinary shares related to business combination	24	—	—	1,401	—	—	—	—	1,401
Vesting of ordinary shares subject to repurchase, including early exercise	16	—	—	2,850	—	415	—	—	3,265
Issuance of ordinary shares upon exercise of share options	23	—	—	1,118	—	—	—	—	1,118
Issuance of deferred shares	21	—	632	—	—	—	—	—	632
Shares clawed back related to sale of businesses	24	—	—	(2,013)	—	—	2,013	—	—
Gain on sale of business	24	—	—	—	—	—	—	2,176	2,176
Share-based compensation	23	—	—	(4,467)	44,097	—	4,467	—	44,097
<b>At 31 December 2022</b>	<b>1</b>	<b>—</b>	<b>632</b>	<b>739,419</b>	<b>223,536</b>	<b>(243)</b>	<b>74,036</b>	<b>(342,670)</b>	<b>694,711</b>

The notes on pages 25 to 58 form part of these consolidated financial statements.

## SNYK LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(in thousands)

	Note	Called up share capital \$	Share premium account \$	Share-based compensation reserve \$	Treasury shares reserve \$	Other equity reserve \$	Profit and loss account \$	Total equity \$
At 1 January 2021		1	137,833	75,846	(1,074)	(3,514)	27,380	236,472
<b>Comprehensive loss for the year</b>								
Loss for the year							(217,686)	(217,686)
<b>Contributions by and distributions to owners</b>								
Shares issued during the year	21		581,698					581,698
Capital reduction	22		(200,000)				200,000	
Repurchase and retirement of ordinary shares	22						(12,683)	(12,683)
Equity transfer	22					74,322	(74,322)	
Reissuance of shares	22		12,683					12,683
Issuance of ordinary shares related to business combination	24		6,600					6,600
Issuance of shares in connection with acquisitions subject to clawback reserve	24		6,601			(6,601)		
Vesting of ordinary shares subject to repurchase, including early exercise	16		922		416			1,338
Issuance of ordinary shares upon exercise of share options	23		2,486					2,486
Share-based compensation	23		(3,349)	103,593		3,349		103,593
Other							(206)	(206)
<b>At 31 December 2021</b>		<b>1</b>	<b>545,474</b>	<b>179,439</b>	<b>(658)</b>	<b>67,556</b>	<b>(77,517)</b>	<b>714,295</b>

The notes on pages 25 to 58 form part of these consolidated financial statements.

## SNYK LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(in thousands)

	Note	Called up share capital \$	Deferred shares \$	Share premium account \$	Share-based compensation reserve \$	Treasury shares reserve \$	Other equity reserve \$	Profit and loss account \$	Total equity \$
At 1 January 2022	1	—	—	545,474	179,439	(658)	67,556	(74,305)	717,507
<b>Comprehensive loss for the year</b>		—	—	—	—	—	—	(223,860)	(223,860)
<b>Loss for the year</b>		—	—	—	—	—	—	(223,860)	(223,860)
<b>Contributions by and distributions to owners</b>									
Shares issued during the year	21	—	—	196,115	—	—	—	—	196,115
Repurchase of ordinary shares	22	—	—	(1,059)	—	—	—	—	(1,059)
Issuance of ordinary shares related to business combination	24	—	—	1,401	—	—	—	—	1,401
Vesting of ordinary shares subject to repurchase, including early exercise	16	—	—	2,850	—	415	—	—	3,265
Issuance of ordinary shares upon exercise of share options	23	—	—	1,118	—	—	—	—	1,118
Issuance of deferred shares	21	—	632	—	—	—	—	—	632
Shares clawed back related to sale of businesses	24	—	—	(2,013)	—	—	2,013	—	—
Gain on sale of business	24	—	—	(4,467)	44,097	—	4,467	2,176	2,176
Share-based compensation	23	—	—	—	—	—	—	—	—
<b>At 31 December 2022</b>	<b>1</b>	<b>—</b>	<b>632</b>	<b>739,419</b>	<b>223,536</b>	<b>(243)</b>	<b>74,036</b>	<b>(295,989)</b>	<b>741,392</b>

The notes on pages 25 to 58 form part of these company financial statements.

## SNYK LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(in thousands)

	Note	Called up share capital \$	Share premium account \$	Share-based compensation reserve \$	Treasury shares reserve \$	Other equity reserve \$	Profit and loss account \$	Total equity \$
At 1 January 2021		1	137,833	75,846	(1,074)	(3,514)	25,781	234,873
Comprehensive loss for the year								
Loss for the year							(213,081)	(213,081)
Contributions by and distributions to owners								
Shares issued during the year	21		581,698					581,698
Capital reduction	22		(200,000)				200,000	
Reissuance of shares	22		12,683					12,683
Repurchase and retirement of ordinary shares	22						(12,683)	(12,683)
Equity transfer	22					74,322	(74,322)	
Issuance of ordinary shares related to business combination	24		6,600					6,600
Issuance of shares in connection with acquisitions subject to clawback reserve	24		6,601			(6,601)		
Vesting of ordinary shares subject to repurchase, including early exercise	16		922		416			1,338
Issuance of ordinary shares upon exercise of share options	23		2,486					2,486
Share-based compensation	23		(3,349)	103,593		3,349		103,593
At 31 December 2021		1	545,474	179,439	(658)	67,556	(74,305)	717,507

The notes on pages 25 to 58 form part of these company financial statements.

## SNYK LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(in thousands)

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Loss for the financial year		(267,329)	(217,686)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>			
Amortisation of intangible assets	11	35,850	10,310
Depreciation of tangible assets	12	2,097	1,202
Loss on disposal of tangible assets	12	358	111
Share-based compensation	7	44,097	103,593
<b>Changes in operating assets and liabilities:</b>			
Increase in debtors		(47,678)	(45,096)
Decrease (increase) in research and development tax credit receivable	14	2,766	(9,889)
Increase in creditors		18,200	47,730
<b>Net cash used in operating activities</b>		<b>(211,637)</b>	<b>(109,725)</b>
<b>Cash flows from investing activities</b>			
Acquisitions, net of cash acquired	24	(124,883)	(19,291)
Purchase of tangible fixed assets	12	(3,512)	(2,781)
Interest received	9	3,978	331
<b>Net cash used in investing activities</b>		<b>(124,417)</b>	<b>(21,741)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary shares	21	196,115	581,698
Exercise proceeds from share-based payments	21	80	8,455
Proceeds from exercise of share options	21	1,118	2,486
Repayment of debt facility	18	(181)	(24,373)
<b>Net cash generated from financing activities</b>		<b>197,132</b>	<b>568,266</b>
<b>Net (decrease) increase in cash, cash equivalents, and restricted cash</b>		<b>(138,922)</b>	<b>436,800</b>
Cash, cash equivalents, and restricted cash at beginning of the year		662,639	226,371
Exchange gains/(losses) on cash, cash equivalents, and restricted cash		1,868	(532)
<b>Cash, cash equivalents, and restricted cash at the end of the year</b>		<b>525,585</b>	<b>662,639</b>
<b>Cash, cash equivalents, and restricted cash consist of:</b>			
Cash and cash equivalents	15	523,321	660,400
Restricted cash	15	2,264	2,239
		<b>525,585</b>	<b>662,639</b>

The notes on pages 25 to 58 form part of these consolidated financial statements.

## SNYK LIMITED

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

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#### 1. General information

Snyk Limited is a private company, limited by shares, domiciled and incorporated in England and Wales, United Kingdom (registered number: 09677925). The registered office address is Suite 4, 7th Floor, 50 Broadway, London, United Kingdom, SW1H 0DB.

The principal activity of Snyk Limited and its subsidiaries (the 'Group' or 'Snyk') is to provide developer security across a cloud native application stack to mitigate cyber risks.

#### 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" ('FRS 102') 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 Group management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Loss in these financial statements.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a) (iii), 11.48(a) (iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing share-based compensation arrangements, as required under FRS 102 paragraphs 26.18(b), 26.19 to 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 under paragraph 33.7.

The following principal accounting policies have been applied consistently throughout the year:

**SNYK LIMITED**

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

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**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Loss from the date on which control is obtained. They are deconsolidated from the date control ceases.

**2.3 Going concern**

The Group and the Company have been loss making since incorporation, and the Group has incurred a loss for the year after tax of \$267.3 million and continued to incur losses after the year end.

The Group was successful in raising funds of \$196.5 million during the year through a Series G fundraise, which has contributed to its cash balance at 31 December 2022 of \$523.3 million (2021: \$660.4 million). The Series G round is deemed to be sufficient to fund the continued operations and ongoing research and development phase of the business for a period of at least 12 months from the date of approval of these consolidated financial statements.

Despite uncertainty and disruption in the global economy and financial markets caused by the recent conflict in Ukraine and bank failures the Group has remained resilient. Business transactions impacted have been limited. Cyber security also remains a critical area of focus for companies. Given the significant cash on hand and this resilience, the Directors do not consider that the conflict in Ukraine nor the bank failures impact their expectation that the Group remains a going concern.

After making enquiries and preparing board approved cash flow forecasts for the period ending 30 September 2024, the Directors have a reasonable expectation the Company and the Group have adequate resources to continue in operational existence and meet their liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date these consolidated financial statements were approved. Accordingly, they have adopted the going concern basis in preparing these consolidated financial statements.

**2.4 Foreign currency translation**

The functional currency for the Company and its subsidiaries, including those acquired in the current year, is the U.S. dollar. The Group's presentational currency is the U.S. dollar. Assets and liabilities denominated in other currencies are remeasured into the functional currencies of each entity at current exchange rates for monetary assets and liabilities and at historical exchange rates for non-monetary assets and liabilities. Billings and expenses in non-U.S. dollar currencies are remeasured into functional currencies of each entity when incurred. Remeasurement losses are included as a component of Administrative Expenses.

## SNYK LIMITED

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

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#### 2.5 Turnover

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

Snyk recognises turnover when:

- The group retains no continuing involvement or control over the goods;
- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity and;
- Specific criteria have been met for each of the Group and Company's activities as described below.

Turnover is mainly derived from fees charged to customers for IT software solutions. Software contracts are comprised of one component, being the provision of the software to the customer. Revenue recognition requires an agreement with the client, which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable the consideration determined in the contract will be collected.

Turnover is recognised when the client is granted access to Snyk software and has the ability to use and obtain substantially all the benefits from the platform. The vast majority of contracts are invoiced in advance, and then recognised as turnover across the term of the contract on a straight-line basis. Software as a Service ('SaaS') agreements give the right to use the software for a determined period of time, which can be extended at or near the end of the initial term.

#### 2.6 Accrued Income

The accrued income balance consists of subscriptions invoiced upfront or when the Company receives customer payments in advance of the revenue recognition criteria being met. The Company's subscription contracts are typically invoiced to its customers at the beginning of the term, or in some instances, such as in multi-year arrangements, in annual installments. Accordingly, the Company's accrued income balance does not represent the total contract value for multi-year non-cancellable contracts not yet billed. The Company recognises subscription turnover ratably over the contract term beginning on the commencement date of each contract, the date that services are made available to customers.

#### 2.7 Cost of sales

Cost of sales consists of expenses related to hosting Snyk's services and providing support to its customers. These expenses are primarily comprised of IT services and customer support personnel-related costs, including salaries, benefits, bonuses and stock-based compensation, public cloud infrastructure costs and allocated overheads.

#### 2.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Loss on a straight-line basis over the lease term.

#### 2.9 Research and development

Research and development expenditure is charged to the Consolidated Statement of Comprehensive Loss in the period in which it is incurred within Administrative Expenses.

**SNYK LIMITED**

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

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**2.10 Share-based payments**

Share-based compensation is provided to employees via the Enterprise Management Initiative ('EMI') plan, Employee Share Option Plan ('ESOP'), and unapproved share option plan.

Information relating to these schemes is set out in Note 23.

*Employee Options*

The fair value of options granted under the Enterprise Management Initiative ('EMI') plan, Employee Share Option Plan ('ESOP'), and unapproved share option plan is recognised as an employee benefit expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (such as the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised straight-line over the vesting period, which is the period over which all specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

*Restricted Share Units ('RSUs')*

The Company generally grants RSUs with both service-based and performance-based vesting conditions. Employees in Israel are not subject to the performance-based vesting condition. The service-based vesting condition for these awards is typically satisfied over four years with a cliff vesting period of one year and continued vesting quarterly thereafter. The performance-based vesting condition is satisfied on the earlier of (i) a registration statement of the Company filed under the Securities Act for the sale of the Company's ordinary shares or (ii) immediately prior to the closing of a change in control of the Company. RSUs with both the service and performance-based vesting conditions do not vest until these conditions are satisfied. The Company has deemed the satisfaction of the performance condition to be probable and has therefore begun recognizing expense related to these RSUs. At the end of each period, the Company revises its estimates of the number of RSUs expected to vest based on the non-market vesting and service conditions. The Company recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

There are no cash-settled share-based compensation arrangements.

**SNYK LIMITED**


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

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**2.11 Intangible assets****Business combinations and goodwill**

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Retention bonuses and equity claw backs, contingent on continued service, are treated as a post-combination service and are excluded from purchase consideration. On acquisition of a business, fair values are attributed to the identifiable assets, and liabilities. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. Goodwill is amortised over its expected useful life and is assessed for impairment when there are indicators of impairment and any impairment is charged to the Consolidated Statement of Comprehensive Loss.

**Other intangible assets**

Intangible assets are initially recognised at acquired fair value. After recognition, intangible assets are measured at their original fair value less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 10 years.

The estimated useful lives range as follows:

Website	-	3 years
Customer lists	-	3 years
Customer relationships	-	5 years
Goodwill	-	3-7 years
Software	-	3-7 years
Non-Compete agreement	-	3 years
Brand name	-	2 years

**Founder cash holdbacks and equity claw backs**

Certain acquisitions included founder cash holdback and equity clawback provisions on the purchase agreement. Refer to Note 24 for further details.

**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

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.

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Depreciation is provided on the following basis:

Long-term leasehold property	-	Shorter of remaining lease term or estimated useful life
Fixtures and fittings	-	3 years
Office equipment	-	3 years
Computer equipment	-	3 years
Electrical equipment	-	3 years

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 Consolidated Statement of Comprehensive Loss.

**2.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment losses. The investments are assessed for indicators of impairment at each reporting date and any impairment losses or reversals of impairment losses are recognized immediately in profit or loss. Annually, the Directors consider whether any events or circumstances have occurred which indicate that the carrying value of fixed investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the recoverable amount, being the higher of fair value less costs of disposal or value in use. If this is the cash, an impairment charge is recorded to reduce the carrying value of the related investment. The value in use is defined as the present value of the future cash flows expected to be derived.

**2.14 Cash, cash equivalents, and restricted cash**

Cash, cash equivalents, and restricted cash comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**2.15 Pensions****Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of Comprehensive Loss when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.16 Financial instruments**

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised in the Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, and investments in ordinary shares.

**SNYK LIMITED**

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

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***Trade and other debtors and creditors***

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision for the impairment of trade debtors is established when there is objective evidence the Group will not be able to collect all amounts due according to the original terms of the customer contract.

***Cash and cash equivalents***

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, restricted cash, and short term bank deposits with an original maturity of three months or less.

***Financial liabilities and equity instruments***

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

**2.17 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

- Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.
- Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**2.18 Share capital**

Ordinary shares, deferred shares, and preference shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares, deferred shares, preference shares, or options are shown in equity as a deduction, net of tax, from the proceeds.

**SNYK LIMITED**

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

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**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

**2.20 Research and development (R&D) tax credits**

As a company that carries out extensive research and development activities, the Group seeks to benefit from one of two U.K. research and development tax relief programs, the Research and Development Expenditure program ("RDEC Program") or the Small and Medium-sized Enterprises R&D Tax Credit Program ("SME Program"). During the years ended 31 December 2022 and 2021 the Group benefited from the RDEC Program and the SME Program, respectively. Qualifying expenditures largely comprise employment costs for research staff, consumables, subcontractor costs and certain internal overhead costs incurred as part of research projects for which the Group does not receive income. SME Program credits are accounted for as a tax benefit in the period in which the expenditures were incurred, and included on the Consolidated Balance Sheet within debtors due within one year as well as within Tax on Loss within the Statement of Comprehensive Loss. RDEC Program credits are included on the Consolidated Balance Sheet within debtors due within one year as well as an offset to Administrative Expense.

**SNYK LIMITED**

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

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**3. Judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means those actual outcomes will seldom equal those estimates.

The following key sources of estimation uncertainty could result in significant changes to the carrying value of assets and liabilities in the next 12 months:

*Intangible Assets*

During 2022, Snyk, Inc. acquired Fugue, Inc. ('Fugue') and TopCoat Data, Inc. ('TopCoat') of which the most significant components were the acquired intangibles. Critical accounting estimates include the estimated value of the acquired customer relationships and developed technology, the fair value measurement of the consideration as well as the useful lives assigned to the capitalized developed technology and the goodwill related to each transaction.

The fair value of the common stock issued in connection with the TopCoat acquisition equates to the fair value of shares at valuation closest to the transaction date. The Group asserts this is the price that would be received to sell its shares in an orderly transaction between market participants at the valuation date. As such, this was the price that was used to determine the value of share consideration transferred.

Intangible assets are amortized over their estimated useful life on a straight-line basis. Estimated useful lives are determined considering the period the assets are expected to contribute to future cash flows. The Group evaluates the recoverability of our intangible assets periodically and take into account events or circumstances that warrant revised estimates of useful lives or that indicate impairment exists.

*Valuation of share-based compensation*

The Group's employees have been granted share options by the ultimate Parent Company Snyk Limited. Share-based compensation expense related to share options is recognized based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying ordinary shares, the expected term of the option, the expected volatility of the price of our ordinary shares, risk-free interest rates, and the expected dividend yield of ordinary shares. The assumptions used to determine the fair value of the option awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgement.

The fair value of the employee services received in exchange for these grants of options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Loss.

## SNYK LIMITED

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

**4. Turnover**

The whole of the turnover is attributable to the principal activity being the provision of developer security software.

Analysis of turnover by country of destination:

	2022 \$	2021 \$
	(in thousands)	
United Kingdom	11,496	5,654
United States	101,226	38,928
Rest of world	34,285	13,493
	<u>147,007</u>	<u>58,075</u>

**5. Operating loss**

The operating loss is stated after charging (crediting):

	2022 \$	2021 \$
	(in thousands)	
Depreciation on tangible assets (note 12)	2,097	1,202
Loss on disposal of tangible assets (note 12)	358	111
Share-based compensation (note 7)	44,097	103,593
Amortisation of intangible assets (note 11)	35,850	10,310
Research & development charged as an expense	56,631	39,688
Rent expense	6,013	4,962
Foreign exchange losses (gains)	3,828	(250)

**6. Auditors' remuneration**

	2022 \$	2021 \$
	(in thousands)	
Fees payable to the Company's auditors and its associates for the audit of parent company and consolidated financial statements	355	323
<b>Fees payable to the Company's auditors and its associates for other services:</b>		
Audit of the financial statements of the Company's subsidiaries	819	602
Tax advisory services	34	58
Tax compliance services	50	70
Audit-related assurance services	—	—
	<u>903</u>	<u>730</u>

## SNYK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employees**

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

	Group 2022 \$	Group 2021 \$
	(in thousands)	
Wages and salaries	216,669	108,780
Social security costs	13,436	9,584
Other pension costs	8,655	4,453
Share-based compensation	44,097	103,593
	<b>282,857</b>	<b>226,410</b>

	Company 2022 \$
	(in thousands)
Wages and salaries	54,196
Social security costs	5,635
Other pension costs	1,119
Share-based compensation	5,816
	<b>66,766</b>

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Research and development	398	253	166	131
General and administrative	164	103	27	29
Sales	557	286	96	71
Marketing	96	67	12	17
	<b>1,215</b>	<b>709</b>	<b>301</b>	<b>248</b>

## SNYK LIMITED

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

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**8. Directors' remuneration**

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
	(in thousands)			
Directors' emoluments	1,188	1,354	444	856
Company contributions to defined contribution pension schemes	14	25	14	25
Gains on the exercise of share options	553	—	—	—
	<u>1,755</u>	<u>1,379</u>	<u>458</u>	<u>881</u>

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

The highest paid Director received remuneration of \$0.7 million (2021 - \$0.6 million).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director was Nil (2021 - Nil).

One Director (2021 - Nil) exercised share options in the Company's shares during the year.

**9. Net interest income (expense)**

	2022 \$	2021 \$
	(in thousands)	
<b>Interest receivable and similar income</b>		
Interest on money market funds	3,978	—
Total interest receivable and similar income	3,978	—
<b>Total interest payable and similar expenses</b>		
Bank interest payable	—	(559)
Total interest payable and similar expenses	—	(559)
<b>Net interest income (expense)</b>	<u>3,978</u>	<u>(559)</u>

## SNYK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Tax on loss**

	2022 \$	2021 \$
	(in thousands)	
<b>Corporation tax</b>		
Current tax on losses for the year	1,364	(13,150)
Adjustments in respect of previous periods	34	—
Foreign tax on income for the year	5,327	3,998
<b>Total current tax</b>	<b>6,725</b>	<b>(9,152)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,900)	2,622
Tax rate change	606	—
Adjustments in respect of previous periods	51	117
	<b>(5,243)</b>	<b>2,739</b>
<b>Tax expense (credit) on loss</b>	<b>1,482</b>	<b>(6,413)</b>

**Factors affecting tax credit for the year**

Tax expense for the year is higher (2021: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022 \$	2021 \$
	(in thousands)	
Loss before taxation	(265,847)	(224,099)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(50,511)	(42,579)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,586	1,280
Adjustments in respect of previous periods	85	117
R&D tax credit	1,364	(5,756)
Effect of overseas tax rates	(825)	1,846
Deferred tax not recognised on losses	47,821	26,578
Deferred tax not recognised on share-based payments	(2,995)	12,101
Deferred tax rate change	606	—
Other adjustments	351	—
<b>Tax expense (credit) on loss</b>	<b>1,482</b>	<b>(6,413)</b>

**SNYK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**Factors that may affect future tax charges**

In the Autumn Budget 2022, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25% and this was substantively enacted on 17 November 2022. There are multiple factors that could impact the future tax rate, including level of profits by territory, reforms to tax regimes and other factors not under the control of the company.

At the balance sheet date the Group had deferred tax assets related to net operating losses of \$124.0 million (2021: \$54.6 million), of which \$114.0 million (2021: \$53.2 million) are not recognised for deferred tax purposes. Canada and the United Kingdom had net operating losses of \$1.5 million (2021: \$1.1 million) and \$113.3 million (2021: \$50.8 million) respectively. If unutilised, losses begin to expire in 2037 in Canada and do not expire in the United Kingdom. Additionally, Snyk, Inc (US) had \$9.1 million (2021: nil) of net operating losses as of 31 December 2022. As the federal balance relates to NOLs incurred in tax years 2018 and after, they do not expire if unutilised.

## SNYK LIMITED

## 11. Intangible assets

## Group

	Non-Compete \$	Software \$	Customer relationships \$	Trade name \$	Customer lists \$	Domain \$	Goodwill \$	Total \$
(in thousands)								
<b>Cost</b>								
At 1 January 2022	2,013	26,800	2,900	1,000	484	70	45,772	79,039
Additions	—	15,600	5,700	100	—	—	104,092	125,492
Disposals	—	—	—	(900)	—	(20)	—	(920)
At 31 December 2022	2,013	42,400	8,600	200	484	50	149,864	203,611
<b>Accumulated amortisation</b>								
At 1 January 2022	771	3,983	381	285	287	25	5,645	11,377
Amortisation expense	676	7,138	1,283	717	121	10	25,905	35,850
Disposals	—	—	—	(900)	—	(20)	—	(920)
At 31 December 2022	1,447	11,121	1,664	102	408	15	31,550	46,307
<b>Net book value</b>								
At 31 December 2022	566	31,279	6,936	98	76	35	118,314	157,304
At 31 December 2021	1,242	22,817	2,519	715	197	45	40,127	67,662

Details of Software, Customer relationships and Trade names acquired in the year can be found in note 24 business combinations and divestitures. Cost amounts above represent their respective fair value at the time of acquisition. Fugue intangibles comprised the entirety of Customer relationships and Trade name additions during the year and \$14.1 million of Software additions. The remaining \$1.5 million of Software additions was acquired in connection with the TopCoat acquisition. As of 31 December 2022, the net book value of the Software, Customer relationships and Trade name acquired during the year was \$12.7 million, \$5.0 million and \$0.1 million, respectively.

The remaining amortisation period for the Fugue Software and Customer relationships is 4.1 years and 6.1 years, respectively. The remaining amortisation period for TopCoat acquired Software is 2.2 years. The remaining amortisation period for the FossilD software and customer relationships is 5.4 years and 3.4 years, respectively. Software acquired from 2020 acquisitions DeepCode and Manifold has remaining amortisation period of 4.8 years and 1 year, respectively.

SNYK LIMITED

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Parent Company

	Customer lists \$	Domain \$ (in thousands)	Total \$
<b>Cost</b>			
At 1 January 2022	484	50	534
At 31 December 2022	484	50	534
<b>Accumulated amortisation</b>			
At 1 January 2022	287	5	292
Amortisation expense	121	10	131
At 31 December 2022	408	15	423
<b>Net book value</b>			
At 31 December 2022	76	35	111
At 31 December 2021	197	45	242

## SNYK LIMITED

## 12. Tangible assets

## Group

	Long-term leasehold property	Fixtures and fittings	Office equipment	Computer equipment (in thousands)	Electrical equipment	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
At 1 January 2022	613	452	446	3,648	92	—	5,251
Additions	15	8	39	2,401	7	1,079	3,549
Disposals	—	(98)	(4)	(746)	—	—	(848)
Transfers	—	—	—	320	—	(320)	—
At 31 December 2022	628	362	481	5,623	99	759	7,952
<b>Accumulated depreciation</b>							
At 1 January 2022	177	94	96	1,215	19	—	1,601
Charge for the year	237	61	130	1,656	13	—	2,097
Disposals	—	(54)	(2)	(272)	—	—	(328)
At 31 December 2022	414	101	224	2,599	32	—	3,370
<b>Net book value</b>							
At 31 December 2022	214	261	257	3,024	67	759	4,582
At 31 December 2021	436	358	350	2,433	73	—	3,650

## SNYK LIMITED

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**Parent Company**

	Office equipment	Computer equipment	Total
	\$	\$	\$
<b>Cost</b>			
At 1 January 2022	85	1,262	1,347
Additions	7	941	948
Disposals	—	(236)	(236)
At 31 December 2022	92	1,967	2,059
<b>Accumulated depreciation</b>			
At 1 January 2022	19	409	428
Charge for the year	29	573	602
Disposals	—	(79)	(79)
At 31 December 2022	48	903	951
<b>Net book value</b>			
At 31 December 2022	44	1,064	1,108
At 31 December 2021	66	853	919

**13. Investments****Parent Company**

	Investments in subsidiary companies \$ (in thousands)
<b>Cost and net book value</b>	
At 1 January 2022	81,612
Additions	120,835
At 31 December 2022	202,447

Details of additions can be found in note 24 business combinations and divestitures.

## SNYK LIMITED

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


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**Subsidiary undertakings**

The following were subsidiary undertakings of the Company and are included in the consolidation:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Snyk Israel Ltd	Recital Building (H Tower), 156 Menachem Begin Road, 16th FL, Tel Aviv, Israel	IT development	Ordinary	100%
Snyk, Inc	251 Little Falls Drive, Wilmington DE 19808	Market development	Ordinary	100%
Fugue, Inc.	251 Little Falls Drive, Wilmington DE 19808	IT development	Ordinary	100%
TopCoat Data, Inc.	251 Little Falls Drive, Wilmington DE 19808	IT development	Ordinary	100%
Snyk Canada Inc	1300 - 1969 Upper Water St, Purdy's Wharf Tower II, Halifax, NS B3J 3R7, Canada	Market development	Ordinary	100%
DeepCode AG	Schlossweg 5, Kreuzlingen Switzerland, CH-8280	IT development	Ordinary	100%
Snyk Sweden AB	Gåsgränd 3 111 27, Stockholm, Sweden	Open source database	Ordinary	100%
Snyk Finland OY	33 A, 01610 Vantaa, Finland	Open source database	Ordinary	100%
Snyk Japan K.K.	16F Link Square Shinjuku 5-27-5 Sendagaya, Shibuya-ku Tokyo 151-00	Open source database	Ordinary	100%
Cloudskiff S.A.S	6, rue de Bateliers, 92110 Clichy, France	IT development	Ordinary	100%
Snyk Singapore Pte. Ltd.	9 Raffles Place, #26-01 Republic Plaza, Singapore, 048619	Market development	Ordinary	100%
Snyk Software Bucharest Srl	Unirii View building, 6-8 Corneliu Coposu Boulevard, 8th floor, 3rd District, 030606 Bucharest Romania	Market development	Ordinary	100%
Snyk Germany GmbH	Westendstraße 28, 60325 Frankfurt am Main	Market development	Ordinary	100%
Snyk Australia Pty Ltd	Suite 902 Level 9, 146 Arthur Street, North Sydney, NSW 2060	Market development	Ordinary	100%

## SNYK LIMITED

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

**14. Debtors and Other assets**

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
(in thousands)				
<b>Amounts falling due after more than one year</b>				
Deposits	1,135	1,666	923	1,504
Other debtors	35	804	308	137
Prepayments and accrued income	22,311	15,110	5,127	4,484
Deferred tax asset	7,900	—	—	—
	<u>31,381</u>	<u>17,580</u>	<u>6,358</u>	<u>6,125</u>

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
(in thousands)				
<b>Amounts falling due within one year</b>				
Trade debtors	48,947	24,167	14,302	5,559
Amounts owed by group undertakings	—	—	46,579	5,129
R&D tax credit	17,557	20,218	17,457	20,218
Other debtors	4,650	6,888	2,462	4,098
Prepayments and accrued income	33,712	21,510	13,492	9,279
	<u>104,866</u>	<u>72,783</u>	<u>94,292</u>	<u>44,283</u>

Other debtors is comprised of VAT receivables on purchases and other sundry debtors. Amounts owed by group undertakings consist of intercompany receivables which are repayable by subsidiaries on demand, bear no interest, and are unsecured.

Other assets consist of the Company's investment of \$0.5 million in Ingalundavaraktig AB. The investment is accounted for at cost as it is an equity security without a readily determinable fair value.

**15. Cash, cash equivalents, and restricted cash**

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
(in thousands)				
Cash at bank and in hand	118,321	660,400	85,783	644,476
Cash equivalents	405,000	—	405,000	—
Restricted cash	2,264	2,239	—	—
	<u>525,585</u>	<u>662,639</u>	<u>490,783</u>	<u>644,476</u>

Cash equivalents consist primarily of investments in institutional money market funds with maturities of three months or less at the time of purchase.

## SNYK LIMITED

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**16. Creditors: Amounts falling due within one year**

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
	(in thousands)			
Bank loans and overdrafts	—	(181)	—	—
Trade creditors	(4,032)	(4,978)	(2,985)	(3,780)
Deferred consideration for acquisitions	—	(750)	—	(750)
Amounts owed to group undertakings	—	—	(10,618)	(18,147)
Taxation and social security	(7,900)	(8,377)	(2,704)	(3,063)
Other creditors	(9,372)	(8,414)	(5,585)	(8,412)
Accruals and deferred income	(96,841)	(69,214)	(28,191)	(17,894)
	<u>(118,145)</u>	<u>(91,914)</u>	<u>(50,083)</u>	<u>(52,046)</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Accruals and deferred income represents \$79.1 million (\$46.3 million) of deferred income and \$17.7 million (\$22.9 million) of accruals.

The other creditors included in 'Creditors - amounts falling due within one year' relate primarily to the Group's option to repurchase the treasury shares issued to its Chief Executive Officer in July 2019, deferred consideration due to one of the FossilD founders (refer to Note 24 for additional details), and early option exercises. The repurchase of treasury shares has been calculated as the number of treasury shares issued, multiplied by their contractual subscription price. The treasury shares vest over a period of 4 years - 25% in July 2020, with the remaining shares vesting monthly thereafter for the remaining 36 months.

**17. Creditors: Amounts falling due after more than one year**

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
	(in thousands)			
Other creditors	(3,489)	(8,013)	(3,489)	(8,013)
Accruals and deferred income	(3,539)	(2,575)	(614)	(91)
	<u>(7,028)</u>	<u>(10,588)</u>	<u>(4,103)</u>	<u>(8,104)</u>

**18. Loans**

Prior to 31 December 2021, the Company had two Term Loans outstanding with Silicon Valley Bank with balances totaling \$24.4 million. These Term Loans were secured by all properties, rights, assets, and revenues of Snyk Limited and Snyk Inc. The amounts were paid in full during 2021, however, the security interest was still outstanding as of 31 December 2022.

On 29 October 2021, in connection with the acquisition of Cloudskiff, the Company acquired \$0.2 million of indebtedness due within twelve months of the acquisition date.

The Company had no outstanding debt as of 31 December 2022. As of 31 December 2021, the Company's debt outstanding was \$0.2 million.

## SNYK LIMITED

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**19. Financial instruments**

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
(in thousands)				
<b>Financial assets at fair value through profit or loss:</b>				
Investments in money market funds	405,000	—	405,000	—
	<u>405,000</u>	<u>—</u>	<u>405,000</u>	<u>—</u>
<b>Financial assets that are debt instruments measured at amortized cost:</b>				
Trade debtors	48,947	24,167	14,302	5,559
Amounts owed by group undertakings	—	—	46,579	5,129
R&D tax credit	17,557	20,218	17,457	20,218
Other debtors	5,485	8,312	3,247	5,481
	<u>71,989</u>	<u>52,697</u>	<u>81,585</u>	<u>36,387</u>
<b>Financial liabilities measured at amortized cost:</b>				
Bank loans	—	(181)	—	—
Trade creditors	(4,032)	(4,978)	(2,985)	(3,780)
Amounts owed to group undertakings	—	—	(10,618)	(18,147)
Accruals	(18,501)	(23,052)	(6,055)	(4,568)
Other creditors	(12,860)	(17,176)	(9,074)	(17,176)
	<u>(35,393)</u>	<u>(45,387)</u>	<u>(28,732)</u>	<u>(43,671)</u>

Financial assets that are debt instruments measured at amortised cost comprise deposits, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, amounts owed to group undertakings and accruals.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

## SNYK LIMITED

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**20. Deferred taxation****Group**

	2022 \$	2021 \$
	(in thousands)	
At beginning of year	7,517	1,260
Charged to profit or loss	(5,900)	2,622
Net deferred tax arising from acquisitions	(5,802)	3,446
Rate change - PPA	435	—
Rate change	171	—
Prior period adjustment	51	117
Other adjustments	(58)	72
<b>Deferred tax (asset) provision at end of year</b>	<b>(3,586)</b>	<b>7,517</b>

	Group 2022 \$	Group 2021 \$
	(in thousands)	
Accelerated capital allowances	381	954
Intangible assets	8,435	5,810
Share based compensation	(4,994)	(948)
Accruals and reserves	2,615	3,047
Net operating losses and credits	(10,008)	(1,346)
Other	(15)	—
<b>Deferred tax (asset) provision at end of year</b>	<b>(3,586)</b>	<b>7,517</b>

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

The Group expects a net increase of \$0.7 million to its net deferred tax asset balance in the year ended 31 December 2023. The movement is expected to primarily comprise a net recognition of additional deferred tax assets on group tax losses and a reversal of deferred tax liabilities in respect of certain acquired intangibles in line with the book amortisation of those acquired intangibles, offset by an increase of deferred tax liabilities on short-term timing differences.

**Company**

As Snyk Limited is not currently forecasting taxable income in the near future, the Company does not recognize the benefit of its deferred tax assets.

## SNYK LIMITED

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**21. Called up share capital**

	2022 No.	2021 No.
<b>Allotted, called up and fully paid</b>		
Deferred shares of £0.000001 each	806,864	—
Ordinary shares of £0.000001 each	140,762,122	121,647,137
Seed preferred shares of £0.000001 each	89,167,051	89,167,051
Preferred A shares of £0.000001 each	101,825,411	101,825,411
Preferred B shares of £0.000001 each	57,212,440	57,212,440
Preferred C shares of £0.000001 each	57,210,576	57,210,576
Preferred D shares of £0.000001 each	40,003,448	40,003,448
Preferred E shares of £0.000001 each	24,083,743	24,083,743
Preferred F shares of £0.000001 each	26,895,960	26,747,619
Preferred G shares of £0.000001 each	17,107,629	—
	<b>555,075,244</b>	<b>517,897,425</b>

Throughout the year, 6,946,088 ordinary shares (2021: 16,711,686) were issued to employees as they exercised their share options under the Share Option Plan (see note 23). Proceeds of \$1.2 million (2021: \$10.9 million) were received from the employees.

An additional 140,120 ordinary shares were issued for the purchase of TopCoat Data, Inc. See note 24 for further detail.

The G, F, E, D, C, B, A, and Seed Preferred Shares are convertible to ordinary shares at the option of the holder of the preferred shares only and not at the option of the Group. The preferred shares are also convertible immediately upon a public offering, or with the consent of the investor majority prior to a public offering. Preferred shares cannot be redeemed for cash. As such, they are accounted for as equity.

Deferred shares can be repurchased at any time by the Group for £0.01 for all the deferred shares registered in the name of any holder. Deferred shares have effectively no voting or economic rights attached to them. As of 31 December 2022, the Group had 806,864 shares as a result of the FossilID divestiture that were converted to deferred shares but that had not been repurchased by the Group.

Each ordinary and preferred share entitles the holder to one vote and each share is entitled *pari passu* to dividend payments.

On a liquidation event, the assets of the Group remaining after the payment of its liabilities shall be applied and distributed to G preferred shareholders first, then F preferred shareholders, then E preferred shareholders, D preferred shareholders, C preferred shareholders, B preferred shareholders, A preferred shareholders, Seed preferred shareholders, and then ordinary shareholders subsequently, before any excess is distributed evenly amongst all classes.

Apart from deferred shares, all shares have the same rights.

A reconciliation of the opening share balances as at 1 January 2021 to 31 December 2022 is shown below in number of shares.

**SNYK LIMITED**

	Ordinary shares	Deferred shares	Seed preferred	Series A preferred	Series B preferred	Series C preferred	Series D preferred	Series E preferred	Series F preferred	Series G preferred
As of 1 January 2021	100,378,806	—	89,167,051	101,825,411	57,212,440	57,210,576	40,003,448	—	—	—
Issuances related to Series E and F shares	—	—	—	—	—	—	—	24,083,743	26,747,619	—
Issuances related to acquisitions	798,538	—	—	—	—	—	—	—	—	—
Vesting of early exercises	6,654,607	—	—	—	—	—	—	—	—	—
Exercises	13,815,186	—	—	—	—	—	—	—	—	—
As of 31 December 2021	121,647,137	—	89,167,051	101,825,411	57,212,440	57,210,576	40,003,448	24,083,743	26,747,619	—
Issuances related to Series F and G shares	—	—	—	—	—	—	—	—	148,341	17,107,629
Issuances related to deferred shares	—	243,652	—	—	—	—	—	—	—	—
Issuances related to acquisitions	140,120	—	—	—	—	—	—	—	—	—
Redesignation of share classes	(563,212)	563,212	—	—	—	—	—	—	—	—
Vesting of restricted share units	196,193	—	—	—	—	—	—	—	—	—
Vesting of early exercises	7,289,619	—	—	—	—	—	—	—	—	—
Exercises	6,938,088	—	—	—	—	—	—	—	—	—
As of 31 December 2022	135,647,945	806,864	89,167,051	101,825,411	57,212,440	57,210,576	40,003,448	24,083,743	26,895,960	17,107,629
Outstanding and unvested	5,114,177	—	—	—	—	—	—	—	—	—
Ordinary shares outstanding	<u>140,762,122</u>	—	—	—	—	—	—	—	—	—

## SNYK LIMITED

### 22. Reserves

#### Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value, less any costs directly attributable to the issue of that share capital.

#### Treasury shares reserve

The Company has the option to repurchase the treasury shares issued to its Chief Executive Officer in July 2019. The treasury shares reserve has been calculated as the number of treasury shares issued, multiplied by their contractual subscription price. Under the terms of the agreement, the Company has the option to repurchase the unvested shares when the Chief Executive Officer tries to encumber the shares or leaves the Company, which can be at any point in time, hence the classification as a Creditor on the Consolidated and Company Balance Sheet. The shares vest over a period of four years, over which the creditor will be amortised to the Statement of Comprehensive Loss straight-line over the vesting term in the agreement, with a corresponding reduction to the treasury shares reserve. As of 31 December 2022 there were 3,234,595 treasury shares (2021: 8,779,615) with a nominal value of £0.000001.

#### Share-based compensation reserve

Share-based compensation arises from transactions accounted for as equity-settled share-based compensation transactions.

#### Other equity reserve

Refer to note 24 business combinations and divestitures.

#### Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders. No dividends have been proposed for the year ended 31 December 2022 (2021: Nil) for either the Group or the Company.

On 2 September 2021, Snyk undertook a capital reduction, through which \$200 million was transferred from the share premium account to retained earnings. This was to create distributable reserves. Subsequent to this capital reduction and in conjunction with the facilitation of a secondary offering, the Company repurchased and reissued 884,137 shares with a value of \$12.7 million which also led to the creation of a capital redemption reserve of \$1.

#### Capital redemption reserve

The capital redemption reserve arose from the Company's repurchase of shares on 2 September 2021.

## SNYK LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Share-based compensation**

During the years ended 31 December 2022 and 2021 the Group recognised a total cost of \$0.2 million and \$85.8 million, respectively, in the Statement of Comprehensive Loss in connection with the secondary share transactions involving Group employees and founders. Share-based compensation expense related to secondary share offerings involving related parties during the year ended 31 December 2022 was not material. Share-based compensation expense related to secondary share offerings involving related parties during the year ended 31 December 2021 amounted to \$66.2 million.

The Group operates a share option plan for the granting of non-transferable options to its members of staff, consultants, and Directors. All options are equity settled and are held by Directors, employees, and consultants established under the EMI Plan, ESOP, and Unapproved Share Option Plan. RSUs are also issued and expensed under the Company's plans. The Group has no legal or constructive obligation to repurchase or settle any options or RSUs in cash. The total share-based compensation recognised in the Statement of Comprehensive Loss was \$44.1 million (2021: \$103.6 million), inclusive of the cost of RSUs and secondary transactions. All options issued at year end are related to Directors, employees and consultants of the Group. Employees are required to remain in employment with the Group until exercise, otherwise the awards expire three months after termination of service. On exercise of the options by the employees, the Group issues new ordinary shares.

The fair value of the employee services received in exchange for the grant of options is expensed on a straight-line basis, based on the Group's estimate of shares that will eventually vest and the value of the options as at the date of the grant.

Share options granted vest from one to four years. The share options expire after seven years from the date of the grant. Share options granted under the Unapproved Share Option Plan expire ten years from the date of grant. The fair value of each option award on the date of the grant is determined using the Black Scholes model which is internationally recognised as a model which is appropriate to value employee share options.

	Weighted average exercise price (dollars) 2022	Number 2022	Weighted average exercise price (dollars) 2021	Number 2021
Outstanding at the beginning of the year	1.25	45,842,917	0.35	54,619,340
Granted during the year	8.47	12,643,611	4.93	10,503,369
Forfeited during the year	4.08	(2,437,109)	1.00	(2,568,106)
Exercised during the year	0.17	(6,946,088)	0.65	(16,711,686)
Outstanding at the end of the year	3.12	49,103,331	1.25	45,842,917

RSUs include both service-based and performance-based vesting conditions. The service-based vesting condition for these awards is typically satisfied over four years with a cliff vesting period of one year and continued vesting quarterly thereafter. The performance-based vesting condition is satisfied on the earlier of (i) a registration statement of the Company filed under the Securities Act for the sale of the Company's ordinary shares or (ii) immediately prior to the closing of a change in control of the Company. RSUs with both the service and performance-based vesting conditions do not vest until these conditions are satisfied, however, RSU holders are allowed to continue holding the time-vested portion of the awards following termination of employment. RSUs granted to employees in Israel are not subject to the performance-based vesting condition. The Group issues new ordinary shares when RSUs vest.

Since the events described under the performance-based vesting condition are deemed probable, the Group recognises share-based compensation expense related to RSUs as the service-based condition is satisfied.

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RSU activity during the years ended 31 December 2022 and 2021 was as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value per Share
<b>Unvested Balance—31 December 2020</b>	—	\$ —
Granted	7,719,274	\$ 5.72
Vested	(5,000)	\$ 3.67
Forfeited	(683,505)	\$ 4.16
<b>Unvested Balance—31 December 2021</b>	<b>7,030,769</b>	<b>\$ 5.87</b>
Granted	10,459,842	\$ 8.85
Vested	(191,193)	\$ 5.36
Forfeited	(3,406,940)	\$ 8.15
<b>Unvested Balance—31 December 2022</b>	<b>13,892,478</b>	<b>\$ 7.57</b>

#### 24. Business combinations and divestitures

##### Acquisition of Fugue, Inc. ('Fugue')

On 15 February 2022, the Group acquired control of Fugue, a Maryland-based company, acquired for its unique Cloud Security Posture Management ('CSPM') tools. This technology extends the Snyk Developer Security Platform, enabling the industry's first CSPM designed by and for developers. The Group acquired 100% of Fugue's equity in exchange for consideration of \$125.5 million.

As a result of the acquisition, the Group expects to further enhance its current product offerings, thereby increasing the value to current and new customers. The goodwill of \$96.5 million arising from the acquisition is attributable to the assembled workforce and expected post-acquisition synergies from integrating the acquired technology into the Group's platform.

Management has estimated the useful life of the goodwill to be five years as the major driver of the acquisition synergies will be the acquired developed technology which was also assigned a useful life of five years.

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Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book value \$	Fair value \$
	(in thousands)	
<b>Fixed Assets</b>		
Tangible	24	—
Intangible	—	19,900
	24	19,900
<b>Current Assets</b>		
Debtors	1,397	829
Cash at bank and in hand	5,822	5,822
Deferred taxation	—	5,444
	7,243	31,995
<b>Total Assets</b>	<b>7,243</b>	<b>31,995</b>
<b>Creditors</b>		
Due within one year	(3,069)	(2,994)
<b>Total identifiable net assets</b>	<b>4,174</b>	<b>29,001</b>
Goodwill		96,501
<b>Total purchase consideration</b>		<b>125,502</b>

**Consideration**

	\$ (in thousands)
Cash	109,318
Cash heldback in escrow	15,350
Directly attributable costs	834
<b>Total purchase consideration</b>	<b>125,502</b>

For cash flow disclosure purposes the amounts are disclosed as follows:

	\$ (in thousands)
Purchase consideration settled in cash, as above	124,668
Directly attributable costs	834
	125,502
Less: Cash and cash equivalents acquired	(5,822)
<b>Net cash outflow on acquisition</b>	<b>119,680</b>

The carrying values of net working capital and tangible asset balances at the date of acquisition approximated fair value. The fair value of intangible assets was determined using the income approach.

The Group determined the value of acquired developed technology and trade name by applying the relief from royalty method. The Company determined the value of customer relationships and the trade name using the multi-period excess earnings method. A number of assumptions and estimates are involved in the application of these valuation methods and can include, but are not limited to, the projected revenues and expenses, obsolescence, royalty rates, attrition rate, and discount rate. These estimates are inherently uncertain and unpredictable.

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The Share Purchase Agreement stipulated an indemnification holdback and a post-close adjustment holdback of \$15.0 million and \$0.4 million, respectively. Both holdbacks were paid into escrow and are included as part of cash consideration.

The Group recorded \$2.6 million in Turnover and \$18.1 million in Total comprehensive loss attributable to Fugue during 2022.

**Acquisition of TopCoat Data, Inc. ('TopCoat')**

On 4 March 2022, the Company entered into a share purchase agreement to acquire 100% of the equity interests of TopCoat, based in Boston, in exchange for equity and cash consideration of \$12.1 million. The acquisition of TopCoat significantly enhances Snyk's reporting capabilities.

As a result of the acquisition, the Group expects the value of its current products to increase for its current and new customers. The goodwill of \$7.6 million arising from the acquisition is attributable to the assembled workforce and expected post-acquisition synergies from integrating the acquired technology into the Group's platform.

Management has estimated the useful life of the goodwill to be three years as the major driver of the acquisition synergies will be the acquired Software which was assigned a useful life of three years.

The following table summarises the consideration paid by the Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

**Recognised amounts of identifiable assets acquired and liabilities assumed:**

	Book value \$	Fair value \$
	(in thousands)	
<b>Fixed Assets</b>		
Intangible	—	1,500
	—	1,500
<b>Current Assets</b>		
Cash	3,363	3,354
<b>Total Assets</b>	<b>3,363</b>	<b>4,854</b>
<b>Creditors</b>		
Due within one year	(52)	(107)
Deferred Taxation	—	(216)
<b>Total identifiable net assets</b>	<b>3,311</b>	<b>4,531</b>
Goodwill		7,591
<b>Total purchase consideration</b>		<b>12,122</b>

**Consideration**

	\$ (in thousands)
Cash	8,063
Cash heldback	2,164
Equity instruments (140,120 ordinary shares)	1,401
Directly attributable costs	494
<b>Total purchase consideration</b>	<b>12,122</b>

## SNYK LIMITED

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For cash flow disclosure purposes the amounts are disclosed as follows:

	\$ (in thousands)
Purchase consideration settled in cash, as above	8,063
Directly attributable costs	494
	8,557
Less: Cash and cash equivalents acquired	(3,354)
<b>Net cash outflow on acquisition</b>	<b>5,203</b>

The carrying values of net working capital and tangible asset balances at the date of acquisition approximated fair value. The fair value of software was determined using the cost approach (replacement-cost method).

Upon the closing of the acquisition, the Company issued 140,120 ordinary shares at a fair value of \$10.00 per share. The Share Purchase Agreement stipulated an indemnification holdback of \$2.2 million which is recorded in Creditors: amounts falling due within one year. Provided there is no indemnification required, the Share Purchase Agreement obligates the Company to disburse the entirety of the holdback to the Sellers on the tenth business day after the holdback period end date of 4 September 2023.

The Group recognised \$2.0 million in Total comprehensive loss attributable to TopCoat in 2022. No Turnover was recognised during the year related to the acquisition.

#### Divestitures

In September 2022, the Company entered into a series of arrangements to divest certain non-core assets in Sweden and Romania (which comprised the Company's compliance audit business acquired as part of the acquisition of FossID AB ('FossID') in May 2021) (the 'FossID Assets') ('FossID Divestiture'). The core intellectual property and key employees acquired through the original acquisition of FossID remained with the Company post-completion of the FossID Divestiture, as did FossID itself.

The FossID Divestiture was effected through a series of transactions, including an acquisition of the FossID Assets by Ingalundavarakting AB ('NewCo'), of which the Company holds 19.99% of the share capital. Given this does not amount to a controlling financial interest, the Company deconsolidated NewCo as of 22 September 2022 resulting in a \$2.2 million increase to the Profit and loss account.

The Company's investment of \$0.5 million is included in Other assets. The investment is accounted for at cost as it is an equity security without a readily determinable fair value. As part of the transaction, 128,106 of the FossID founders' shares were converted into deferred shares as they were either still subject to clawback or were effectively relinquished in return for facilitation of the FossID Divestiture by the Company.

#### DeepCode founder exit

In December 2022, one of the founders (the 'Founder') of the previously acquired DeepCode AG ('DeepCode') left the Company. The Founder entered into a twelve-month consultancy agreement for the fiscal year ending 31 December 2023. The Founder will continue to earn the retention bonus and vest in option awards granted and shares subject to clawback during the consultancy period. The service provided under the consultancy agreement was not deemed substantive resulting in the acceleration of bonus expense and share-based compensation.

## SNYK LIMITED

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The retention bonus was paid into escrow and is included in Restricted cash: amounts falling due within one year on the Consolidated Balance Sheet until paid. Accelerated bonus expense of \$0.2 million was recorded in Creditors: amounts falling due within one year and recognized in Administrative expenses. The remaining value of \$0.3 million of the shares subject to clawback and not yet vested as of 31 December 2022, is included in Share premium and recorded to share-based compensation within Administrative expenses. The acceleration of the expense related to the Founder's granted options was recognized as a 'Type III' modification; therefore, on the modification date, the Company recognized the incremental cost of unvested options based on the fair value of the options on such date. As a result, \$2.7 million was recorded to share-based compensation within Administrative expenses.

**25. Pension commitments**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to \$8.7 million (2021 - \$4.5 million). Contributions totaling \$1.2 million (2021 - \$0.8 million) were payable to the fund at the balance sheet date and are included in creditors.

**26. Commitments under operating leases**

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

	Group 2022 \$	Group 2021 \$
	(in thousands)	
Not later than 1 year	4,073	4,139
Later than 1 year and not later than 5 years	12,044	4,397
	<b>16,117</b>	<b>8,536</b>

During 2022, the Group executed a non-cancellable lease agreement for office space located in Boston, Massachusetts. The lease period commences September 2023, and expires 31 December 2028. Total future lease payments of \$13.6 million, payable during the lease period in monthly installments commencing 1 January 2024 are included in the table above.

At 31 December 2022 and 2021, the Parent Company had minimum lease payments of \$1.9 million and \$0.4 million, respectively, due under non-cancellable operating leases. The Group and the Company had no other off-Balance Sheet arrangements.

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**27. Related party transactions**

The Group has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly-owned group entities.

A member of the Group's board of directors was the Chief Product Officer of Slack, a Salesforce-owned Company, until February 2023. Pursuant to Snyk's customer agreements with Salesforce, Salesforce made payments for services contracted of \$2.7 million and \$2.6 million during the years ended 31 December 2022 and 2021, respectively. The Group made payments to Salesforce of \$3.4 million and \$1.0 million for software subscription services during the years ended 31 December 2022 and 2021, respectively. Agreements with Salesforce were negotiated in the ordinary course of business.

One of the principal owners of the Group was a shareholder of TopCoat prior to its acquisition. The principal owner received \$2.7 million in cash and \$1.1 million in equity consideration in exchange for its shares in TopCoat and cancelation of its rights under a SAFE agreement. The principal owner's share of the indemnity holdback amounts to \$0.4 million which will be disbursed 4 September 2023.

See Note 21 and Note 8, Share capital and Directors' remuneration, respectively for a discussion of other related party transactions.

**28. Reorganisation provision**

During the fourth quarter of 2022, the Group approved a reorganisation plan (the '2022 Reorganisation Plan') intended to reduce operating expenses and improve profitability. The 2022 Reorganisation Plan eliminated approximately 14% of the Group's workforce.

The Group recorded reorganisation charges of \$5.1 million for the year ended 31 December 2022, which related to employee transition, notice period, severance payments, employee benefits, and related payroll taxes. The execution of the 2022 Reorganisation Plan was substantially complete as of 31 December 2022.

The following table is a summary of the changes in the severance and other personnel creditors related to the 2022 Reorganisation Plan (in thousands):

	Group \$ (in thousands)	Company \$
At 1 January 2022	—	—
Reorganisation charges	5,062	2,294
Cash payments	(4,188)	(1,420)
At 31 December 2022	874	874
Creditors: amounts falling due within one year	233	233
Creditors: amounts falling due after more than one year	641	641
Total reorganisation creditors	874	874

## SNYK LIMITED

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

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#### 29. Post balance sheet events

##### *Series G Financing*

On 20 January 2023, the Group issued 2,176,543 additional Series G redeemable convertible preferred shares at a subscription price of \$11.49 for a total of \$25.0 million.

##### *R&D Tax Incentive Receivable*

In March 2023, the Group received \$11.5 million related to the 2021 research and development tax incentive included in Debtors: amounts falling due within one year on the Consolidated and Company Balance Sheets as of 31 December 2022 and 2021. The 2022 research and development tax credit is outstanding as of 31 December 2022.

##### *Failure of Silicon Valley Bank*

Silicon Valley Bank ('SVB') was closed on 10 March 2023, by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ('FDIC') as receiver. To protect depositors, the FDIC transferred all the deposits and substantially all of the assets of SVB to Silicon Valley Bridge Bank, N.A. ('Bridge'); a newly formed bridge bank that will be operated by the FDIC as it markets the institution to potential bidders. On 12 March 2023, the Department of the Treasury, Federal Reserve, and FDIC (collectively, the 'Agencies') announced they were invoking the Systemic Risk Exception to the Federal Deposit Insurance Act to permit the FDIC to take action to fully protect all depositors of SVB, regardless of their deposit insurance coverage. In addition, the Agencies also announced that SVB depositors would have access to all their money starting 13 March 2023. The Group's operations were not impacted, and management believes the exposure to loss is not material.

##### *Workforce Reduction*

On 13 April 2023, Snyk announced a reduction in force involving approximately 128 employees, representing approximately 12% of the Group's total current global workforce to further increase operational efficiencies and streamline expenses. As of the date of this report, the Group estimated that it will pay approximately \$4.2 million to \$5.2 million in connection with the reduction in force, which consists of notice period and severance payments, previously accrued compensation expenses, and other related costs. The Group expects the majority of these charges will be incurred and the reduction in force will be substantially completed in 2023. Additionally, as part of this action, certain share-based awards were modified. The impact these modifications is not material to the Group's consolidated financial position and results of operations. The charges the Group expects to incur are subject to assumptions, including local law requirements, and actual charges may differ from the estimate disclosed above.

##### *Enso Security Ltd. Acquisition*

On 7 June 2023, the Group entered into a share purchase agreement to acquire 100% of the equity interests of Enso Security Ltd. ('Enso'), which closed on 9 June 2023, in exchange for consideration of \$32.6 million. The consideration was comprised of \$27.9 million in cash \$3.7 million indemnity holdback and \$1.0 million in shares at a price of \$7.40 per share. Enso is an Israeli-based application security posture management company.

#### 30. Controlling party

There is no controlling party because no individual party owns more than 50% of the Company.